Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission file number 001-35877

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Maryland	**46-1347456**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1906 Towne Centre Blvd, Suite 370 Annapolis, Maryland	**21401**
(Address of principal executive offices)	**(Zip code)**

(410) 571-9860
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 15,795,118 shares of common stock, par value $0.01 per share, outstanding as of August 8, 2013.

Table of Contents

EXPLANATORY NOTE

Hannon Armstrong Sustainable Infrastructure Capital, Inc. ("HASI" or the "Company") is a self-advised and self-administered specialty finance company that provides debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment or make more efficient use of natural resources. The Company was incorporated in the state of Maryland on November 7, 2012 and intends to elect and qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The Company completed its initial public offering of its shares of common stock (the "IPO") on April 23, 2013. Concurrently, Hannon Armstrong Capital, LLC (the "Predecessor"), the entity that operated the historical business prior to the consummation of the IPO, became a subsidiary of the Company.

To the extent any of the financial data included in this quarterly report is as of a date or from a period prior to April 23, 2013, such financial data is that of the Predecessor. The financial data for the Predecessor for such periods do not reflect the material changes to the business as a result of the capital raised in the IPO including the broadened types of projects undertaken, the enhanced financial structuring flexibility and the ability to retain a larger share of the economics from the origination activities. Accordingly, the financial data for the Predecessor is not necessarily indicative of the Company's results of operations, cash flows or financial position following the completion of the IPO.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2013 and DECEMBER 31, 2012
(UNAUDITED)

	June 30, 2013	December 31, 2012
Assets		
Investment in financing receivables	$ 297,319,365	$ 191,398,717
Other investments	37,020,780	—
Securitization assets	5,779,430	6,230,948
Cash and cash equivalents	14,808,786	8,024,271
Restricted cash	29,223,045	55,000
Intangible assets, net	1,807,104	1,970,313
Goodwill	3,798,411	3,798,411
Other assets	1,538,441	1,307,910
Total Assets	**$ 391,295,362**	**$ 212,785,570**
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 3,783,819	$ 6,812,575
Credit facility	—	4,169,818
Deferred funding obligations	28,077,827	—
Nonrecourse debt	194,136,167	195,952,169
Deferred tax liability	2,050,000	—
Total Liabilities	228,047,813	206,934,562
Equity:		
Series A participating preferred units	—	—
Class A common units	—	68,400
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 450,000,000 shares authorized, 15,795,118 shares issued and outstanding	157,951	—
Additional paid in capital	159,835,353	—
Retained earnings (deficit)	(1,441,464)	5,510,466
Accumulated other comprehensive income	185,199	272,142
Non-controlling interest	4,510,510	—
Total Equity	163,247,549	5,851,008
Total Liabilities and Equity	**$ 391,295,362**	**$ 212,785,570**

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net Investment Revenue:				
Investment interest income	$ 3,401,085	$ 2,937,585	$ 6,111,909	$ 5,570,711
Investment interest expense	(2,069,022)	(2,452,853)	(4,305,311)	(4,593,173)
Net Investment Revenue	**1,332,063**	**484,732**	**1,806,598**	**977,538**
Other Investment Revenue:				
Gain on securitization of receivables	884,500	535,814	884,500	1,630,871
Fee income	647,778	520,864	928,642	945,693
Other Investment Revenue	**1,532,278**	**1,056,678**	**1,813,142**	**2,576,564**
Total Revenue, net of investment interest expense	**2,864,341**	**1,541,410**	**3,619,740**	**3,554,102**
Compensation and benefits	(7,291,512)	(1,116,266)	(8,443,306)	(2,492,645)
General and administrative	(1,237,407)	(907,310)	(1,927,096)	(1,368,791)
Depreciation and amortization of intangibles	(111,354)	(108,329)	(215,989)	(219,737)
Other interest expense	(6,858)	(67,802)	(55,494)	(143,223)
Other income	12,901	13,824	14,448	27,981
Unrealized (loss) gain on derivative instruments	(4,177)	15,170	14,808	29,965
Loss from equity method investment in affiliate	—	(1,607,689)	—	(1,921,412)
Other Expenses, net	(8,638,407)	(3,778,402)	(10,612,629)	(6,087,862)
Net Loss before income tax expense	(5,774,066)	(2,236,992)	(6,992,889)	(2,533,760)
Income tax expense	—	—	—	—
Net Loss	**$ (5,774,066)**	**$ (2,236,992)**	**$ (6,992,889)**	**$ (2,533,760)**
Net loss attributable to non-controlling interest holders	(802,423)		(2,021,246)	
Net loss attributable to controlling shareholders	**$ (4,971,643)**		**$ (4,971,643)**	
Basic earnings per share	$ (0.32)		$ (0.32)	
Diluted earnings per share	$ (0.32)		$ (0.32)	
Weighted average shares outstanding—basic	15,439,311		15,439,311	
Weighted average shares outstanding—diluted	15,439,311		15,439,311	

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net loss	$ (5,774,066)	$ (2,236,992)	$ (6,992,889)	$ (2,533,760)
Unrealized gain (loss) on residual assets	126,569	190,321	(81,681)	42,835
Comprehensive Loss	$ (5,647,497)	$ (2,046,671)	$ (7,074,570)	$ (2,490,925)
Less: Comprehensive Loss attributable to non-controlling interests	(767,474)		(2,194,547)	
Comprehensive Loss attributable to controlling shareholders	$ (4,880,023)		$ (4,880,023)	

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities		
Net loss	$ (6,992,889)	$ (2,533,760)
Adjustments to reconcile net loss to net cash used in operating activities:		
Undistributed loss from equity method investment in affiliate	—	1,921,412
Unrealized gain on derivative instrument	(14,808)	(29,965)
Depreciation and amortization of intangibles	215,989	219,737
Equity-based compensation	6,178,956	7,200
Amortization of deferred financing fees	—	—
Noncash gain on securitizations	(9,976)	(37,016)
Amortization of servicing assets	255,252	222,847
Change in securitization residual assets	124,561	275,081
Changes in other assets and liabilities:		
Accounts payable and accrued expenses	(2,925,608)	(4,921,931)
Other	(649,584)	85,344
Net cash used in operating activities	(3,818,107)	(4,791,051)
Cash flows from investing activities		
Investment in financing receivables	(89,789,899)	(83,279,776)
Principal collections from financing receivables	11,947,078	16,589,402
Purchases of other investments	(37,020,780)	
Principal collections from other investments	—	—
Purchase of property and equipment	—	(64,635)
Investment in equity method affiliate	—	(876,034)
Advances to affiliates	277,933	(290,261)
Proceeds from marketable securities	—	507,316
Purchase of marketable securities	—	(254,068)
Change in restricted cash	(29,168,045)	195,815
Net cash used in investing activities	(143,753,713)	(67,472,241)
Cash flows from financing activities		
Net proceeds from issuance of equity	160,342,155	—
Proceeds from nonrecourse debt	29,122,358	83,542,321
Principal payments on nonrecourse debt	(30,938,360)	(16,910,643)
Principal payments on credit facility	(4,169,818)	(1,297,261)
Net cash provided by financing activities	154,356,335	65,334,417
Increase (decrease) in cash and cash equivalents	6,784,515	(6,928,875)
Cash and cash equivalents at beginning of period	8,024,271	7,644,162
Cash and cash equivalents at end of period	**$ 14,808,786**	**$ 715,287**

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

JUNE 30, 2013

1. The Company

Hannon Armstrong Sustainable Infrastructure Capital, Inc. ("HASI" or the "Company") is a specialty finance company that provides debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment or make more efficient use of natural resources.

On April 23, 2013, the Company completed its initial public offering ("IPO") of 13,333,333 shares of common stock priced at $12.50 per share. The common stock is listed on the New York Stock Exchange under the symbol "HASI". The net proceeds to the Company from the IPO were approximately $160.3 million, after deducting underwriting discounts and commissions and IPO and formation transaction costs of approximately $4.6 million, which amount includes net proceeds of approximately $9.5 million received by the Company upon the exercise by the underwriters of their option to purchase an additional 818,356 shares of common stock on May 23, 2013.

Concurrently with the IPO, the Company completed a series of transactions, which are referred to as the formation transactions, that resulted in Hannon Armstrong Capital, LLC (the "Predecessor"), the entity that operated the historical business prior to the consummation of the IPO, becoming an indirect subsidiary of HASI.

The significant elements of the formation transactions included:

- the exchange by the existing owners of the Predecessor, directly or indirectly by merger or equity contribution, of their equity interests in the entities that owned the Predecessor for cash or shares of the Company's common stock or units of limited partner interest ("OP units") in the Company's operating partnership and controlled subsidiary, Hannon Armstrong Sustainable Infrastructure, L.P. (the "Operating Partnership"); and
- the repayment of a credit facility and the related swap discussed in Note 7.

To the extent any of the financial data included in this quarterly report is as of or from a period prior to April 23, 2013, such financial data is that of the Predecessor. The financial data for the Predecessor for such periods do not reflect the material changes to the business as a result of the capital raised in the IPO, including the broadened types of projects undertaken, the enhanced financial structuring flexibility and the ability to retain a larger share of the economics from the origination activities. Accordingly, the financial data for the Predecessor is not necessarily indicative of the Company's results of operations, cash flows or financial position following the completion of the IPO and formation transactions.

The Company's and its subsidiaries' principal business is providing or arranging financing of sustainable infrastructure projects. The Company and its subsidiaries finance their business through the use of the Company's own capital and debt, the securitization of the receivables and through the use of nonrecourse debt. The Company also generates fee income for arranging financings that are held directly on the balance sheet of other investors, by providing broker/dealer or other financing related services to sustainable infrastructure project developers and by servicing the Company's managed assets. Some of the Company's subsidiaries are special purpose entities that are formed for specific operations associated with financing sustainable infrastructure receivables for specific long-term contracts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the financial position, results of operations, comprehensive loss and cash flows for the periods presented. The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the entire year. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted.

The condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries, including Hannon Armstrong Sustainable Infrastructure, LP, the operating partnership (the "Operating Partnership") which was formed to acquire and directly or indirectly own the Company's assets. All significant intercompany transactions and balances have been eliminated in consolidation.

Investment in Financing Receivables

Investment in financing receivables includes financing sustainable infrastructure project loans, receivables and direct finance leases. The Company accounts for leases as direct finance leases in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840, *Leases*.

The investment in financing receivables represents the present value of the minimum note or lease payments, net of any unearned fee income, which is recognized as income over the term of the note or lease using the interest method.

Other Investments

Other investments include debt or equity securities that meet the criteria of ASC 320,*Investments—Debt and Equity Securities.* The Company intends to hold these securities to maturity and thus records them on the balance sheet using an amortized cost basis.

Securitization of Receivables

During the six months ended June 30, 2013 and 2012, the Company transferred receivables in multiple securitization transactions. The Company has established various special purpose entities or securitization trusts for the purpose of securitizing certain financing receivables or other debt investments. The Company determined that the trusts used in securitizations are variable interest entities, as defined in ASC 810, *Consolidation*. The Company typically serves as primary or master servicer of these trusts; however, as the servicer, the Company does not have the power to make significant decisions impacting the performance of the trusts. Based on an analysis of the structure of the trusts, under GAAP, the Company has concluded that it is not the primary beneficiary of the trusts as it does not have power over the trust's significant activities. Therefore, the Company does not consolidate these trusts in the condensed consolidated financial statements.

The Company accounts for transfers of financing receivables to these securitization trusts as sales pursuant to ASC 860,*Transfers and Servicing*, as the transferred receivables have been isolated from the transferor (i.e., put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership) and the Company has surrendered control over the transferred receivables. When the Company sells receivables in securitizations, it generally retains interests in the form of servicing rights and residual interest, which are carried on the condensed consolidated balance sheets as retained interests in securitized receivables.

Gain or loss on sale of receivables is calculated based on the excess of the proceeds received from the securitization (less any transaction costs) plus any retained interests obtained over the cost basis of the receivables sold. The Company generally transfers the receivables to securitization trusts immediately upon the initial funding from the third party purchasing a beneficial interest in the trust. For retained interests, the Company generally estimates fair value based on the present value of future expected cash flows using its best estimates of the key assumptions of anticipated losses, prepayment rates, and discount rates commensurate with the risks involved.

As described above, the Company initially accounts for all separately recognized servicing assets and servicing liabilities at fair value as required under ASC 860. Under ASC 860-50, *Transfers and Servicing—Servicing Assets and Liabilities*, entities may either subsequently measure servicing assets and liabilities using the amortization method or the fair value measurement method and the Company has selected the amortization method to subsequently measure its servicing assets. The Company assesses servicing assets for impairment at each reporting date. If the amortized cost of servicing assets is greater than the estimated fair value, the Company recognizes an impairment in net income.

The Company's other retained interest in securitized assets, the residual assets, are classified as available-for-sale securities and carried at fair value on the consolidated balance sheets. The Company generally does not sell its residual interests. If the Company makes an assessment that (i) it does not intend to sell the security or (ii) it is not likely the Company will be required to sell the security before its anticipated recovery, changes in fair value, such as those resulting from changes in market interest yield requirements, are reported as a component of accumulated other comprehensive income. However, in the case where the Company does intend to sell its residual interest or if the fair value of other retained assets is below the current carrying amount and the Company determines that the decline is other than temporary ("OTTI"), any impairment charge would be recorded through the statement of operations. An OTTI is considered to have occurred when, based on current information and events, there has been an adverse change in the timing or amount of cash flows expected to be collected. The impairment is equal to the difference between the residual asset's amortized cost basis and its fair value at the balance sheet date. In the case where there is any expected decline in the forecasted cash flows, such decline would be unlikely to reverse during the holding period of the retained interests and thus would be considered OTTI.

Servicing income is recognized as received. Servicing assets are amortized in proportion to, and over the period of, estimated net servicing income, and are periodically (including at June 30, 2013 and 2012) assessed for impairment.

Interest income related to the residual assets is recognized using the effective interest rate method. If there is a change in expected cash flows related to the residual assets, the Company calculates a new yield based on the current amortized cost of the residual assets and the revised expected cash flows. This yield is used prospectively to recognize interest income.

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2013 and December 31, 2012 include short-term government securities, certificates of deposit and money market funds, all of which had an original maturity of three months or less at the date of purchase. These securities are carried at their purchase price.

Income Taxes

The Company intends to elect and qualify to be taxed as a real estate investment trust ("REIT") under Section 856 through 860 of the Internal Revenue Code, commencing with its taxable year ending December 31, 2013. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its net taxable income, excluding capital gains, to its shareholders. The Company intends to meet the requirements for qualification as a REIT and to maintain such qualification. As a REIT, the Company is not subject to federal corporate income tax on that portion of net income that is currently distributed to its owners. However, the Company's taxable REIT subsidiaries ("TRS") will generally be subject to federal, state, and local income taxes. No provision for federal or state income tax was recorded for the three and six-month period ended June 30, 2013 as the REIT intends to distribute 100% of its taxable income and the TRS has a full valuation allowance against its operating loss.

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. The Company established deferred tax liabilities related to book and tax differences of certain assets contributed to the TRS in connection with the formation of the REIT.

Prior to the completion of the IPO, the Predecessor was taxed as a partnership for U.S. federal income tax purposes. No provision for federal or state income taxes has been made in the accompanying condensed consolidated financial statements, since the Company's profits and losses are reported on the Predecessor's members' tax returns. The Company has no uncertain tax positions as of June 30, 2013 and December 31, 2012.

Share Based Compensation

From time to time, the Company may award non-vested restricted shares as compensation to members of its senior management team, its independent directors, advisors, consultants and other personnel under an equity incentive plan as further described in Note 10. The shares issued vest over a period of time as determined by the Board of Directors at the date of grant. The Company recognizes compensation expense for non-vested shares that vest solely based on service conditions on a straight-line basis over the vesting period based upon the fair market value of the shares on the date of grant, adjusted for forfeitures.

Earnings Per Share

The Company computes earnings per share of common stock in accordance with ASC 260,*Earnings Per Share.* Basic earnings per share is calculated by dividing net income attributable to controlling shareholders by the weighted-average number of shares of common stock outstanding during the period excluding the weighted average number of unvested restricted shares ("participating securities" as defined in Note 11). Diluted earnings per share is calculated by dividing net income attributable to controlling shareholders by the weighted-average number of shares of common stock outstanding during the period plus other potentially dilutive securities such as restricted stock units or shares that would be issued in the event of redemption of OP units. No adjustment is made for shares that are anti-dilutive during a period.

Due to the capital structure of the Predecessor, earnings per share of common stock information has not been presented for historical periods prior to the IPO.

Segment Reporting

The Company provides and arranges debt and equity financing for sustainable infrastructure projects and reports all of its activity as one business segment.

Recent Accounting Pronouncement

Accounting Standards Update No. 2013-02—"Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU No. 2013-02"), which was adopted in the first quarter of 2013, amends existing guidance by requiring disclosure of changes in the components of accumulated other comprehensive income for the current period and additional information about items reclassified out of accumulated other comprehensive income. The adoption of ASU No. 2013-02 did not have a material effect on the current interim financial statements.

3. Fair Value Measurements

The levels of inputs used to determine fair value of the Company's financial assets and liabilities investments are characterized in accordance with the fair value hierarchy established by ASC 820 *Fair Value Measurements.* Where inputs for a financial asset or liability fall in more than one level in the fair value hierarchy, the financial asset or liability is classified in its entirety based on the lowest level input that is significant to the fair value measurement of that financial asset or liability. The Company uses its judgment and considers factors specific to the financial assets and liabilities in determining the significance of an input to the fair value measurements. At June 30, 2013 and December 31, 2012, only the Company's residual interests in securitized receivables and derivatives are carried at fair value on the condensed consolidated balance sheets on a recurring basis. The three levels of the fair value hierarchy are described below:

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

- Level 2—Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3—Unobservable inputs are used when little or no market data is available.

As of June 30, 2013 and December 31, 2012, the aggregate fair value of financing receivables was $309.5 million and $207.7 million, with a book value of $297.3 million and $191.4 million, respectively. As of June 30, 2013 and December 31, 2012, the aggregate fair value of other investments was $37.0 million and $0 million, with a book value of $37.0 million and $0 million, respectively. The fair values of financing receivables and other investments are measured using a discounted cash flow model and Level 3 unobservable inputs. The significant unobservable inputs used in the fair value determination of the Company's investment in financing receivables and other investments are discount rates and interest rates in recent comparable transactions. Significant increases in discount rates and recent comparable transactions would result in a significantly lower fair value. Significant decreases in discount rates and recent comparable transactions in isolation would result in a significantly higher fair value.

At June 30, 2013 and December 31, 2012, the Company had residual assets in the condensed consolidated balance sheets relating to its retained interests in securitized receivables. Due to the lack of actively traded market data, the valuation of these residual assets was based on Level 3 unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Company's residual assets are published U.S government interest rates, estimated securitization cash flows, potential default rates and comparable transactions in related assets of public companies. The discount rates considered, based on observations of market participants on other government-issued securitization transactions, range from 7% to 15%. Based on the high credit quality of our underlying assets, potential default and prepayment rates, and the lower risk, we have used discount rates of 8% to 10% to determine the fair market value of our underlying assets. Significant increases in U.S. Treasury rates or default and prepayment rates in isolation would result in a significantly lower fair value measurement. See Note 5 regarding servicing assets and the residual asset sensitivity analysis.

The following table reconciles the beginning and ending balances for residual assets:

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Balance, beginning of period	$4,436,199	$4,647,044	$4,638,579	$4,870,715
Accretion	118,983	76,418	246,258	225,074
Additions	9,975	28,837	9,975	28,837
Collections	(249,413)	(275,314)	(370,818)	(500,155)
Unrealized gain (loss) on residual assets	126,569	190,321	(81,681)	42,835
Balance, end of period	$4,442,313	$4,667,306	$4,442,313	$4,667,306

At June 30, 2013 and December 31, 2012, the aggregate fair value of nonrecourse debt was $204.5 million and $212.7 million, with a carrying value of $194.1 million and $196.0 million, respectively. The fair values of nonrecourse debt are determined using a discounted cash flow model and Level 3 inputs. The significant unobservable inputs used in the fair value determination of the Company's nonrecourse debt are discount rates and interest rates in recent comparable transactions. Significant increases in discount rates would result in a significantly lower fair value. Significant decreases in discount rates and recent comparable transactions in isolation would result in a significantly higher fair value.

At June 30, 2013 and December 31, 2012, the aggregate fair value of the Company's credit facility was $0 million and $4.2 million, with a carrying value of $0 million and $4.2 million, respectively. The fair values of the credit facility are determined using a discounted cash flow model and Level 3 inputs. The significant unobservable inputs used in the fair value determination of the Company's credit facility are discount rates. Significant increases in discount rates would result in a significantly lower fair value. Significant decreases in discount rates in isolation would result in a significantly higher fair value.

The Company's financial instruments include cash equivalents that are carried at amounts that approximate fair value.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash and cash equivalents. At June 30, 2013 and December 31, 2012, the Company had cash deposits held in U.S. banks of $44,031,831 and $8,079,271, respectively. Included in these balances are $42,700,130 and $6,609,045 in bank deposits, respectively, in excess of amounts federally insured.

Financing receivables, direct financing leases and other investments consists of primarily U.S. government-backed receivables, investment grade state and local governments receivables and receivables from various sustainable infrastructure projects and do not in the Company's view represent a significant concentration of credit risk.

4. Non-Controlling Interest

Non-Controlling Interest in Consolidated Entities

The Company consolidates its Operating Partnership. Interests in the Operating Partnership that are owned by other limited partners are included in non-controlling interest on the balance sheet. As of June 30, 2013, the Operating Partnership had 16,992,256 OP units outstanding, of which 97.3% were owned by the Company and 2.7% were owned by other limited partners. The outstanding OP units held by outside limited partners are redeemable for cash, or at the option of the Company, for a like number of shares of common stock of the Company.

The following is an analysis of the non controlling interest from the April 23, 2013, the date of the IPO to June 30, 2013:

	Controlling Interest	Non Controlling Interest	Total
Equity immediately after IPO	$168,266,239	$ —	$168,266,239
Establishment of Non-controlling interest during formation transaction	(4,649,176)	4,649,176	—
Loss attributable to Non Controlling Interest from April 23, 2013 to June 30, 2013	(4,971,644)	(141,269)	(5,112,913)
Change in Accumulated Other Comprehensive Income attributable to Non Controlling Interest from April 23, 2013 to June 30, 2013	91,620	2,603	94,223
Total Equity—June 30, 2013	$158,737,039	$4,510,510	$163,247,549

Allocation of Profit and Loss and Cash Distributions prior to April 23, 2013

The member interests of the Predecessor were represented by Series A Participating Preferred Units ("Preferred Units") and Class A Common Units ("Common Units"). On October 10, 2012, the Company made a return of capital to the Preferred Units holders and paid all outstanding accrued distributions which reduced the Preferred Units' capital and unpaid annual yield to zero. Prior to the IPO, the Preferred Units remained outstanding without a mandatory dividend and were *pari passu* with the Common Units for future distributions. For the period prior to April 23, 2013 and as of December 31, 2012, all profits, losses and cash distributions were allocated based on the percentages as follows:

	Prior to April 23, 2013	December 31, 2012
MissionPoint HA Parallel Fund, L.P.	70%	70%
Jeffrey W. Eckel, Chief Executive Officer	18%	18%
Other management and employees of the Predecessor	12%	12%

Upon the completion of the IPO, the Preferred Units and Common Units were exchanged for shares of the Company's common stock or OP units in the operating partnership, or for certain unit holders, were redeemed for cash.

5. Securitization of Receivables

During the three and six months ended June 30, 2013 and 2012, the Company sold financing receivables in securitization transactions, recognizing gains of $884,500 and $884,500 for the three and six months ended June 30, 2013, respectively, as compared to $535,814 and $1,630,871 for the three and six months ended June 30, 2012, respectively. In connection with securitization transactions, the Company retained servicing responsibilities and residual interests. In certain instances, the Company receives annual servicing fees ranging from 0.05% to 0.20% of the outstanding balance. The investors and the securitization trusts have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's residual interests are subordinate to investors' interests, and their values are subject to credit, prepayment and interest rate risks on the transferred financial assets.

As of June 30, 2013 and December 31, 2012, the fair values of retained interests, discount rates used in valuing those interests and the sensitivity to an increase in the discount rates of 5% and 10% were as follows:

	June 30, 2013	
	Servicing	Residual Assets
Amortized cost basis	$1,337,117	$ 4,251,852
Fair value	$1,485,445	$ 4,442,313
Weighted-average life in years	8	6 to 17
Discount rate	8%	8% to 10%
Fair value that would be decreased based on hypothetical adverse changes in discount rates:		
5% change in discount rate	$ 285,484	$ 1,185,242
10% change in discount rate	$ 468,542	$ 1,840,198

	December 31, 2012	
	Servicing	Residual Assets
Amortized cost basis	$1,592,369	$ 4,366,437
Fair value	$1,690,269	$ 4,638,579
Weighted-average life in years	8	6 to 17
Discount rate	8%	8% to 10%
Fair value that would be decreased based on hypothetical adverse changes in discount rates:		
5% change in discount rate	$ 306,920	$ 1,220,186
10% change in discount rate	$ 505,293	$ 1,883,844

In computing gains and losses on securitizations recorded during the three and six months ended June 30, 2013 and 2012, the discount rates were consistent with the discount rates presented in the above table. Based on the nature of the receivables and experience-to-date, the Company does not currently expect to incur any credit losses on the receivables sold.

The following is an analysis of certain cash flows between the Company and the securitization trusts for the six months ended June 30, 2013 and 2012:

	June 30, 2013	June 30, 2012
Purchase of receivables securitized	$38,359,817	$90,291,828
Proceeds from securitizations	$39,244,317	$91,922,699
Servicing fees received	$ 392,735	$ 417,803
Cash received from residual assets	$ 370,818	$ 500,155

As of June 30, 2013 and December 31, 2012, the Company's managed receivables totaled $1,757,392,453 and $1,623,034,217, of which $1,423,052,308 and $1,431,635,500 were securitized, respectively. There were no credit losses during the three and six months ended June 30, 2013 and 2012, and no material delinquencies as of June 30, 2013 and December 31, 2012.

6. Investment in Financing Receivables and Other Investments

Investment in Financing Receivables

The components of investment in financing receivables as of June 30, 2013 and December 31, 2012, were as follows:

	June 30, 2013	December 31, 2012
Investment in Financing Receivables		
Financing or minimum lease payments	$389,078,773	$248,126,575
Unearned interest income	(87,994,182)	(52,174,405)
Unearned fee income, net of initial direct costs	(3,765,226)	(4,553,453)
Investment in Financing Receivables	$297,319,365	$191,398,717

These financing receivables and other investments are typically collateralized contractually committed obligations of government entities or private high credit quality obligors and are often supported by additional forms of credit enhancement, including security interests and supplier guaranties. There were no credit losses during the three and six months ended June 30, 2013 and 2012, and no financing receivables were past due, on nonaccrual status, or impaired as of June 30, 2013 and December 31, 2012. There was no allowance for credit losses as of June 30, 2013 and December 31, 2012.

The Company has a deferred funding obligation of $28,077,827 related to its investment in financing receivables and the cash amount needed to fund this obligation is included in restricted cash. On May 9, 2013, the Company provided a loan to a wholly-owned subsidiary of EnergySource LLC in the amount of $24 million, which has a coupon rate of 15.22% and matures in May, 2018 (the "EnergySource Loan"). The outstanding balance on the EnergySource Loan was $24.3 million as of June 30, 2013 and the interest paid on the loan for the three months ended June 30, 2013 was $222,247. Certain of the Company's executive officers and directors have an indirect minority equity interest in EnergySource following the distribution of the ownership interest as described in note 12. The EnergySource Loan was approved by the Company's independent directors.

Other Investments

Other Investments consist of a debt security that is classified as held to maturity and thus recorded at its amortized cost basis as of June 30, 2013. The debt security matures in 2035. The obligor under the debt security is an entity whose ultimate parent is Berkshire Hathaway Inc. The debt security has an investment grade rating from three rating agencies. There were no other investments as of December 31, 2012.

7. Credit Facilities

In July 2013, the Company entered into a $350.0 million senior secured revolving credit facility through newly-created, wholly-owned special purpose subsidiaries (the "Borrowers"). The terms of the credit facility are set forth in the Loan Agreement (G&I) (the "G&I Loan Agreement") and the Loan Agreement (PF) (the "PF Loan Agreement", and together with the G&I Loan Agreement, the "Loan Agreements") and provide for senior secured revolving credit facilities with total maximum advances of $700.0 million (i) in the case of the G&I Loan Agreement, in the principal amount of $200 million to be used to leverage certain qualifying government and institutional financings entered into by the Company, with maximum total advances (without giving effect to prepayments or repayments) of $400 million, and (ii) in the case of the PF Loan Agreement, in the principal amount of $150 million to be used to leverage certain qualifying project financings entered into by the Company, with maximum total advances (without giving effect to prepayments or repayments) of $300 million. The Company, together with certain of its subsidiaries, have guaranteed the obligations of the Borrowers under each of the Loan Agreements pursuant to (i) a Continuing Guaranty dated July 19, 2013, and (ii) a Limited Guaranty dated July 19, 2013. The scheduled termination date of the Loan Agreements is July 19, 2018. Loans under the G&I Loan Agreement bear interest at a rate equal to LIBOR plus 1.50% or, under certain circumstances, the Federal Funds Rate plus 1.50%. Loans under the PF Loan Agreement bear interest at a rate equal to LIBOR plus 2.50% or, under certain circumstances, the Federal Funds Rate plus 2.50%.

Any financing of the Company proposed to be included in the borrowing base as collateral under the Loan Agreements will be subject to the approval of the administrative agent in its sole discretion. The amount eligible to be drawn under the Loan Agreements for purposes of financing such investments will be based on a discount to the value of each investment or an applicable valuation percentage. Under the G&I Loan Agreement, the applicable valuation percentage for non-delinquent investments is 80% in the case of a U.S. Federal Government obligor, 75% in the case of an institutional obligor or a state and local obligor, and with respect to other obligors or in certain circumstances, such other percentage as the administrative agent may prescribe. Under the PF Loan Agreement, the applicable valuation percentage is 67% or such other percentage as the administrative agent may prescribe. The sum of approved financings after taking into account the valuation percentages and any changes in the valuation of the financings determines the borrowing capacity, subject to the overall facility limits described above.

The Company incurred approximately $8.1 million of costs associated with the Loan Agreements that will be capitalized and will be amortized over a 60 month period from July 2013. On each monthly payment date, the Borrowers shall also pay to the administrative agent, for the benefit of the lenders, certain availability fees for each Loan Agreement equal to 0.50%, divided by 360, multiplied by the excess of the available borrowing capacity under each Loan Agreement over the actual amount borrowed under such Loan Agreement.

Each Loan Agreement contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature. The Loan Agreements contain various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds and stock repurchases.

Each Loan Agreement also includes customary events of default, including for the existence of a default in more than 50% of underlying financings. The occurrence of an event of default may result in termination of the Loan Agreements, acceleration of amounts due under both Loan Agreements, and accrual of default interest at a rate of LIBOR plus 2.50% in the case of the G&I Loan Agreement and at a rate of LIBOR plus 5.00% in the case of the PF Loan Agreement.

The Loan Agreements require the Company to maintain the following covenants:

Covenant	Covenant Threshold	As of June 30, 2013
Minimum Liquidity (defined as available borrowings under the Loan Agreements plus unrestricted cash divided by actual borrowings) of greater than:	5%	N/A
12 month rolling Net Interest Margin (starting June, 2014) of greater than:	$ 0	N/A
Non – Recourse Debt to Equity Ratio of less than:	4 to 1	N/A

As the Loan Agreements were not in place as of June 30, 2013, the covenants were not applicable to the Company.

The Company repaid its Predecessor's credit facility and a related interest rate swap and cap in April 2013 from the proceeds of the IPO. The interest rate swap was not designated as a hedging instrument under ASC 815, *Derivatives and Hedging*. The swap was recorded in accounts payable and accrued expenses in the condensed consolidated balance sheet as of December 31, 2012. For the three and six months ended June 30, 2013, the Company recorded a (loss) gain from derivative instruments of $(4,177) and $14,808, respectively, as compared to $15,170 and $29,965 for the three and six months ended June 30, 2012, respectively.

8. Nonrecourse Debt

Certain of the Company's financing receivables have been financed using nonrecourse debt. When nonrecourse debt is used, the financings are typically collateralized by a security interest in the financing receivables or leased equipment and at no time is the Company liable for nonpayment by the obligor of the financing receivable. An analysis of nonrecourse debt by interest rate as of June 30, 2013 and December 31, 2012 is as follows:

June 30, 2013	Balance	Maturity
Fixed-rate promissory notes, interest rates from 2.06% to 5.00% per annum	$ 90,294,273	2014 to 2032
Fixed-rate promissory notes, interest rates from 5.01% to 6.50% per annum	78,158,522	2013 to 2031
Fixed-rate promissory notes, interest rates from 6.51% to 8.00% per annum	25,683,372	2015 to 2031
Total nonrecourse debt	$ 194,136,167	

December 31, 2012	Balance	Maturity
Fixed-rate promissory notes, interest rates from 2.26% to 5.00% per annum	$ 82,753,303	2014 to 2032
Fixed-rate promissory notes, interest rates from 5.01% to 6.50% per annum	85,300,600	2013 to 2031
Fixed-rate promissory notes, interest rates from 6.51% to 8.00% per annum	27,898,266	2013 to 2031
Total nonrecourse debt	$ 195,952,169	

Amounts due under nonrecourse notes are secured by Investments in financing receivables with a carrying value of $190.3 million and there is no recourse to the general assets of the Company. Debt service, in a majority of cases, is equal to or less than the lease or financing receivables from the equipment user. Approximately $18.5 million of nonrecourse debt was repaid in April 2013 from the proceeds of the IPO.

9. Commitments and Contingencies

Litigation

The Company is not currently subject to any legal proceedings that are likely to have a material adverse effect on the financial position, results of operations or cash flows of the Company.

10. Equity Incentive Plan

The Company may issue equity-based awards to members of its senior management team, its independent directors, advisers, consultants and other personnel under the 2013 Equity Incentive Plan (the "2013 Plan"). The 2013 Plan provides for grants of stock options, shares of restricted common stock, phantom shares, dividend

equivalent rights, long term incentive plan ("LTIP") units and other restricted limited partnership units issued by the Operating Partnership and other equity-based awards up to an aggregate of 7.5% of the shares of common stock issued and outstanding from time to time on a fully diluted basis (assuming, if applicable, the exercise of all outstanding options and the conversion of all warrants and convertible securities, including OP units and LTIP units, into shares of common stock).

Reallocation of the Predecessor's Membership Units

Concurrently with the IPO, the existing owners of the Predecessor reallocated and distributed a portion of their equity ownership to the employees of the Predecessor. Under this reallocation, employees received 202,826 shares of common stock, 128,348 restricted stock units and 135,938 OP units. This reallocation is accounted for as equity-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation*, with equity award valuations based on the IPO price of $12.50 per share. As the shares of common stock, restricted stock units and OP units were immediately vested, the Company recorded a compensation expense of $5.8 million on April 23, 2013. No tax benefits have been recorded related to this reallocation.

Awards of Shares of Restricted Common Stock

From time to time, the Company may award non-vested shares of restricted common stock under the 2013 Plan, as compensation to members of its senior management team, its independent directors, advisers, consultants and other personnel. The Board of Directors determines the vesting period for such shares at the date of grant. For shares issued, the Company recognizes compensation expense for non-vested shares of restricted common stock on a straight-line basis over the vesting period based upon the fair market value of the shares on the date of issuance, adjusted for forfeitures. The calculation of the compensation expense assumes a forfeiture rate up to 5%.

On April 23, 2013, the Company granted 606,415 shares of restricted common stock at a grant-date fair value of $12.50 per share, which vest in equal annual installments over a four year period, on each anniversary following the completion of the IPO. For the period April 23, 2013 through June 30, 2013, the Company recorded $340,056 of equity-based compensation expense associated with these awards. The total unrecognized compensation expense related to awards of shares of restricted common stock subject to a vesting schedule, considering estimated forfeitures, is $6.9 million, which is expected to be recognized over a weighted-average term of approximately two years. The total fair value of shares vested (calculated as number of shares multiplied by vesting date share price) during the six months ended June 30, 2013 was zero. There were no forfeitures for the three and six months ended June 30, 2013.

A summary of the non-vested shares of restricted common stock as of June 30, 2013 is as follows:

	Restricted Shares of Common Stock	Value
Beginning Balance—April 23, 2013	—	$ —
Granted	606,415	$7,580,188
Vested	—	$ —
Forfeited	—	$ —
Ending Balance—June 30, 2013	606,415	$7,580,188

11. Earnings per Share of Common Stock

The limited partners' outstanding OP units (which may be redeemed for shares of common stock) have been excluded from the diluted earnings per share calculation as there would be no effect on the amounts since the limited partners' share of income would also be added back to net income. Any shares of common stock which, if included in the diluted earnings per share calculation, would have an anti-dilutive effect, have been excluded from the diluted earnings per share calculation. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. Accordingly, distributed and undistributed earnings attributable to unvested shares of restricted common stock (participating securities) have been excluded, as applicable, from net income or loss attributable to common stockholders utilized in the basic and diluted earnings per share calculations. Net income or loss figures are presented net of non-controlling interests in the earnings per share calculations. The weighted average number of OP units held by the non-controlling interest was 459,586 for both the three and six months ended June 30, 2013.

For the three and six months ended June 30, 2013, diluted weighted average shares of common stock do not include the impact of unvested compensation-related shares of common stock because the effect of these items on diluted earnings per share would be anti-dilutive. For the three and six months ended June 30, 2013, there were 734,763 anti-dilutive compensation-related shares outstanding.

The computation from the IPO date of April 23, 2013, of basic and diluted earnings per share of common stock is as follows:

Numerator:	For the three months ended June 30, 2013	For the six months ended June 30, 2013
Net loss attributable to common stockholders	$ (4,971,643)	$ (4,971,643)
Less: Dividends paid on unvested shares of restricted common stock	—	—
Undistributed earnings attributable to unvested restricted common stock	—	—
Net loss attributable to common stockholders	$ (4,971,643)	$ (4,971,643)

Denominator:	For the three months ended June 30, 2013	For the six months ended June 30, 2013
Weighted-average number of shares of common stock—basic	15,439,311	15,439,311
Unvested shares of restricted common stock (1)	—	—
Weighted-average number of shares of common stock—diluted	15,439,311	15,439,311
Loss per share attributable to common stockholders—basic and diluted	$ (0.32)	$ (0.32)

(1) Anti-dilutive for all periods presented

Unvested shares of restricted common stock are considered participating securities which require the use of the two-class method for the computation of basic and diluted earnings per share. For the three and six months ended June 30, 2013, no earnings representing nonforfeitable dividends were allocated to the unvested restricted shares issued, because the Company had a net loss for periods from the IPO date to June 30, 2013.

12. Equity Method Investment in Affiliate

In December 2012, the Company's Board of Directors approved the distribution of its entire equity interest in HA EnergySource which owns a minority interest in EnergySource LLC to the Predecessor's shareholders effective December 31, 2012. Prior to and as part of the transaction, the Board approved a $3.4 million capital commitment to HA EnergySource to be used by HA EnergySource for general corporate purposes, future investments or dividends to HA EnergySource owners. Such amount was

included in accounts payable and accrued expenses at December 31, 2012 and was fully paid at June 30, 2013. Prior to December 2012, the Predecessor accounted for its investment using the equity method of accounting. After December 2012, the Company no longer has an equity ownership in HA EnergySource or EnergySource.

The following is a summary of the financial position of EnergySource as of December 31, 2012, accounted for using the equity method:

	December 31, 2012
	(Unaudited, in millions)
Total assets	$ 10.0
Members' capital	$ (5.1)

The Company has provided investment banking and management services to EnergySource. For the three and six months ended June 30, 2013, the Company recorded income of $457,575 and $487,575, respectively, as compared to $280,000 and $310,000, for the three and six months ended June 30, 2012, respectively. Amounts due from EnergySource for services rendered and expenses paid on its behalf totaled $32,034 and $15,517 as of June 30, 2013 and December 31, 2012, respectively, and are shown in Other Assets in the condensed consolidated balance sheets.

13. Subsequent Events

In July 2013, the Company entered into a $350.0 million senior secured revolving credit facility through the Borrowers. For a description of the terms of the credit facility, see Note 7.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this Quarterly Report on Form 10-Q, we refer to Hannon Armstrong Sustainable Infrastructure Capital, Inc. and its consolidated subsidiaries, including Hannon Armstrong Capital, LLC (our "Predecessor"), as "we," "us," "Company," or "our," unless we specifically state otherwise or the context indicates otherwise. When used in the historical context (i.e., prior to April 23, 2013), these terms are intended to mean the business and operations of the Predecessor.

When used in this discussion and elsewhere in this Quarterly Report on Form 10-Q, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," or similar expressions are intended to identify forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and in Section 21F of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

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 are contained in our final prospectus dated April 17, 2013 that was filed with the U.S. Securities and Exchange Commission under SEC Registration number 333-186711, and include risks discussed in this MD&A and in other periodic reports that we file with the SEC. Those factors include:

- the state of government legislation, regulation and policies that support energy efficiency, renewable energy and sustainable infrastructure projects and that enhance the economic feasibility of energy efficiency, renewable energy and sustainable infrastructure projects and the general market demands for such projects;
- market trends in our industry, energy markets, commodity prices, interest rates, the debt and lending markets or the general economy;
- our business and investment strategy;
- our ability to complete potential new financing opportunities in our pipeline;
- our relationships with originators, investors, market intermediaries and professional advisers;
- competition from other providers of financing;
- our or any other companies' projected operating results;
- actions and initiatives of the U.S. federal, state and local government and changes to U.S. federal, state and local government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally or in specific geographic regions, states or municipalities; economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements on favorable terms, including securitizations;
- general volatility of the securities markets in which we participate;
- changes in the value of our assets, our portfolio of assets, and our investment and underwriting process;
- interest rate and maturity mismatches between our assets and any borrowings used to fund such assets;
- changes in interest rates and the market value of our target assets;

- changes in commodity prices;
- effects of hedging instruments on our target assets;
- rates of default or decreased recovery rates on our target assets;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to qualify, and maintain our qualification, as a REIT for U.S. federal income tax purposes
- our ability to maintain our exception from registration under the 1940 Act;
- availability of opportunities to originate energy efficiency, renewable energy and sustainable infrastructure projects;
- availability of qualified personnel;
- estimates relating to our ability to make distributions to our stockholders in the future; and
- our understanding of our competition.

Forward-looking statements are based on estimates as of the date of this report. 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 report.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors 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. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

The following discussion is a supplement to and should be read in conjunction with the accompanying condensed consolidated financial statements and related notes and with our final prospectus dated April 17, 2013 that was filed with the U.S. Securities and Exchange Commission under SEC Registration number 333-186711.

Our Business

We are a specialty finance company that provides debt and equity financing for sustainable infrastructure projects. We focus on profitable sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment or make more efficient use of natural resources. We began our business more than 30 years ago, and since 2000, using our direct origination platform, we have provided or arranged over $4.0 billion of financing in more than 450 sustainable infrastructure transactions. Over this period, we have become the leading provider of financing for energy efficiency projects for the U.S. federal government, the largest property owner and energy user in the United States.

We provide and arrange debt and equity financing primarily for three types of projects, which we refer to together as sustainable infrastructure projects:

- ***Energy Efficiency Projects***: projects, typically undertaken by energy services companies, or ESCOs, which reduce a building's or facility's energy usage or cost through the design and

installation of improvements to various building components, including heating, ventilation and air conditioning systems, or HVAC systems, lighting, energy controls, roofs, windows and/or building shells;

- ***Clean Energy Projects***: projects that deploy cleaner energy sources, such as solar, wind, geothermal and biomass as well as natural gas; and
- ***Other Sustainable Infrastructure Projects***: projects, such as water or communications infrastructure that reduce energy consumption, positively impact the environment or make more efficient use of natural resources.

We are highly selective in the projects we target. Our goal is to select projects that generate recurring and predictable cash flows or cost savings that will be more than adequate to repay the debt financing we provide or will deliver attractive returns on our equity investments. Our projects are typically characterized by revenues from contractually committed obligations of government entities or private high credit quality obligors and are often supported by additional forms of credit enhancement, including security interests and supplier guaranties. Our projects also generally employ proven technologies which minimize performance uncertainty, enabling us to more accurately predict project revenue and profitability over the term of the financing or investment. As a result of our highly selective approach to project targeting, the credit performance of our originated assets has been excellent. Since 2000, there has been only one incidence of realized loss, amounting to approximately $7.0 million (net of recoveries) on the more than $4.0 billion of transactions we originated during that time. This transaction, in an asset class in which we no longer participate, represents an aggregate loss of less than 0.2% on cumulative transactions originated over this time period.

On April 23, 2013, the Company completed its initial public offering ("IPO") of 13,333,333 shares of common stock priced at $12.50 per share. The common stock is listed on the New York Stock Exchange under the symbol "HASI". The net proceeds to the Company from the IPO were approximately $160.3 million, after deducting underwriting discounts and commissions and IPO and formation transaction costs of approximately $4.6 million, which amount includes net proceeds of approximately $9.5 million received by the Company upon the exercise by the underwriters of their option to purchase an additional 818,356 shares of common stock on May 23, 2013. Our strategy in undertaking the IPO was to expand our proven ability to serve the rapidly growing sustainable infrastructure market by increasing our capital resources, enhancing our financial structuring flexibility, expanding the types of projects and end-customers we pursue, and selectively retaining a larger portion of the economics in the financings we originate, while delivering attractive risk-adjusted returns to our stockholders.

As part of our strategy in undertaking the IPO, we expect to hold a significantly larger portion of the loans or other assets we originate on our balance sheet and we intend to finance these loans and other assets using our own capital as well as on balance sheet financings. Thus, we expect over time to see significant increases in both income from financing receivables and investment interest expense. We also expect that our net investment revenue, which represents the margin, or the difference between investment interest income and investment interest expense, will increase due to a higher average margin on a per asset basis as well as growth in the overall amount of our investments. We expect our average margin will increase as a result of increased use of equity in place of debt as well as lower anticipated interest rates on our borrowings. We expect to pay lower interest rates due to an expected reduction in our per transaction leverage percentage, which historically was in excess of 95% on a typical transaction, increased access to new capital sources and shortening the term of our borrowings. We expect to see, in comparison to historical periods, a much larger portion of our total revenue derived from net investment revenue and other recurring and predictable revenue sources.

Prior to the IPO, we financed our business primarily through the use of securitizations, including the Hannon Armstrong Multi-Asset Infrastructure Trust, or Hannie Mae. In these transactions, we transfer the loans or other assets we originate to securitization trusts or other bankruptcy remote special purpose funding vehicles. Large institutional investors, primarily insurance companies and commercial banks, historically provided the financing needed for a project by purchasing the notes issued by the trust or vehicle. The securitization market for the assets we finance has remained active throughout the financial crisis due to investor demand for high credit quality, long-term investments. Historically, we have arranged such securitizations of loans or other assets prior to originating the transaction and thus have avoided exposure to credit spread and interest rate risks that are typically associated with traditional capital markets conduit transactions. Additionally, we have typically avoided funding risks for these loans or other assets given that our securitization partners contractually agree to fund such assets before the origination transaction is completed.

In most cases, the transfer of loans or other assets to non-consolidated securitization trusts qualify as sales for accounting purposes. In these transactions, we receive economics in the form of gain on sale income, which arises from the difference between the financing rate quoted to our customers and the interest rate required by the investors in our securitizations. This income is reflected in our statement of operations as gain on securitization of receivables. We also typically manage and service these assets in exchange for fees and other payments, which we record as fee income on our statement of operations. We expect to continue to use our traditional securitizations in the future and believe the IPO will also create new opportunities for securitizations.

In some cases, certain of our transactions are accounted for as financings and the assets together with the corresponding nonrecourse debt are carried on our balance sheet. In these transactions, we generate investment interest income and incur interest expense. We may periodically provide services, including arranging financings that are held on the balance sheet of other investors and advising various companies with respect to structuring investments.

As of June 30, 2013, of the approximately $1.75 billion of the outstanding financings we own or manage (which we collectively refer to as our managed assets), approximately $1.42 billion was not carried on our balance sheet and was held in non-consolidated securitization trusts and approximately $334 million were held on our balance sheet. Approximately 56% of this portfolio was financings for energy efficiency projects, approximately 34% was financings for clean energy projects such as solar, biomass or other renewable resources as well as combined heat and power, while the remaining 10% of this portfolio was financings for other sustainable infrastructure projects such as water or communication projects. Our managed assets have an average remaining balance of approximately $7.5 million, a weighted average remaining life of approximately 13.0 years and are typically secured by the installed improvements that are the subject of the financing. As of June 30, 2013, our managed portfolio consisted of fixed rate loans, direct financing leases or debt securities with approximately 94% of the portfolio consisting of U.S. federal government obligations.

From April 23, 2013, the date of our IPO, through June 30, 2013, we completed $204 million of transactions, of which $146 million are held on our balance sheet, $39 million were securitized and $19 million represented the repayment of existing notes. Approximately 37% of these transactions financed energy efficiency projects; approximately 44% financed clean energy projects such as solar, biomass or other renewable resources as well as combined heat and power, while the remaining 19% financed other sustainable infrastructure projects such as water and communication projects. The transactions for which we are receiving economic value on our balance sheet have an average transaction size of approximately $20.6 million, a weighted average life of approximately 9.5 years and are typically secured by the installed improvements that are the subject of the financing.

We have a large and active pipeline of potential new financing opportunities that are in various stages of our investment process. We refer to projects as being part of our pipeline if we have determined that the projects fit within our investment strategy and exhibit the appropriate risk/reward characteristics through an initial credit analysis, including a quantitative and qualitative assessment of the investment, as well as research on the market and sponsor investment. Our pipeline consists of projects where we will be the lead financier and does not include projects we participate in that are originated by other institutional investors or intermediaries. As of June 30, our pipeline consisted of more than $2.0 billion in new financing opportunities. There can, however, be no assurance that transactions in our pipeline will be completed.

Factors Impacting our Operating Results

We expect that our results of operations will be affected by a number of factors and will primarily depend on the size of our portfolio, including the portion of our portfolio which we hold on our balance sheet, the income we receive from securitizations, syndications and other services, our portfolio's credit risk profile, changes in market interest rates, commodity prices, U.S. federal, state and/or municipal governmental policies, general market conditions in local, regional and national economies and our ability to qualify as a REIT and maintain our exception from the 1940 Act.

Critical Accounting Policies and Use of Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires the use of estimates and assumptions that involve the exercise of judgment and use of assumptions as to future uncertainties. The following discussion addresses the accounting policies that we use. Our most critical accounting policies will involve decisions and assessments that could affect our reported assets and liabilities, as well as our reported revenues and expenses. We believe that all of the decisions and assessments upon which our financial statements are based are reasonable at the time made and based upon information available to us at that time. Our critical accounting policies and accounting estimates will be expanded over time as we fully implement our strategy. Those material accounting policies and estimates that we expect to be most critical to an investor's understanding of our financial results and condition and require complex management judgment are discussed below.

Investment in Financing Receivables

Investment in financing receivables includes financing sustainable infrastructure project loans, receivables and direct finance leases. The Company accounts for leases as direct finance leases in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840, *Leases*.

The investment in financing receivables represents the present value of the minimum note or lease payments, net of any unearned fee income, which is recognized as income over the term of the note or lease using the interest method.

Other Investments

Other investments include debt or equity securities that meet the criteria of ASC 320,*Investments—Debt and Equity Securities.* The Company intends to hold these securities to maturity and thus records them on the balance sheet using an amortized cost basis.

Securitization Transactions

We have established, and may establish in the future, various special purpose entities or securitization trusts for the purpose of securitizing certain financing receivables or other debt investments. We have determined that the trusts used in our securitizations are variable interest entities as defined in ASC, 810, *Consolidation*. We typically serve as primary or master servicer of these trusts; however, as the servicer, we do not have the power to make significant decisions impacting the performance of the trusts. Based on our analysis of the structure of the trusts, under U.S. GAAP, we are not the primary beneficiary of the trusts as we do not have a controlling financial interest in the trusts because we do not have power over the trust's significant activities. Therefore, we do not consolidate these trusts in our consolidated financial statements.

We account for transfers of financing receivables to these securitization trusts as sales pursuant to ASC, 860,*Transfers and Servicing*, as the transferred receivables have been isolated from the transferor (i.e., put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership) and we have surrendered control over the transferred receivables. When we sell receivables in securitizations, we generally retain interests in the form of servicing rights, cash reserve accounts and deferred fees, all of which are carried on our consolidated balance sheet as retained interests in securitized receivables.

Gain or loss on sale of receivables is calculated based on the excess of the proceeds received from the securitization (less any transaction costs) plus any retained interests obtained over the cost basis of the receivables sold. We generally transfer the receivables to securitization trusts immediately upon the initial funding from the third party purchasing a note collateralized by the receivables. For our retained interests, we generally estimate fair value based on the present value of future expected cash flows using our best estimates of the key assumptions of anticipated losses, prepayment rates, and discount rates commensurate with the risks involved.

We initially account, as described above, for all separately recognized servicing assets and servicing liabilities at fair value as required under ASC 860. Under ASC 860-50, *Transfers and Servicing—Servicing Assets and Liabilities*, entities may either subsequently measure servicing assets and liabilities using the amortization method or fair value measurement method and we have selected the amortization method to subsequently measure our servicing assets. We assess our servicing assets for impairment at each reporting date. If the amortized cost of our servicing assets is greater than the estimated fair value, we recognize an impairment in net income.

Our other retained interest in securitized assets, the residual assets, are classified as available-for-sale securities and carried at fair value on the consolidated balance sheets. We generally do not sell our retained interests. If we make an assessment that (i) we do not intend to sell the security or (ii) it is not likely we will be required to sell the security before its anticipated recovery, changes in fair value, such as those resulting from changes in market interest yield requirements, are reported as a component of accumulated other comprehensive income. However, in the case where we do intend to sell our retained interest or if the fair value of other retained assets is below the current carrying amount and we determine that the decline is OTTI, any impairment charge would be recorded through the statement of operations. An OTTI is considered to have occurred when, based on current information and events, there has been an adverse change in the timing or amount of cash flows expected to be collected. The impairment is equal to the difference between the residual asset's amortized cost basis and its fair

value at the balance sheet date. In the case where there is any expected decline in the forecasted cash flows, such decline would be unlikely to reverse during the holding period of the retained interests and thus would be considered an OTTI.

Valuation of Financial Instruments

ASC 820 establishes a framework for measuring fair value in accordance with U.S. GAAP and expands financial statement disclosure requirements for fair value measurements. ASC 820 further specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. Where inputs for a financial asset or liability fall in more than one level in the fair value hierarchy, the financial asset or liability is classified in its entirety based on the lowest level input that is significant to the fair value measurement of that financial asset or liability. At June 30, 2013 and December 31, 2012, we carried only retained interests in securitized receivables and derivatives at fair value on our balance sheets. We use our judgment and consider factors specific to the financial assets and liabilities measured at fair value in determining the significance of an input to the fair value measurements. The hierarchy is as follows:

- Level 1—Valuation techniques in which all significant inputs are quoted prices from active markets that are accessible at the measurement date for assets or liabilities that are identical to the assets or liabilities being measured.
- Level 2—Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices from markets that are not active for assets or liabilities that are identical or similar to the assets or liabilities being measured. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level II valuation techniques.
- Level 3—Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect our assumptions about the assumptions that market participants would use in pricing an asset or liability.

For financial assets and liabilities carried at fair value, we use quoted market prices, when available, to determine the fair value of an asset or liability. If quoted market prices are not available, we consult independent pricing services or third party broker quotes, provided that there is no ongoing material event that affects the issuer of the securities being valued or the market therefor. If there is such an ongoing event, or if quoted market prices are not available, we will determine the fair value of the securities using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates.

Fair value under U.S. GAAP represents an exit price in the normal course of business, not a forced liquidation price. If we were forced to sell assets in a short period to meet liquidity needs, the prices we receive could be substantially less than their recorded fair values. Furthermore, the analysis of whether it is more likely than not that we will be required to sell securities in an unrealized loss position prior to an expected recovery in value (if any), the amount of such expected required sales, and the projected identification of which securities would be sold is also subject to significant judgment, particularly in times of market illiquidity.

Any changes to the valuation methodology will be reviewed by our investment committee to ensure the changes are appropriate. As markets and products develop and the pricing for certain products becomes more transparent, we will continue to refine our valuation methodologies. The methods used by us may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we anticipate that our valuation methods will be appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. We will use inputs that are current as of the measurement date, which may include periods of market dislocation, during which price transparency may be reduced.

Revenue Recognition

In accordance with our valuation policy, we evaluate accrued income from financing receivables periodically for collectability. When a financing receivable becomes 90 days or more past due, and if we otherwise

do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the financing receivable on non-accrual status and cease recognizing income from that financing receivable until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a financing receivable's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a financing receivable is fully impaired, sold or written off, we will remove it from non-accrual status. The revenue recognition for the major components of revenue is accounted for as described below (see "—Critical Accounting Policies and Use of Estimates—Securitization Transactions" for discussion of gains and losses recognized from the securitization of receivables):

- ***Income from Financing Receivables and Other Investments.*** We record income from financing receivables and other investments held on our balance sheet on the accrual basis to the extent amounts are expected to be collected. We expect that income on our financing receivables investments and other investments that are debt securities will be accrued based on the actual coupon rate and the outstanding principal balance of such securities, or if no actual coupon rate exists, using the effective yield method. Premiums and discounts will be amortized or accreted into income over the lives of the financing receivables using the effective yield method, as adjusted for actual prepayments in accordance with ASC 310-40, *Receivables—Nonrefundable Fees and Other Costs*. For financing receivables that are direct finance leases under ASC 840, *Leases*, we amortize the unearned income to income over the lease term to produce a constant periodic rate of return on the net investment in the lease. Other investments consist of debt securities that meet the criteria of ASC 320, *Investments—Debt and Equity Securities.* We evaluate the appropriate classification of debt securities at the time of purchase and reevaluate such designation as of each statement of financial position date. We have classified all of our debt securities as held-to-maturity as we have the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in investment interest income. Interest on securities classified as held-to-maturity is included in investment interest income.
- ***Servicing and other residual interests in securitized assets.*** Servicing income is recognized as received. Servicing assets are amortized in proportion to, and over the period of, estimated net servicing income, and are periodically assessed for impairment. Interest income related to the residual assets is recognized using the effective interest rate method. If there is a change in expected cash flows related to the residual assets, we calculate a new yield based on the current amortized cost of the residual assets and the revised expected cash flows. This yield is used prospectively to recognize interest income. Actual economic conditions may produce cash flows that could differ significantly from projected cash flows, and differences could result in an increase or decrease in the yield used to record interest income or could result in impairment losses.
- ***Other Fee Income.*** We may periodically provide services, including arranging financing that is held on the balance sheet of other investors and advising various companies with respect to structuring investments. For services that are separately identifiable and evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment or other applicable transaction closes. Retainer fees are amortized over the performance period.

Hedging Instruments and Hedging Activities

We account for derivative financial instruments in accordance with ASC 815,*Derivatives and Hedging,* which requires us to recognize all derivatives as either assets or liabilities on the balance sheet and to measure those instruments at fair value. Additionally, the fair value adjustments will affect either other comprehensive income or net income depending on whether the derivative instrument qualifies as a hedge for accounting purposes (and the type of hedge) and if we elect to apply hedge accounting for that instrument. We use derivatives for hedging purposes rather than speculation. We value derivative financial instruments in accordance with ASC 820. See "—Critical Accounting Policies and Use of Estimates—Valuation of Financial Instruments." At June 30, 2013 and December 31, 2012, no derivatives were designated in hedge accounting relationships.

In the normal course of our business, subject to maintaining our qualification as a REIT, we may use a variety of derivative financial instruments to manage or hedge interest rate risk on our borrowings. These derivative

financial instruments must be effective in reducing our interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the derivative instrument are marked-to-market with changes in value included in net income for each period until the derivative instrument matures or is settled. Any derivative instrument used for risk management that does not meet the effective hedge criteria or for which we do not elect hedge accounting is marked-to-market with the changes in fair value included in net income.

Income Taxes

We intend to elect and qualify to be taxed as a real estate investment trust under Section 856 through 860 of the Internal Revenue Code commencing with our taxable year ending December 31, 2013. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its net taxable income, excluding net capital gains, to its shareholders. We intend to meet the requirements for qualification as a REIT and to maintain such qualification for taxation as a REIT. As a REIT, the Company is not subject to federal corporate income tax on that portion of net income that is currently distributed to its shareholders. However, the Company's taxable REIT subsidiaries (collectively, the "TRS") will generally be subject to federal, state, and local income taxes. No provision for federal or state income tax was recorded for the three and six-month period ended June 30, 2013 as the REIT intends to distribute 100% of its taxable income and the TRS has a full valuation allowance against its operating loss. Many of the REIT requirements, however, are highly technical and complex. If we were to fail to meet the REIT requirements, we would be subject to U.S. federal, state and local income taxes.

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. The Company established deferred tax liabilities related to book and tax differences of certain assets contributed to the TRS in connection with the formation of the REIT.

Prior to the completion of the IPO, the Predecessor was taxed as a partnership under the Internal Revenue Code. No provision for federal or state income taxes has been made in the accompanying condensed consolidated financial statements, since the Company's profits and losses are reported on the members' tax returns. There were no uncertain tax positions as of June 30, 2013 and December 31, 2012.

Stock-Based Compensation

The Company recorded compensation expense for stock awards in accordance with ASC 718,*Compensation—Stock Compensation*, which requires that all share-based payments to employees be recognized in the consolidated statements of operations based on their grant date fair values with the expense being recognized over the requisite service period.

Upon the completion of the IPO, we adopted an equity incentive plan that provides for grants of stock options, shares of restricted common stock, phantom shares, dividend equivalent rights, and, long term incentive plan ("LTIP") units and other restricted limited partnership units issued by our operating partnership and other equity-based awards. Equity-based compensation will be recognized as an expense in the financial statements over the vesting period and measured at the fair value of the award on the date of grant. The amount of the expense may be subject to adjustment in future periods depending on the specific characteristics of the equity-based award and the application of ASC 718, *Compensation—Stock Compensation*.

Earnings Per Share

The Company computes earnings per share of common stock in accordance with ASC 260,*Earnings Per Share*. Basic earnings per share is calculated by dividing net income attributable to controlling shareholders by the weighted-average number of shares of common stock outstanding during the period excluding the weighted average number of unvested restricted shares of common stock ("participating securities"). Diluted earnings per share is calculated by dividing net income attributable to controlling shareholders by the weighted-average number of shares of common stock

outstanding during the period plus other potentially dilutive securities such as restricted stock units or shares of common stock that would be issued in the event of conversion of operating partnership units. No adjustment is made for shares of common stock that are anti-dilutive during a period.

Due to the capital structure of the Predecessor, earnings per share of common stock information has not been presented for historical periods prior to the IPO.

Results of Operations

As part of our strategy, since the IPO and in the future, we will be holding a significantly larger portion of the loans or other assets we originate on our balance sheet and we intend to finance these loans and other assets using our capital as well as on balance sheet financings. Thus, we expect over time to see significant increases in both investment interest income and investment interest expense. We also expect that our net investment revenue, which represents the margin, or the difference between investment interest income and investment interest expense, will increase due to a higher average margin on a per asset basis as well as growth in the overall amount of our investments. We expect our average margin will increase as a result of increased use of equity in place of debt as well as lower anticipated interest rates on our borrowings. We also expect to continue our practice of securitizing certain transactions, in which we transfer the loans or other assets we originate to securitization trusts or other bankruptcy remote special purpose funding vehicles. As of June 30, 2013, the outstanding principal balance of our managed assets financed through the use of securitizations was approximately $1.42 billion and the outstanding principal balance of the Investment in financing receivables and other investments held on our balance sheet was approximately $334 million including approximately $190 million financed by nonrecourse debt for total managed assets of approximately $1.75 billion.

To the extent any of the financial data presented below is as of a date or from a period prior to April 23, 2013, such financial data is that of the Predecessor. The financial data for the Predecessor for such periods do not reflect the material changes to the business as a result of the capital raised in the IPO including the broadened types of projects historically undertaken, the enhanced financial structuring flexibility and the ability to retain a larger share of the economics from the origination activities. Thus the financial data for the Predecessor is not necessarily indicative of the Company's results of operations, cash flows or financial position following the completion of the IPO transaction and in the future.

Investment in Financing Receivables and Other Investments

At June 30, 2013, we held $334.3 million of managed assets on our balance sheet as Investment in Financing Receivables and Other Investments, which consisted of:

	Balance in Millions	Maturity
Fixed-rate Investment in Financing Receivables, interest rates from 2.42% to 5.00% per annum	$ 135.1	2014 to 2034
Fixed-rate Investment in Financing Receivables, interest rates from 5.01% to 6.50% per annum	66.8	2013 to 2031
Fixed-rate Investment in Financing Receivables, interest rates from 6.51% to 15.22% per annum	95.4	2015 to 2031
Total Investment in Financing Receivables	$ 297.3	
Fixed-rate Investment in Debt Security, interest rates of 5.35% per annum	37.0	2035
Total Investments	$ 334.3	

The table below presents, for each major category of our interest-earning assets and interest-bearing liabilities, the average outstanding balances, interest income earned or interest expense incurred, and average yield or cost for the three and six months ended June 30, 2013 and 2012. Our net interest margin represents the difference between the yield on our interest-earning assets and the cost of our interest-bearing liabilities, including the impact of non-interest bearing funding, primarily equity.

	Three Months Ended June 30,					
	2013			2012		
(In thousands except for interest rate data)	Average Monthly Balance	Interest Income/ Expense	Yield/Rate	Average Monthly Balance	Interest Income/ Expense	Yield/Rate
Financing Receivables	$246,136	$3,384	5.50%	$205,283	$2,938	5.72%
Other Investments	1,234	17	5.35%	—	—	— %
Total Investments	$247,370	$3,401	5.50%	$205,283	$2,938	5.72%
Non Recourse Debt	$181,982	$2,069	4.55%	$209,629	$2,453	4.68%
Net Investment Spread		$1,332	0.95%		$ 485	1.04%
Net Investment Margin			2.15%			0.94%

	Six Months Ended June 30,					
	2013			2012		
(In thousands except for interest rate data)	Average Monthly Balance	Interest Income/ Expense	Yield/Rate	Average Monthly Balance	Interest Income/ Expense	Yield/Rate
Financing Receivables	$217,767	$6,095	5.60%	$195,576	$5,571	5.69%
Other Investments	618	17	5.35%	—	—	— %
Total Investments	$218,385	$6,112	5.59%	$195,576	$5,571	5.69%
Non Recourse Debt	$187,896	$4,305	4.58%	$199,971	$4,593	4.59%
Net Investment Spread		$1,807	1.01%		$ 978	1.10%
Net Investment Margin			1.65%			1.00%

The financing receivables and the Debt Security described in the above table are typically collateralized with contractually committed obligations of government entities or private high credit quality obligors and are often supported by additional forms of credit enhancement, including security interests and supplier guaranties. There were no credit losses during the six months ended June 30, 2013 and 2012, and no financing receivables were past due, on nonaccrual status, or impaired at June 30, 2013 and December 31, 2012. There was no allowance for credit losses as of June 30, 2013 and December 31, 2012.

The following table provides a summary of our anticipated principal repayments to our investment in financing receivables and our other investments as of June 30, 2013:

	Payment due by Period (in thousands)				
	Total	Less than 1 year	1-5 years	5-10 years	More than 10 years
Financing Receivables	$297,319	$38,527	$145,372	$39,293	$ 74,127
Other Investments	$ 37,021	$ 22	$ 1,906	$ 6,377	$ 28,716

The following table provides a summary of our anticipated maturity dates of our investment in financing receivables and other investments and the weighted average yield for each range of maturities as of June 30, 2013:

	Total	Less than 1 year	1-5 years	5-10 years	More than 10 years
Financing Receivables					
Payment due by period (in thousands)	$297,319	$ 678	$149,165	$19,643	$127,833
Weighted average yield by period	6.12%	5.71%	7.48%	4.49%	4.78%
Other Investments					
Payment due by period (in thousands)	$ 37,021	$ —	$ —	$ —	$ 37,021
Weighted average yield by period	5.35%	— %	— %	— %	5.35%

We also have residual assets relating to our securitization trusts. The table below presents the carrying value and yields for those assets:

	Carrying Value (in thousands)	Weighted Average Yield
June 30, 2013	$ 4,442	8.77%
December 31, 2012	$ 4,639	8.73%

The residual assets do not have a contractual maturity date and the underlying securitized assets have contractual maturity dates ranging from 2014 to 2036.

Comparison of the Three Months Ended June 30, 2013 to the Three Months Ended June 30, 2012

Net loss increased by $3.6 million to $(5.8) million for the three months ended June 30, 2013, compared to $(2.2) million for the same period in 2012. This increase was the result of an increase in Total Revenue, net of Investment interest expense of $1.3 million and a decline in loss from equity method investments of $1.6 million offset by increased compensation costs of $6.2 million due to non-cash stock based compensation charges of $6.2 million, including a one-time charge of $5.8 million relating to the reallocation between the owners and employees of the equity interest of the Predecessor as part of the IPO and formation transactions and a $0.3 million increase in general and administrative expenses

	Three Months Ended June 30,			
	2013	2012	$ Change	% Change
	(In thousands)			
Net Investment Revenue:				
Investment interest income	$ 3,401	$ 2,938	$ 463	15.8%
Investment interest expense	(2,069)	(2,453)	384	15.7%
Net Investment Revenue	1,332	485	847	174.6%
Other Investment Revenue:				
Gain on securitization of receivables	884	535	349	65.2%
Fee income	648	521	127	24.4%
Other Investment Revenue	1,532	1,056	476	45.1%
Total Revenue, net of investment interest expense	**2,864**	**1,541**	**1,323**	**85.9%**
Compensation and benefits	(7,292)	(1,116)	(6,176)	(553.4)%
General and administrative	(1,237)	(907)	(330)	(36.4)%
Depreciation and amortization of intangibles	(111)	(108)	(3)	(2.8)%
Other interest expense	(7)	(68)	61	89.7%
Other Income	13	14	(1)	(7.1)%
Unrealized (loss) gain on derivative instruments	(4)	15	(19)	(126.7)%
Loss from equity method investment in affiliate	—	(1,608)	1,608	100.0%
Other Expenses, net	(8,638)	(3,778)	(4,860)	(128.6)%
Net Loss	**$ (5,774)**	**$ (2,237)**	**$(3,537)**	**(158.1)%**

Net Investment Revenue

Net investment revenue increased to $1.3 million in the three months ended June 30, 2013 from $0.5 million in the same period in 2012. The monthly average balance of investments increased to $247.4 million in the three months ended June 30, 2013 from $205.3 million in the same period in 2012, while the average interest rate earned on these assets declined slightly to 5.5% in three months ended June 30, 2013 from 5.72% million in the same period in 2012, resulting in a $0.5 million increase in Investment interest income to $3.4 million from $2.9 million in the same period in 2012.

As our strategy is to hold the economic interest of more projects and as we were using the IPO proceeds to fund projects and in one case to pay off non-recourse debt, the monthly average nonrecourse debt balance decreased in the three months ended June 30, 2013 to $182.0 million compared to $209.6 million in the same period in 2012. Investment interest expense decreased to $2.1 million in the three months ended June 30, 2013, compared to $2.5 million in the same period in 2012 while the average debt interest rate decreased to 4.55% in 2013 from 4.68% in 2012.

As a result of the higher investments and lower debt, the net investment revenue increased to $1.3 million in the three months ended June 30, 2013 from $0.5 million in the same period in 2012.

Other Investment Revenue

Gain on securitization of receivables increased by $0.3 million to $0.9 million for the three months ended June 30, 2013 compared to $0.5 million in the same period in 2012. The increase was the result of increased transaction volume including the decision to securitize several of the initial investment transactions identified in our IPO prospectus. Fee income increased by $0.1 million to $0.6 million for the three months ended June 30, 2013 compared to $0.5 million for the three months ended June 30, 2012 as a result of slightly higher advisory fees.

Total Revenue, Net of Investment Interest Expense

Total revenue, net of investment interest expense increased by $1.3 million to $2.9 million in the three months ended June 30, 2013, compared to $1.6 million in the same period in 2012, primarily as a result of an increase in Net Investment Revenue of $0.8 million and an increase in other investment revenue of $0.5 million.

Other Expenses, Net

Other expenses, net increased by $4.9 million to $8.6 million in the three months ended June 30, 2013, compared to $3.7 million in the same period in 2012, primarily as a result of increased compensation costs of $6.2 million due to non-cash stock based compensation charges of $6.2 million including a one-time charge of $5.8 million relating to the reallocation between the owners and employees of the equity interest of the Predecessor as part of the IPO and formation transactions. General & Administrative expenses also increased by $0.3 million to $1.2 million in the three months ended June 30, 2013 from $0.9 million in the same period in 2012, primarily as a result of increased public company expenses. These increases were offset by a decrease in the loss from equity method investment in affiliate of approximately $1.6 million to $0.0 million in the three months ended June 30, 2013, compared to $(1.6) million in the same period in 2012. The decrease in this loss occurred as a result of the distribution of the investment in HA EnergySource on December 31, 2012 to the Company’s previous owners.

Net Loss

Net Loss increased by approximately $3.6 million to $(5.8) million in the three months ended June 30, 2013, compared to $(2.2) million in the same period in 2012 due primarily to the increase in other expense, net partially offset by an increase in Total Revenue, net of investment interest expense.

Comparison of the Six Months Ended June 30, 2013 to the Six Months Ended June 30, 2012

Net loss increased by $4.5 million to $(7.0) million for the six months ended June 30, 2013, compared to $(2.5) million for the same period in 2012. This increase was the result of an increase in compensation and benefits of $6.0 million due to non-cash stock based compensation charges of $6.2 million including a one-time charge of $5.8 million relating to the reallocation between the owners and employees of the equity interest of the Predecessor as part of the IPO and formation transactions. In addition, General and Administrative expenses rose by $0.6 million as a result of increased public company expenses and professional fees. These increases were offset by a lower loss from equity method investment of $1.9 million as a result of the distribution of the investment in HA EnergySource on December 31, 2012 to the Company's previous owners.

	Six Months Ended June 30,			
	2013	2012	$ Change	% Change
	(In thousands)			
Net Investment Revenue:				
Investment interest income	$ 6,112	$ 5,571	$ 541	9.7%
Investment interest expense	(4,305)	(4,594)	289	6.3%
Net Investment Revenue	1,807	977	830	85.0%
Other Investment Revenue:				
Gain on securitization of receivables	884	1,631	(747)	(45.8)%
Fee income	929	946	(17)	(1.8)%
Other Investment Revenue	1,813	2,577	(764)	(29.6)%
Total Revenue, net of investment interest expense	**3,620**	**3,554**	**66**	**1.9%**
Compensation and benefits	(8,443)	(2,493)	(5,950)	(238.7)%
General and administrative	(1,927)	(1,369)	(558)	(40.8)%
Depreciation and amortization of intangibles	(216)	(220)	4	1.8%
Other interest expense	(56)	(143)	87	60.8%
Other Income	14	28	(14)	(50.0)%
Unrealized gain on derivative instruments	15	30	(15)	(50.0)%
Loss from equity method investment in affiliate	—	(1,921)	1,921	100.0%
Other Expenses, net	**(10,613)**	**(6,088)**	**(4,525)**	**(74.3)%**
Net Loss	$ (6,993)	$ (2,534)	$(4,459)	176.0%

Net Investment Revenue

Net investment revenue increased by $0.8 million to $1.8 million for the six months ended June 30, 2013, compared to $1.0 million in the same period in 2012. The monthly average balance of investments increased to $218.4 million for the six months ended June 30, 2013 from $195.6 million in the same period in 2012, while the average interest rate earned on these assets decreased slightly to 5.6% for the six months ended June 30, 2013 from 5.69% in the same period in 2012, resulting in a $0.5 million increase in investment interest income.

As our strategy is to hold the economic interest of more projects and as we were using the IPO proceeds to fund projects and in one case to pay off non-recourse debt, the monthly average nonrecourse debt balance decreased in the six months ended June 30, 2013 to $187.9 million compared to $200.0 million in the same period in 2012. Investment interest expense decreased to $4.3 million for the six months ended June 30, 2013, compared to $4.6 million in 2012.

As a result of the higher investment interest income and lower level of nonrecourse debt, the net investment revenue increased by $0.8 million for the six months ended June 30, 2013 compared to the same period in 2012.

Other Investment Revenue

Gain on securitization of receivables decreased by $0.7 million to $0.9 million for the six months ended June 30, 2013 compared to $1.6 million in the same period in 2012. The decrease was the result of no financing receivables being securitized during the three months ended March 31, 2013 compared to the same period in 2012. Fee income was unchanged at $0.9 million for the six months ended June 30, 2013 and 2012.

Total Revenue, Net of Investment Interest Expense

Total revenue, net of investment interest expense was unchanged at $3.6 million for the six months ended June 30, 2013 and 2012 as an increase in Net investment revenue of $0.8 million was offset by a decrease in other investment revenue of $0.8 million.

Other Expenses, Net

Other expenses, net increased by $4.5 million to $10.6 million in the six months ended June 30, 2013, compared to $6.1 million in the same period in 2012, primarily as a result of increased compensation costs of $6.0 million due to non-cash stock based compensation charges of $6.2 million, including a one-time charge of $5.8 million relating to the reallocation between the owners and employees of the equity interest of the Predecessor as part of the IPO and formation transactions. General & Administrative expenses also increased by $0.6 million to $1.9 million in the six months ended June 30, 2013 from $1.3 million in the same period in 2012, primarily as a result of increased public company expenses and other professional fees. These increases were offset by a decrease in the loss from equity method investment in affiliate of approximately $1.9 million to $0.0 million in the six months ended June 30, 2013, compared to $(1.9) million in the same period in 2012. The decrease in this loss occurred as a result of the distribution of the investment in HA EnergySource on December 31, 2012 to the Company's previous owners.

Net Loss

Net Loss increased by approximately $4.5 million to $(7.0) million for the six months ended June 30, 2013, compared to $(2.5) million in the same period in 2012 due primarily to the increase in other expenses, net.

Non-GAAP Financial Measures

We consider the following non-GAAP financial measures useful to investors as key supplemental measures of our performance: (1) core earnings, (2) managed assets and (3) investment income from managed assets. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss as a measure of our operating performance. These non-GAAP financial measures, as calculated by us, may not be comparable to similarly named financial measures as reported by other companies that do not define such terms exactly as we define such terms.

Core Earnings

Core Earnings is a non-GAAP financial measure. We calculate Core Earnings as GAAP net income (loss) excluding non-cash equity compensation expense, amortization of intangibles and any non-cash tax charges. The amount is also adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as approved by a majority of our independent directors.

We believe that Core Earnings provides an additional measure of our core operating performance by eliminating the impact of certain noncash expenses and facilitating a comparison of our financial results to those of other comparable REITs 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 and our peers, and as such, we believe that the disclosure of Core Earnings is useful to (and expected by) 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), 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 REITs to calculate the same or similar supplemental performance measures, and accordingly, our reported Core Earnings may not be comparable to the Core Earnings reported by other REITs.

We have calculated our Core Earnings for the period from our IPO to the end of the period. The table below provides a reconciliation of our net income to Core Earnings:

	For the Period from April 23, 2013 to June 30,	
	2013	Per Share
	(in thousands)	
Net Loss attributable to controlling shareholders	$ (4,971.6)	$ (0.32)
Adjustments attributable to controlling shareholders[1]:		
Non-cash equity compensation charge	6,008.2	
Amortization of intangibles	51.5	
Non-cash provision for taxes	—	
Core Earnings[2]	**$ 1,088.1**	**$ 0.07**

(1) Includes only the portion of the adjustment that is allocated to the controlling stockholders.
(2) Core Earnings per share is based on 16,174,074 shares, which represent the weighted average number of fully-diluted shares outstanding, excluding the minority interest in the Operating Partnership as the income attributable to the minority interest is also excluded.

Managed Assets and Investment Income from Managed Assets

As we both consolidate assets on our balance sheet and securitize investments, certain of our financing receivables and other assets are not reflected on our balance sheet where we may have a residual interest in the performance of the investment. Thus, we also calculate both our investments and our income on our investments on a non-GAAP "managed" basis, which assumes that securitized loans are not sold, with the effect that the income from securitized loans is included in our income in the same manner as the income from loans that we consolidated on our balance sheet. We believe that our managed basis information is useful to investors because it portrays the results of both on- and off-balance sheet loans that we manage, which enables investors to understand and evaluate the credit performance associated with the portfolio of loans reported on our consolidated balance sheet and our retained interests in securitized loans. Our non-GAAP managed basis measures may not be comparable to similarly titled measures used by other companies.

The following is a reconciliation of our GAAP investments in financing receivables to our managed assets as of June 30, 2013 and December 31, 2012 and our GAAP income from financing receivables to our investment income from managed assets for the six months period ended June 30, 2013 and 2012:

	As of June 30, 2013	As of December 31, 2012
	(In thousands)	
Investments in financing receivable	$ 297,319	$ 191,399
Other Investments	37,021	—
Assets held in securitization trusts	1,423,052	1,431,635
Managed Assets	**$ 1,757,392**	**$ 1,623,034**

	Six Months ended June 30, 2013	Six Months ended June 30, 2012
Investment interest income	$ 6,112	$ 5,571
Income from assets held in securitization trusts	43,127	43,794
Investment Income from Managed Assets	**$ 49,239**	**$ 49,365**

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential short-term (within one year) and long-term cash requirements, including ongoing commitments to repay borrowings, fund and maintain our current and future sustainable infrastructure projects, make distributions to our stockholders and other general business needs. We will use significant cash to finance our sustainable infrastructure projects, repay principal and interest on our borrowings, make distributions to our stockholders and fund our operations.

We expect to use leverage to increase potential returns to our stockholders. Since the IPO and in the future, we will be holding a significantly larger portion of the economics in the financings we originate on our balance sheet and broaden our financing sources to include other fixed and floating rate borrowings in the form of bank credit facilities (including term loans and revolving facilities), warehouse facilities, repurchase agreements and public and private equity and debt issuances, in addition to transaction or asset specific funding and match-funded arrangements.

In July 2013, as described below, we, through subsidiaries, entered into a $350.0 million senior secured revolving credit facility.

Prior to the IPO, we financed our business primarily through the use of securitizations, such as Hannie Mae, or other special purpose funding vehicles. Large institutional investors, primarily insurance companies and commercial banks, have historically provided the financing needed for a project by purchasing the notes issued by the funding vehicle. As of June 30, 2013, the outstanding principal balance of our managed assets financed through the use of securitizations and held in non-consolidated trusts was approximately $1.42 billion. In some cases, certain of our transactions are accounted for as financings and the assets together with the corresponding nonrecourse debt are carried on our balance sheet. The outstanding principal balance of investments in financing receivables held on our balance sheet and financed by nonrecourse debt was approximately $190 million.

We expect we will continue to use securitizations or other special purpose funding vehicles to finance our business and continue to maintain and potentially expand our relationships with various securitization investors. We also believe we will be able to customize securitized tranches to meet the investment preferences of our investors.

The decision on how we finance specific assets or groups of assets will largely be driven by capital allocations and portfolio management considerations, as well as prevailing credit spreads and the terms of available financing and market conditions. Over time, as market conditions change, we may use other forms of leverage in addition to these financing arrangements.

Although we are not restricted by any regulatory requirements to maintain our leverage ratio at or below any particular level, the amount of leverage we may employ for particular assets will depend upon the availability of particular types of financing and our assessment of the credit, liquidity, price volatility and other risks of those assets and financing counterparties. Historically, our Predecessor financed its transactions with U.S. federal government obligors with more than 95% debt. We anticipate reducing our overall leverage on both individual assets classes and our entire portfolio for which we have the primary economic exposure. We expect to target leverage of up to two times recourse debt to equity on our overall portfolio, with internal allocations of leverage based on the mix of asset types and obligors. For example, we may deploy higher leverage on debt financings made to U.S. federal and other high quality government obligors and lower leverage on other types of assets and obligors. We intend to use leverage for the primary purpose of financing our portfolio and business activities and not for the purpose of speculating on changes in interest rates.

While we generally intend to hold our target assets that we do not securitize upon acquisition as long-term investments, certain of our investments may be sold in order to manage our interest rate risk and liquidity

needs, to meet other operating objectives and to adapt to market conditions. The timing and impact of future sales of financings, if any, cannot be predicted with any certainty. Since we expect that our assets will generally be financed, we expect that a significant portion of the proceeds from sales of our assets (if any), prepayments and scheduled amortization will be used to repay balances under our financing sources.

We believe these identified sources of liquidity will be adequate for purposes of meeting our short-term and long-term liquidity needs, which include funding future sustainable infrastructure projects, operating costs and distributions to our stockholders. To qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income without regard to the deduction for dividends paid and excluding net capital gains. These dividend requirements limit our ability to retain earnings and thereby replenish or increase capital for growth and our operations. For more information, see "Dividends."

Sources and Uses of Cash

We had $14.8 million and $8.0 million of cash and cash equivalents as of June 30, 2013 and December 31, 2012, respectively.

Cash Generated from Operating Activities

Net cash used in operating activities was $3.8 million for the six months ended June 30, 2013. In addition to the net loss of $7.0 million that was largely offset by the non-cash stock based compensation expense of $6.2 million, $3.6 million was used primarily to pay accrued legal, accounting and other direct costs incurred in connection with the IPO. This was offset by non-cash depreciation and amortization of $0.2 million and non-cash charges relating to the securitization assets of $0.4 million.

Net cash used in operating activities was $4.8 million for the six months ended June 30, 2012. In addition to the net loss of $2.5 million, there was payment of $4.9 million of liabilities accrued as of December 31, 2011. This was offset by the non-cash loss from our equity method investment of $1.9 million, non-cash depreciation and amortization of $0.2 million and non-cash charges relating to the securitization assets of $0.5 million.

Cash Flows Relating to Investing Activities

Net cash used in investing activities was $143.8 million for the six months ended June 30, 2013. This included cash of $126.8 million used for new investments held on our balance sheet and an increase in restricted cash of $29.2 million to be used to pay for a new investment, offset by $11.9 million of principal collections on financing receivables held on our balance sheet and the collection of an advance from our Predecessor's affiliates of $0.3 million.

Net cash used in investing activities was $67.5 million for the six months ended June 30, 2012. This included cash of $83.3 million used for new investments in finance receivables held on our balance sheet and $1.2 million of cash used for investment and advances in non-consolidated affiliates, offset by $16.6 million of principal collections on financing receivables held on our balance sheet and $0.4 million of net proceeds from marketable securities and restricted cash.

Cash Flows Relating to Financing Activities

Net cash provided by financing activities was $154.4 million for the six months ended June 30, 2013. The IPO resulted in net proceeds of $160.3 million and $4.2 million was used to pay off our Predecessor's credit facility. Total proceeds from nonrecourse debt to fund the origination of financing receivables were $29.1 million versus repayments on the nonrecourse debt of $30.9 million during the period.

Net cash provided by financing activities was $65.3 million for the six months ended June 30, 2012. Total proceeds from nonrecourse debt to fund the origination of financing receivables were $83.5 million versus repayments on the nonrecourse debt of $16.9 million during the period. In addition, principal repayments on our existing credit facility were $1.3 million.

Credit Facility

In July 2013, through newly-created, wholly-owned special purpose subsidiaries (the "Borrowers"), we entered into a $350.0 million senior secured revolving credit facility. The terms of the credit facility are set forth in the Loan Agreement (G&I) (the "G&I Loan Agreement") and the Loan Agreement (PF) (the "PF Loan Agreement", and together with the G&I Loan Agreement, the "Loan Agreements") and provide for senior secured revolving credit facilities with total maximum advances of $700.0 million (i) in the case of the G&I Loan Agreement, in the principal amount of $200 million to be used to leverage certain qualifying government and institutional financings that we entered into, with maximum total advances (without giving effect to prepayments or repayments) of $400 million, and (ii) in the case of the PF Loan Agreement, in the principal amount of $150 million to be used to leverage certain qualifying project financings that we enter into, with maximum total advances (without giving effect to prepayments or repayments) of $300 million. Together with certain of our subsidiaries, we have guaranteed the obligations of the borrowers under each of the Loan Agreements pursuant to (i) a Continuing Guaranty dated July 19, 2013, and (ii) a Limited Guaranty dated July 19, 2013. The scheduled termination date of the Loan Agreements is July 19, 2018. Loans under the G&I Loan Agreement bear interest at a rate equal to LIBOR plus 1.50% or, under certain circumstances, the Federal Funds Rate plus 1.50%. Loans under the PF Loan Agreement bear interest at a rate equal to LIBOR plus 2.50% or, under certain circumstances, the Federal Funds Rate plus 2.50%.

Any financing of the Company proposed to be included in the borrowing base as collateral under the Loan Agreements will be subject to the approval of the administrative agent in its sole discretion. The amount eligible to be drawn under the Loan Agreements for purposes of financing such investments will be based on a discount to the value of each investment or an applicable valuation percentage. Under the G&I Loan Agreement, the applicable valuation percentage for non-delinquent investments is 80% in the case of a U.S. Federal Government obligor, 75% in the case of an institutional obligor or a state and local obligor, and with respect to other obligors or in certain circumstances, such other percentage as the administrative agent may prescribe. Under the PF Loan Agreement, the applicable valuation percentage is 67% or such other percentage as the administrative agent may prescribe. The sum of approved financings after taking into account the valuation percentages and any changes in the valuation of the financings determines the borrowing capacity, subject to the overall facility limits described above.

We incurred approximately $8.1 million of costs associated with the Loan Agreements that will be capitalized and will be amortized over a 60 month period from July 2013. On each monthly payment date, the Borrowers shall also pay to the administrative agent, for the benefit of the lenders, certain availability fees for each Loan Agreement equal to 0.50%, divided by 360, multiplied by the excess of the available borrowing capacity under each Loan Agreement over the actual amount borrowed under such Loan Agreement.

Each Loan Agreement contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature. The Loan Agreements contain various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds and stock repurchases.

Each Loan Agreement also includes customary events of default, including for the existence of a default in more than 50% of underlying financings. The occurrence of an event of default may result in termination of the Loan Agreements, acceleration of amounts due under both Loan Agreements, and accrual of default interest at a rate of LIBOR plus 2.50% in the case of the G&I Loan Agreement and at a rate of LIBOR plus 5.00% in the case of the PF Loan Agreement.

The Loan Agreements require the Company to maintain the following covenants:

Covenant	Covenant Threshold	As of June 30, 2013
Minimum Liquidity (defined as available borrowings under the facilities plus unrestricted cash divided by borrowings under the facility) of greater than:	5%	N/A
12 month rolling Net Interest Margin (starting June, 2014) of greater than:	$ 0	N/A
Non – Recourse Debt to Equity Ratio of less than:	4 to 1	N/A

As the Loan Agreements were not in place as of June 30, 2013, there were no borrowings and thus the covenants were not applicable.

The Company repaid its Predecessor's credit facility and a related interest rate swap in April 2013 from the proceeds of the IPO. The interest rate swap was not designated as a hedging instrument under ASC 815, *Derivatives and Hedging*. The swap was recorded in accounts payable and accrued expenses in the condensed consolidated balance sheets and a loss of ($4,177) was expensed in other expenses in the quarter ended June 30, 2013. We owed $0 million and $4.2 million under the Predecessor's credit facility as of June 30, 2013 and December 31, 2012, respectively.

General and Administrative Expenses

Our general and administrative expenses include salaries, rent, professional fees and other corporate level expenses, as well as the costs associated with operating as a public company. As of June 30, 2013, we employed 22 people. We intend to hire additional business professionals as needed to assist in the implementation of our new strategy as a REIT. We also expect to incur additional professional fees to meet the reporting requirements of the Exchange Act and comply with the Sarbanes-Oxley Act. The timing and level of these costs and our ability to pay these costs with cash flow from our operations depends on our execution of our business plan, the number of financings we originate or acquire and our ability to attract qualified individuals to fill these new positions.

Contractual Obligations and Commitments

We lease office space under an operating lease entered into in July 2011. The lease provides for operating expense reimbursements and annual escalations that are amortized over the respective lease terms on a straight-line basis. Lease payments under the July 2011 lease commenced in March 2012. Our previous lease expired December 31, 2011. We also lease space at a satellite office under an operating lease entered into in November 2011. Lease payments under this lease commenced in February 2012.

In December 2012, we distributed the common equity interest our Predecessor held in HA EnergySource to the owners of the Predecessor. Prior to and as part of the transaction, the Board of Directors of the Predecessor approved a $3.4 million capital commitment to HA EnergySource to be used by HA EnergySource for general corporate purposes, future investments or dividends to HA EnergySource owners. We recorded an obligation representing our $3.4 million capital commitment to HA EnergySource as of December 31, 2012 in other accrued expenses. As of June 30, 2013, this obligation has been paid in full. The Company no longer has an equity ownership in HA EnergySource or EnergySource and does not have an obligation to provide additional funding.

The following table provides a summary of our contractual obligations as of June 30, 2013:

	Payment due by Period (in thousands)				
Contractual Obligations	Total	Less than 1 year	1 – 3 Years	3 – 5 Years	More than 5 years
Long-Term Debt Obligations [1]	$194,136	$38,012	$ 71,639	$26,632	$57,853
Interest on Long-term Debt Obligations [1]	49,169	8,539	11,670	7,748	21,212
Deferred Funding Obligation	28,078		28,078		
Operating Lease Obligations	2,313	255	487	517	1,054
Total	$273,696	$46,806	$111,874	$34,897	$80,119

(1) The Long-Term Debt Obligations are secured by the Investment in Financing Receivables that were financed with no recourse to our general assets. Debt service, in the majority of the cases, is equal to or less than the investment in financing receivables. Interest paid on these obligations was $4.3 million and $4.0 million for the six months ended June 30, 2013 and 2012, respectively.

Off-Balance Sheet Arrangements

As described under "Securitization of Receivables," in note 2 of the Company's financial statements, we have relationships with non-consolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, or special purpose or variable interest entities, established to facilitate the sale of securitized assets. Other than our securitization assets of $5.8 million as of June 30, 2013 that may be at risk in the event of defaults in our securitization trusts, we have not guaranteed any obligations of non-consolidated entities or entered into any commitment or intent to provide additional funding to any such entities.

Dividends

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. Although not currently anticipated, in the event that our board of directors determines to make distributions in excess of the income or cash flow generated from our assets, we may make such distributions from the proceeds of future offerings of equity or debt securities or other forms of debt financing or the sale of assets. To the extent that in respect of any calendar year, cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. We will generally not be required to make distributions with respect to activities conducted through our domestic taxable REIT subsidiaries.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. In addition, a portion of such distributions may be taxable stock dividends payable in our shares. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain.

On August 6, 2013, our board of directors declared a dividend of $0.06 per share for the second quarter of 2013, which is payable on August 29, 2013 to common stockholders of record as of August 20, 2013.

Book Value Considerations

At June 30, 2013, and at December 31, 2012, we carried only our retained interests in securitized receivables and derivatives at fair value on our balance sheet. As a result, in reviewing our book value, there are a number of important factors and limitations to consider. Other than the $4.4 million of our retained interests that were carried on our balance sheet at fair value as of June 30, 2013, the carrying value of our remaining assets and liabilities are calculated as of a particular point in time, which is largely determined at the time such assets and liabilities were added to our balance sheet using a cost basis in accordance with U.S. GAAP. As such, our remaining assets and liabilities do not incorporate other factors that may have a significant impact on their value, most notably any impact of business activities, changes in estimates or changes in general economic conditions or interest rates since the dates the assets or liabilities were initially recorded. Accordingly, our book value does necessarily represent an estimate of our net realizable value, liquidation value or our market value as a whole.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures About Market Risk

We anticipate that our primary market risks will be related to commodity prices, the credit quality of our counterparties and project companies, market interest rates and the liquidity of our assets. We will seek to manage these risks while, at the same time, seeking to provide an opportunity to stockholders to realize attractive returns through ownership of our common stock.

Credit Risks

While we do not anticipate facing significant credit risk in our financings related to U.S. federal government energy efficiency projects, we are subject to varying degrees of credit risk in these projects in relation to guarantees provided by ESCOs where payments under energy savings performance contracts are contingent upon energy savings. We will also be exposed to credit risk in projects we finance that do not depend on funding from the U.S. federal government. We expect to increasingly target such projects as part of our strategy. In the case of various other sustainable infrastructure projects, we will also be exposed to the credit risk of the obligor of the project's power purchase agreement or other long-term contractual revenue commitments. We may encounter enhanced credit risk as we expect that over time our strategy will increasingly include equity investments. We seek to manage credit risk using thorough due diligence and underwriting processes, strong structural protections in our loan agreements with customers and continual, active asset management and portfolio monitoring.

Interest Rate and Borrowing Risks

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

We are subject to interest rate risk in connection with new asset originations, and in the future, will be subject to interest rate risk for any new floating or inverse floating rate assets and credit facilities. Because short-term borrowings are generally short-term commitments of capital, lenders may respond to market conditions, making it more difficult for us to secure continued financing. If we are not able to renew our then existing facilities or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under any of these facilities, we may have to curtail our financing of sustainable infrastructure projects and/or dispose of assets. We face particular risk in this regard given that we expect many of our borrowings will have a shorter duration than the assets they finance. Increasing interest rates may reduce the demand for our investments while declining interest rates may increase the demand. Both our current and future credit facilities may be of limited duration and are periodically refinanced at then current market rates. We expect to attempt to reduce interest rate risks and to minimize exposure to interest rate fluctuations through the use of match funded financing structures, when appropriate, whereby we may seek (1) to match the maturities of our debt obligations with the maturities of our assets and (2) to match the interest rates on our assets with like-kind debt (i.e., we may finance floating rate assets with floating rate debt and fixed-rate assets with fixed-rate debt), directly or through the use of interest rate swap agreements, interest rate cap agreements or other financial instruments, or through a combination of these strategies. We expect these instruments will allow us to minimize, but not eliminate, the risk that we have to refinance our liabilities before the maturities of our assets and to reduce the impact of changing interest rates on our earnings. In addition to the use of traditional derivative instruments, we also seek to mitigate interest rate risk by using securitizations, syndications and other techniques to construct a portfolio with a staggered maturity profile, which allows us to maintain a minimum threshold of recurring principal repayments and capital to redeploy into changing rate environments. We monitor the impact of interest rate changes on the market for new originations and often have the flexibility to increase the term of the project to offset interest rate increases.

All of our nonrecourse debt is at fixed rates and changes in market rates on our fixed debt impact the fair value of the debt but have no impact on our consolidated financial statements. If interest rates rise, and our fixed debt balance remains constant, we expect the fair value of our debt to decrease. As of June 30, 2013 and December 31, 2012, the estimated fair value of our fixed rate nonrecourse debt was $204.5 million and $212.7 million, respectively, which is based on having the same debt service requirements that could have been borrowed at the date presented, at prevailing current market interest rates.

Our July 2013 credit facility is a variable rate loan. Significant increases in interest rates would result in higher interest expense while decreases in interest rates would result in lower interest rate expense. As described above, we may use various financing techniques including interest rate swap agreements, interest rate cap agreements or other financial instruments, or through a combination of these strategies to mitigate the variable interest nature of this facility.

We record the residual asset portion of our securitization assets at fair value, which was $4.4 million as of June 30, 2013 and $4.6 million as of December 31, 2012. Any changes in the discount rate would impact the value of these assets in our financial statements and a 10% change in our discount rate assumption would result in a $0.3 million change in the value of these assets recorded in our financial statements as of June 30, 2013.

Liquidity and Concentration Risk

The majority of the assets that comprise our asset portfolio are not and will not be publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions. As of June 30, 2013, a significant portion of our assets financings were held in securitization trusts where we retained only residual economic stakes or were held on our balance sheet and secured by nonrecourse debt. Part of our strategy in undertaking the IPO was to selectively retain a larger portion of the economics in the financings we originate. As a consequence, we are subject to concentration risk and could incur significant losses if any of these projects perform poorly or if we are required to write down the value of any these projects.

Commodity Price Risk

Investments in sustainable infrastructure projects that act as a substitute for an underlying commodity will expose us to volatility in prices of that commodity. As we target projects with long-term contracted revenues, often with price escalators based on inflation or other factors, commodity price risk has potentially more of an impact on new originations than on existing projects. We monitor the market demand for various types of projects based upon a variety of factors including the outlook for the price of the underlying commodity. We also focus on a blend of technologies and projects to limit our exposure to price adjustments of any one commodity. For example, we believe the current low prices in natural gas will increase demand for some types of our projects, such as combined heat and power, but may reduce the demand for other projects like renewable energy. In addition, certain of our projects reduce the use of the commodity so the impact of the reduction in cost of the underlying commodity can often be offset by increasing the term of the financing. Volatility in energy prices may cause building owners and other parties to be reluctant to commit to projects where repayment is based upon a fixed monetary value for energy savings that would not decline if the price of energy declines so we often blend technologies together that may result in savings of several different commodities.

Risk Management

Our ongoing active asset management and portfolio monitoring processes provide investment oversight and valuable insight into our origination, underwriting and structuring processes. These processes create value through active monitoring of the state of our markets, enforcement of existing contracts and real-time receivables management. Subject to maintaining our qualification as a REIT, and as described above, we engage in a variety of interest rate management techniques that seek to mitigate the economic effect of interest rate changes on the values of, and returns on, some of our assets. While there has been only one incidence of realized loss, amounting to approximately $7.0 million (net of recoveries) on the more than $4.0 billion of transactions we originated since 2000, which represents an aggregate loss of less than 0.2% on cumulative transactions originated over this time period, there can be no assurance that we will continue to be as successful, particularly as we invest in more credit sensitive assets or more equity positions and engage in increasing numbers of transactions with obligors other than U.S. federal government agencies. We seek to manage credit risk using thorough due diligence and underwriting processes, strong structural protections in our loan agreements with customers and continual, active asset management and portfolio monitoring.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended) required by paragraph (b) of Rule 13a-15 or Rule 15d-15, have concluded that as of June 30, 2013, the Company's disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The nature of the Company's operations exposes the Company, its Operating Partnership and its subsidiaries to the risk of claims and litigation in the normal course of their business. Other than routine litigation arising out of the ordinary course of business, the Company is not presently subject to any litigation nor, to the Company's knowledge, is any litigation threatened against the Company.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" beginning on page 22 of our prospectus dated April 17, 2013, filed with the SEC in accordance with Rule 424(b) of the Securities Act on April 18, 2013, which is accessible on the SEC's website at www.sec.gov and which is incorporated by reference herein.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

On April 23, 2013, in connection with our formation transactions and our IPO, we completed private placements pursuant to which we issued 1,643,429 shares of common stock, 128,348 restricted stock units and 455,961 OP units as consideration to certain entities and individuals, including certain officers of the Company, for their direct and indirect interests in certain entities that were merged with and into us or our subsidiaries in the formation transactions and for the conversion of an existing limited partnership interest. The shares of common stock and OP units were issued in reliance upon exemptions from registration provided under Section 4(2) under the Securities Act.

On May 23, 2013, one of our executive officers received 6,414 additional OP units in connection with the exercise by the underwriters on May 17, 2013 of their option to purchase additional shares of common stock in the IPO. Pursuant to the partnership interest subscription agreement, the executive officer was entitled to a number of OP units equal to 0.8% of the number of shares of common stock issued and outstanding as of the closing of the IPO, including any shares issued upon exercise of the underwriters' option to purchase additional shares. The OP units were issued in reliance upon exemptions from registration provided under Section 4(2) under the Securities Act.

Use of Proceeds from Registered Securities

Our registration statement on Form S-11, as amended (Registration No. 333-186711) (the "Registration Statement"), with respect to the IPO, registered up to $166.7 million of our shares of common stock, par value $0.01 per share, and was declared effective by the SEC on April 17, 2013. We sold a total of 13,333,333 shares of common stock in the IPO for gross proceeds of $166.7 million and $155.4 million after deducting underwriting discounts. The IPO was completed on April 23, 2013. The joint book-running managers of the IPO were Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Wells Fargo Securities, LLC. Co-managers of the IPO were RBC Capital Markets, LLC and Robert W. Baird & Co. Incorporated. On May 17, 2013, the underwriters exercised their option to purchase an additional 818,356 shares of common stock for additional net proceeds after deducting underwriting discounts of $9.5 million. As a result of both transactions, we raised $176.9 million in gross proceeds and $164.9 million after deducting $12 million of underwriting discounts.

All of the foregoing underwriting discounts and expenses were direct or indirect payments to persons other than: (i) our directors, officers or any of their associates; (ii) persons owning ten percent (10%) or more of our shares of common stock; or (iii) our affiliates.

The net proceeds of the IPO were contributed to the Operating Partnership in exchange for 97.3% of the operating partnership units ("OP units ") of Hannon Armstrong Sustainable Infrastructure, L.P. (our "Operating Partnership").

As of June 30, 2013, the Company has used approximately $144 million of the net proceeds to make investments since the IPO of which $18.5 million was used to retire existing nonrecourse debt and approximately $28 million was used to fund the restricted cash related to an investment. We also used approximately $3.7 million to repay our prior credit facility and interest rate swap. Of the $110 million of the initial investments in transactions disclosed in the Registration Statement, we have completed approximately $70 million of these transactions, of which $23 million was securitized and $47 million is included on our balance sheet. We expect to close the remaining $40 million balance in future periods. The Company holds the remaining net proceeds from the IPO as cash to be used for making additional investments in financing receivables and other investments, working capital purposes or to invest in short-term, interest-bearing, investment-grade securities, and money market accounts that are consistent with its intention to qualify as a REIT.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Articles of Amendment and Restatement of Hannon Armstrong Sustainable Infrastructure Capital, Inc.
3.2	Bylaws of Hannon Armstrong Sustainable Infrastructure Capital, Inc.
3.3	Amended and Restated Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P.
4.1(1)	Specimen Common Stock Certificate of Hannon Armstrong Sustainable Infrastructure Capital, Inc.
10.1	2013 Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan
10.2	Restricted Stock Award Agreement dated April 23, 2013 between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Jeffrey W. Eckel
10.3	Form of Restricted Stock Award Agreement (Executive Officers)
10.4	Form of Restricted Stock Award Agreement (Non-Employee Directors)
10.5	Form of Restricted Stock Unit Award Agreement
10.6	Registration Rights Agreement, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc. and the parties listed on Schedule I thereto
10.7	Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Jeffrey Eckel
10.8	Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and J. Brendan Herron, Jr.
10.9	Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Steven Chuslo
10.10	Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Nathaniel J. Rose
10.11	Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Marvin R. Wooten

10.12	Agreement and Plan of Merger, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., HA Merger Sub I LLC, HA Merger Sub III LLC, MissionPoint HA Parallel Fund, LLC, MissionPoint ES Parallel Fund I, L.P., MissionPoint HA Parallel Fund I Corp. and MissionPoint HA Parallel Fund, L.P.
10.13	Agreement and Plan of Merger, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., HA Merger Sub II LLC, HA Merger Sub III LLC, MissionPoint HA Parallel Fund II, LLC, MissionPoint ES Parallel Fund II, L.P. MissionPoint HA Parallel Fund II Corp. and MissionPoint HA Parallel Fund, L.P.
10.14	Agreement and Plan of Merger, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., HA Merger Sub III LLC, each of the individuals listed on Exhibit A attached thereto and each of the entities listed on Exhibit A attached thereto
10.15	Contribution Agreement, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., MissionPoint HA Parallel Fund III, LLC and MissionPoint HA Parallel Fund, L.P.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

(1) Incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-11 (Commission File Number 333-186711)

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
(Registrant)

Date: August 9, 2013

/s/ Jeffrey W. Eckel
Jeffrey W. Eckel
Chairman, Chief Executive Officer and President

Date: August 9, 2013

/s/ J. Brendan Herron
J. Brendan Herron
Chief Financial Officer and Executive Vice President
(Duly Authorized Officer and Chief Accounting Officer)

Exhibit 3.1

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "**Corporation**"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter of the Corporation currently in effect and as hereinafter amended:

ARTICLE I

NAME

The name of the corporation (the "**Corporation**") is: Hannon Armstrong Sustainable Infrastructure Capital, Inc.

ARTICLE II

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "**Code**")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of the charter of the Corporation (the "**Charter**"), "**REIT**" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE III

PRINCIPAL OFFICE IN STATE

The address of the principal office of the Corporation in the State of Maryland is 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401.

ARTICLE IV

RESIDENT AGENT

The name and address of the resident agent of the Corporation in the State of Maryland are CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 **Number of Directors**. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation is one, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "**Bylaws**"), but shall never be less than the minimum number required by the Maryland General Corporation Law (the "**MGCL**"). The name of the director who shall serve until the first annual meeting of stockholders and until his successor is duly elected and qualified is Jeffrey W. Eckel.

Any vacancy on the Board of Directors may be filled in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is elected and qualifies.

Section 5.2 **Extraordinary Actions**. Except as specifically provided in Section 5.8 (relating to removal of directors) and in the last sentence of Article VIII, notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 **Authorization by Board of Stock Issuance**. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the Charter or the Bylaws.

Section 5.4 **Preemptive and Appraisal Rights**. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2

of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 **Indemnification**. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, manager, managing member or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 5.6 **Determinations by Board**. In addition to, and without limitation of the general power and authority of the Board of Directors under Section 5.1, the determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 **REIT Qualification**. If the Corporation elects to qualify for U.S. federal income tax treatment as a REIT, the Board of Directors shall use its reasonable best efforts to take such actions as it determines are necessary or appropriate to preserve the qualification of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors

may, without any action by the stockholders, authorize the Corporation to revoke or otherwise terminate its REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VII is no longer required for REIT qualification.

Section 5.8 **Removal of Directors**. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, with or without cause and then only by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast generally in the election of directors.

Section 5.9 **Advisor Agreements**. Subject to such approval of stockholders and other conditions, if any, as may be required by any applicable statute, rule or regulation, the Board of Directors may authorize the execution and performance by the Corporation of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization whereby, subject to the supervision and control of the Board of Directors, any such other person, corporation, association, company, trust, partnership (limited or general) or other organization shall render or make available to the Corporation managerial, investment, advisory and/or related services, office space and other services and facilities (including, if deemed advisable by the Board of Directors, the management or supervision of the investments of the Corporation) upon such terms and conditions as may be provided in such agreement or agreements (including, if deemed fair and equitable by the Board of Directors, the compensation payable thereunder by the Corporation).

ARTICLE VI

STOCK

Section 6.1 **Authorized Shares**. The Corporation has authority to issue 500,000,000 shares of stock, consisting of 450,000,000 shares of Common Stock, $0.01 par value per share ("**Common Stock**"), and 50,000,000 shares of Preferred Stock, $0.01 par value per share ("**Preferred Stock**"). The aggregate par value of all authorized shares of stock having par value is $5,000,000.00. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3 or 6.4 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 **Common Stock**. Subject to the provisions of Article VII and except as may otherwise be specified in the Charter, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time into one or more classes or series of stock.

Section 6.3 **Preferred Stock**. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, into one or more classes or series of stock.

Section 6.4 **Classified or Reclassified Shares**. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("**SDAT**"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, **provided that** the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document.

Section 6.5 **Stockholders' Consent in Lieu of Meeting** Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting by unanimous written consent setting forth the action and given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of stockholders.

Section 6.6 **Charter and Bylaws**. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

ARTICLE VII

RESTRICTIONS ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 **Definitions**. For the purpose of this Article VII, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term "**Aggregate Stock Ownership Limit**" shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Capital Stock, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8.

Beneficial Ownership. The term "**Beneficial Ownership**" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

Business Day. The term "**Business Day**" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term "**Capital Stock**" shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term "**Charitable Beneficiary**" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 7.3.6,**provided that** each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. The term "**Common Stock Ownership Limit**" shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8.

Constructive Ownership. The term "**Constructive Ownership**" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

Excepted Holder. The term "**Excepted Holder**" shall mean a Person for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit. The term "**Excepted Holder Limit**" shall mean, **provided that** the affected Excepted Holder agrees to comply with any requirements established by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.7(d), the percentage limit established by the Board of Directors pursuant to Section 7.2.7.

Initial Date. The term "**Initial Date**" shall mean the date of the closing of the issuance of shares of Common Stock pursuant to the initial underwritten public offering of the Corporation.

Market Price. The term "**Market Price**" on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The "Closing Price" on any date shall mean the last sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as

reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors of the Corporation or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors of the Corporation.

NYSE. The term "**NYSE**" shall mean the New York Stock Exchange, Inc.

Person. The term "**Person**" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Preferred Stock Ownership Limit. The term "**Preferred Stock Ownership Limit**" shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of any class or series of Preferred Stock, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8.

Prohibited Owner. The term "Prohibited Owner" shall mean, with respect to any purported Transfer, any Person that, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own shares of Capital Stock and, if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The term "**Restriction Termination Date**" shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term "**Transfer**" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire or change its Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote (other than solely pursuant to a revocable proxy) or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities

that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms "**Transferring**" and "**Transferred**" shall have the correlative meanings.

Trust. The term "**Trust**" shall mean any trust provided for in Section 7.3.1.

Trustee. The term "Trustee" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Trust.

Section 7.2 **Capital Stock**.

Section 7.2.1 **Ownership Limitations**. During the period commencing on the Initial Date and prior to the Restriction Termination Date, but subject to Section 7.4:

(a) **Basic Restrictions**.

(i) (1) No Person, other than a Person exempted pursuant to Section 7.2.7 or an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than a Person exempted pursuant to Section 7.2.7 or an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit, (3) no Person, other than a Person exempted pursuant to Section 7.2.7 or an Excepted Holder, shall Beneficially Own or Constructively Own shares of Preferred Stock in excess of the Preferred Stock Ownership Limit and (4) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, but not limited to, Beneficial Ownership or Constructive Ownership that would result in the Corporation owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant could cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

(iii) Any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being beneficially owned by fewer than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void *ab initio*, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(b) **Transfer in Trust**. If any Transfer of shares of Capital Stock occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i) or (ii),

(i) then that number of shares of the Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i) or (ii) (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares; or

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i) or (ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i) or (ii), shall be void *ab initio*, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(iii) To the extent that, upon a transfer of shares of Capital Stock pursuant to this Section 7.2.1(b), a violation of any provision of this Article VII would nonetheless be continuing (for example where the ownership of shares of Capital Stock by a single Trust would violate the 100 stockholder requirement applicable to REITs), then shares of Capital Stock shall be transferred to that number of Trusts, each having a distinct Trustee and a Charitable Beneficiary or Beneficiaries that are distinct from those of each other Trust, such that there is no violation of any provision of this Article VII.

Section 7.2.2 **Remedies for Breach**. If the Board of Directors or any duly authorized committee thereof shall at any time determine that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors or such committee thereof may take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; **provided**, **however**, **that** any Transfer or attempted Transfer or other event in violation of Section 7.2.1 shall automatically result in the transfer to the Trust described above, and, where applicable, such Transfer (or other event) shall be void *ab initio* as provided above irrespective of any action (or non-action) by the Board of Directors or such committee thereof.

Section 7.2.3 **Notice of Restricted Transfer**. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 7.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's qualification as a REIT.

Section 7.2.4 **Owners Required To Provide Information**. From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of five percent or more (or such lower percentage as required by the Code or the U.S. Treasury Department regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of each class and series of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide promptly to the Corporation in writing such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's qualification as a REIT and to ensure compliance with the Common Stock Ownership Limit, the Preferred Stock Ownership Limit and the Aggregate Stock Ownership Limit; and

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Section 7.2.5 **Remedies Not Limited**. Subject to Section 5.7 of the Charter, nothing contained in this Section 7.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's qualification as a REIT.

Section 7.2.6 **Ambiguity**. In the case of an ambiguity in the application of any of the provisions of this Section 7.2, Section 7.3, or any definition contained in Section 7.1, the Board of Directors shall have the power to determine the application of the provisions of this Section 7.2 or Section 7.3 or any such definition with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3. Absent a decision to the contrary by the Board of Directors (which the Board may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Section 7.2.2) acquired Beneficial Ownership or Constructive Ownership of Capital Stock in violation of Section 7.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 7.2.7 **Exceptions**. (a) Subject to Section 7.2.1(a)(ii), the Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit, the Preferred Stock Ownership Limit and/or the Common Stock Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person if:

(i) the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's (as defined in Section 542(a)(2) of the Code) Beneficial Ownership or Constructive Ownership of such shares of Capital Stock will violate Section 7.2.1(a)(ii);

(ii) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact (for this purpose, a tenant from whom the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the Board of Directors, rent from such tenant would not adversely affect the Corporation's ability to qualify as a REIT shall not be treated as a tenant of the Corporation); and

(iii) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 7.2.1 through 7.2.6) will result in such shares of Capital Stock being automatically transferred to a Trust in accordance with Sections 7.2.1(b) and 7.3.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's qualification as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter which participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Preferred Stock Ownership Limit, the Common Stock Ownership Limit, or all such limits, but only to the extent necessary to facilitate such public offering or private placement.

(d) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (1) with the written consent of such Excepted Holder at any time, or (2) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Aggregate Stock Ownership Limit, the Preferred Stock Ownership Limit and/or the Common Stock Ownership Limit, as the case may be.

Section 7.2.8 **Increase or Decrease in Aggregate Stock Ownership, Preferred Stock Ownership Limit and Common Stock Ownership Limit** (a) Subject to Section 7.2.1(a)(ii), the Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit, the Preferred Stock Ownership Limit and/or the Aggregate Stock Ownership

Limit; provided, however, that any decreased Common Stock Ownership Limit, the Preferred Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose percentage ownership in Common Stock, Preferred Stock of any class or series or Capital Stock is in excess of such decreased Common Stock Ownership Limit, Preferred Stock Ownership Limit and/or Aggregate Stock Ownership Limit until such time as such Person's percentage of Common Stock, Preferred Stock of any class or series or Capital Stock equals or falls below the decreased Common Stock Ownership Limit, Preferred Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but any further acquisition of Common Stock, Preferred Stock of any class or series or Capital Stock in excess of such percentage ownership of Common Stock, Preferred Stock or Capital Stock will be in violation of the Common Stock Ownership Limit, Preferred Stock Ownership Limit and/or Aggregate Stock Ownership Limit.

(b) Prior to increasing or decreasing the Common Stock Ownership Limit, the Preferred Stock Ownership Limit or the Aggregate Stock Ownership Limit pursuant to Section 7.2.8(a), the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements, in any case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's qualification as a REIT.

Section 7.2.9 **Legend**. Each certificate for shares of Capital Stock, if certificated, or any written statement of information in lieu of a certificate delivered to a holder of uncertificated shares of Capital Stock shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial Ownership and Constructive Ownership and Transfer for the purpose, among others, of the Corporation's maintenance of its qualification as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's charter, (i) no Person may Beneficially Own or Constructively Own shares of Common Stock in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the outstanding shares of Common Stock unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own shares of any class or series of Preferred Stock in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the outstanding shares of such class or series of Preferred Stock unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially Own or Constructively Own shares of Capital Stock in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the total outstanding shares of Capital Stock, unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iv) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause the Corporation to fail to qualify as a REIT; and (v) any Transfer of shares of Capital Stock that, if effective would result in the Capital Stock being beneficially owned by less than 100 persons (as determined under the principles of Section 856(a)(5) of the Code) shall be void *ab initio*, and the intended transferee shall acquire no rights in such shares of the Capital Stock. Any Person who Beneficially Owns or

Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice. If any of the restrictions on transfer or ownership as set forth in (i) through (iv) above are violated, the shares of Capital Stock in excess or in violation of the above limitations will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described in (i) through (iv) above may be void *ab initio.* All capitalized terms in this legend have the meanings defined in the charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

Instead of the foregoing legend, the certificate or written statement of information delivered in lieu of a certificate, if any, may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 7.3 **Transfer of Capital Stock in Trust**.

Section 7.3.1 **Ownership in Trust**. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 **Status of Shares Held by the Trustee**. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

Section 7.3.3 **Dividend and Voting Rights**. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such

dividend or distribution to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or other distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trust, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 7.3.4 **Sale of Shares by Trustee**. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the event causing the shares to be held in the Trust did not involve a purchase of such shares at Market Price, the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary, together with any other amounts held by the Trustee for the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 **Purchase Right in Stock Transferred to the Trustee**. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such Transfer to the Trust (or, if the event that resulted in the Transfer to the Trust did not involve a purchase of such shares at Market Price, the Market Price of such shares on the day of the event that resulted in the Transfer of such shares to the Trust) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Trustee by the amount of dividends and other distributions

which has been paid to the Prohibited Owner and is owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII and may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee with respect to such shares shall be paid to the Charitable Beneficiary.

Section 7.3.6 **Designation of Charitable Beneficiaries**. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary. Neither the failure of the Corporation to make such designation nor the failure of the Corporation to appoint the Trustee before the automatic transfer provided in Section 7.2.1(b) shall make such transfer ineffective, provided that the Corporation thereafter makes such designation and appointment.

Section 7.4 **NYSE Transactions**. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 **Enforcement**. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 **Non-Waiver**. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 7.7 **Severability**. If any provision of this Article VII or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to the Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted

subject to this reservation. Except as set forth below and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter. Any amendment to Section 5.8, Article VII or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing amendment and restatement of the charter.

SEVENTH: The undersigned acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this day of , 2013.

ATTEST:

/s/ Steven L. Chuslo
Name: Steven L. Chuslo
Title: Secretary

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

/s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: Chief Executive Officer

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

BYLAWS

ARTICLE I

OFFICES

Section 1. **Principal Office**. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. **Additional Offices**. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. **Place**. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. **Annual Meeting**. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors. The Corporation shall hold its first annual meeting of stockholders beginning in the year 2013.

Section 3. **Special Meetings**.

(a) **General**. The chairman of the board, the chief executive officer, the president or the Board of Directors may call a special meeting of the stockholders. Except as provided in subsection (b)(4) of this Section 3, a special meeting of stockholders shall be held on the date and at the time and place set by the chairman of the board, chief executive officer, president or Board of Directors, whoever has called the meeting. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

(b) **Stockholder-Requested Special Meetings**. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "**Record Date Request Notice**") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "**Request Record Date**"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of

each such stockholder (or such agent) and shall set forth all information relating to each such stockholder and each matter proposed to be acted on at the meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "**Exchange Act**"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(1) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the "**Special Meeting Request**") signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority of all of the votes entitled to be cast on such matter at such meeting (the "**Special Meeting Percentage**") shall be delivered to the secretary. In addition, the Special Meeting Request shall (a) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) set forth (i) the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (ii) the class, series and number of all shares of stock of the Corporation which are owned (beneficially or of record) by each such stockholder and (iii) the nominee holder for, and number of, shares of stock of the Corporation owned beneficially but not of record by such stockholder, (d) be sent to the secretary by registered mail, return receipt requested, and (e) be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(2) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing or delivering the notice of the meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.

(3) In the case of any special meeting called by the secretary upon the request of stockholders (a '**Stockholder-Requested Meeting**"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; **provided**, **however**, **that** the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record

date for such meeting (the "**Meeting Record Date**"); and **provided further that** if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "**Delivery Date**"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and **provided further that** in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, chief executive officer, president or Board of Directors may consider such factors as he, she or it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(4) If written revocations of the Special Meeting Request have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the secretary: (i) if the notice of meeting has not already been delivered, the secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been delivered and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(5) The chairman of the board, chief executive officer, president or Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to

contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(6) For purposes of these Bylaws, "**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Section 4. **Notice**. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the U.S. mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless such a stockholder objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice. The Corporation may postpone or cancel a meeting of stockholders by making a public announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this section.

Section 5. **Organization and Conduct**. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting in the following order: the vice chairman of the board, if there is one, the chief executive officer, the president, the vice presidents in their order of rank and seniority, the secretary, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or, in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or,

in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of stockholders, an assistant secretary, or, in the absence of all assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. **Quorum**. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation (the "**Charter**") for the vote necessary for the adoption of any measure. If such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting *sine die* or from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

Section 7. **Voting**. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute or by the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be *viva voce* unless the chairman of the meeting shall order that voting be by ballot or otherwise.

Section 8. **Proxies**. A stockholder of record may vote in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. **Voting of Stock by Certain Holders**. Stock of the Corporation registered in the name of a corporation, partnership, trust, limited liability company or other entity, if entitled to be voted, may be voted by the president or a vice president, general partner, trustee, manager or managing member thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or fiduciary may vote stock registered in the name of such person in the capacity of such director or fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt by the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. **Inspectors**. The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. The inspectors, if any, shall (i) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (ii) receive and tabulate all votes, ballots or consents, (iii) report such tabulation to the chairman of the meeting, (iv) hear and determine all challenges and questions arising in connection with the right to vote, and (v) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of

a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be *prima facie* evidence thereof.

Section 11. **Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals**

(a) **Annual Meetings of Stockholders**. (2) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a).

(1) For any nomination or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting; **provided**, **however**, **that** in connection with the Corporation's first annual meeting or in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, or if the Corporation did not prepare a proxy statement in connection with the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(2) Such stockholder's notice shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "**Proposed Nominee**"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) promulgated under the Exchange Act;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such

business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(A) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "**Company Securities**"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,

(C) whether and the extent to which such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last six months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (I) manage risk or benefit of changes in the price of (x) Company Securities or (y) any security of any entity that was listed in the Peer Group in the Stock Performance Graph in the most recent annual report to security holders of the Corporation (a "**Peer Group Company**") for such stockholder, Proposed Nominee or Stockholder Associated Person or (II) increase or decrease the voting power of such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation or any affiliate thereof (or, as applicable, in any Peer Group Company) disproportionately to such person's economic interest in the Company Securities (or, as applicable, in any Peer Group Company), and

(D) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on *a pro rata* basis by all other holders of the same class or series;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this paragraph (3) of this Section 11(a) and any Proposed Nominee,

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee, and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person; and

(v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(3) Such stockholder's notice shall, with respect to any Proposed Nominee, be accompanied by a certificate executed by the Proposed Nominee (i) certifying that such Proposed Nominee (a) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded).

(4) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(5) For purposes of this Section 11, "**Stockholder Associated Person**" of any stockholder means (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(b) **Special Meetings of Stockholders**. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or (ii) **provided that** the special meeting has been called in accordance with Section 3(a) of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by paragraphs (a)(3) and (4) of this Section 11, is delivered to the secretary at the principal executive office of the Corporation not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern time, on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) **General**. (1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two Business Days of becoming aware of such inaccuracy or change) in any such information. Upon written request by the secretary of the Corporation or the Board of Directors, any such stockholder shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), (A) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, and (B) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, "the date of the proxy statement" shall have the same meaning as "the date of the company's proxy statement released to shareholders" as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the Securities and Exchange Commission from time to time. "**Public announcement**" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

Section 12. **Control Share Acquisition Act**. Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law, or any successor statute (the "**MGCL**"), shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

ARTICLE III

DIRECTORS

Section 1. **General Powers**. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. **Number and Tenure**. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, **provided that** the number thereof shall never be less than the minimum number required by the MGCL, nor more than 15, and **further provided that** the tenure of office of a director shall not be affected by any decrease in the number of directors. Any director of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. **Annual and Regular Meetings**. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not

so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. **Special Meetings**. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. **Notice**. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or U.S. mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by U.S. mail shall be given at least one day prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by U.S. mail shall be deemed to be given when deposited in the U.S. mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. **Quorum**. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, **provided that**, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and **provided further that** if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority or such other percentage of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. **Voting**. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum, but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. **Organization**. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or, in the absence of any chief executive officer, the president or, in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or, in the absence of the secretary and all assistant secretaries, an individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. **Telephone Meetings**. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. **Consent by Directors Without a Meeting**. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. **Vacancies**. If for any reason any or all of the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Until such time as the Corporation becomes subject to Section 3-804(c) of the MGCL, any vacancy on the Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, even if such majority is less than a quorum; any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors; and any individual so elected as director shall serve until the next annual meeting of stockholders and until his or her successor is elected and qualifies. At such time as the Corporation becomes subject to Section 3-804(c) of the MGCL and except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. **Compensation**. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in

connection with each property visit and any other service or activity they perform or engage in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. **Reliance**. Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 14. **Ratification**. The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders' derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the questioned action or inaction had been originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 15. **Certain Rights of Directors and Officers**. A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. **Emergency Provisions**. Notwithstanding any other provision in the Charter or these Bylaws, this Section 16 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "**Emergency**"). During any Emergency, unless otherwise provided by the Board of Directors, (i) a meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances; (ii) notice of any meeting of the Board of Directors during such an Emergency may be given less than 24 hours prior to the meeting to as many directors and by such means as may be feasible at the time, including publication, television or radio; and (iii) the number of directors necessary to constitute a quorum shall be one-third of the entire Board of Directors.

ARTICLE IV

COMMITTEES

Section 1. **Number, Tenure and Qualifications**. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and one or more other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 2. **Powers**. The Board of Directors may delegate to committees appointed under Section 1 of this Article, in accordance with a written charter or by resolution, any of the powers of the Board of Directors, except as prohibited by law.

Section 3. **Meetings**. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. **Telephone Meetings**. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. **Consent by Committees Without a Meeting**. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. **Vacancies**. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. **General Provisions**. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, a chief executive officer, one or more executive vice presidents, senior vice presidents and vice presidents, a chief operating officer, a chief financial officer, a chief

investment officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors or the chief executive officer may from time to time designate other officers with such powers and duties as they shall deem necessary or desirable. The president, chief executive officer and any executive vice presidents of the Corporation shall be initially elected by the Board of Directors. The chief executive officer and the president may from time to time appoint any number of other officers as he or she deems necessary or desirable. The president, chief executive officer and any executive vice presidents shall serve until his or her successor is elected and qualifies and all officers shall serve until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. **Removal and Resignation**. The president, chief executive officer and any executive vice president may be removed only by the Board of Directors and any other officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors or the president and chief executive officer, if, in its, his or her judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board, the chief executive officer, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. **Vacancies**. A vacancy in the office of the president, chief executive officer or any executive vice president may be filled by the Board of Directors for the balance of the term. A vacancy in any other office may be filled by the Board of Directors, the president or the chief executive officer.

Section 4. **Chief Executive Officer**. The Board of Directors may designate a chief executive officer. A chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed. The chief executive officer acting within the scope of his or her authority delegated by the Board of Directors may authorize the Corporation to enter into any contract or to execute and deliver any instrument and such authority may be general or confined to specific instances. The chief executive officer may authorize any officer or agent to execute and deliver any contract or instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. The chief executive officer shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. **Chief Financial Officer**. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 6. **Chairman of the Board**. The Board of Directors may designate a chairman of the board. The chairman of the board shall be a director, and may, but not need be, an officer of the Corporation. The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he or she shall be present. The chairman of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 7. **President**. The Board of Directors shall designate a president of the Corporation. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief executive officer by the Board of Directors, the president shall be the chief executive officer and shall assume all authority and responsibility of such office. The president shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. **Executive Vice President**. The Board of Directors may designate one or more executive vice presidents for particular areas of responsibility. An executive vice president shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 9. **Chief Investment Officer**. The Board of Directors or the chief executive officer may designate a chief investment officer. The chief investment officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 10. **Vice Presidents**. The Board of Directors, the chief executive officer or the president may designate one or more senior vice presidents and vice-presidents of the Corporation for particular areas of responsibility. Any senior vice president or vice-president of the Corporation shall perform such duties as from time to time may be assigned by the Board of Directors, the chief executive officer or the president.

Section 11. **Secretary**. The Board of Directors, the chief executive officer or the president shall designate a secretary of the Corporation. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the Board of Directors, the chief executive officer or the president.

Section 12. **Treasurer**. The Board of Directors, the chief executive officer or the president shall designate a treasurer of the Corporation. The treasurer shall have the custody of

the funds and securities of the Corporation, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors, the chief executive officer or the president. In the absence of a designation of a chief financial officer, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 13. **Assistant Secretaries and Assistant Treasurers**. The Board of Directors, the chief executive officer or the president may designate one or more assistant secretaries and assistant treasurers of the Corporation. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the Board of Directors, the chief executive officer or the president.

Section 14. **Compensation**. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors (or in such a manner as determined by the Board of Directors) and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he or she is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. **Contracts**. The Board of Directors or the chief executive officer acting within the scope of his or her authority delegated by the Board of Directors may authorize the Corporation to enter into any contract or to execute and deliver any instrument and such authority may be general or confined to specific instances. The Board of Directors or the chief executive officer may authorize any officer or agent to execute and deliver any contract or instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when executed by an authorized person and duly authorized or ratified by action of the Board of Directors.

Section 2. **Checks and Drafts**. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the chief executive officer or such other officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors or the chief executive officer.

Section 3. **Deposits**. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the chief executive officer, the president, the chief financial officer, the treasurer or any other officer designated by the Board of Directors or the chief executive officer may determine.

ARTICLE VII

STOCK

Section 1. **Certificates**. Except as otherwise may be provided by the Board of Directors, stockholders are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in the manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates. If shares of a class or series of stock are authorized by the Board of Directors to be issued without certificates, no stockholder shall be entitled to a certificate or certificates representing any shares of such class or series of stock held by such stockholder unless otherwise determined by the Board of Directors and then only upon written request by such stockholder to the secretary of the Corporation.

Section 2. **Transfers**. All transfers of shares of stock shall be made on the books of the Corporation, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. **Replacement Certificate**. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; **provided**, **however**, if such shares have ceased to be certificated, no new

certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. **Fixing of Record Date**. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned or postponed to a date more than 120 days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. **Stock Ledger**. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. **Fractional Stock; Issuance of Units**. The Board of Directors may authorize the Corporation to issue fractional stock or scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may authorize the Corporation to issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The fiscal year of the Corporation shall initially be the calendar year. The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. **Authorization**. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. **Contingencies**. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. **Seal**. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. **Affixing Seal**. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or

officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, manager, managing member or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity. The rights to indemnification and advance of expenses provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer. The Corporation shall provide such indemnification and advance for expenses to an individual who served Hannon Armstrong Capital, LLC, a Maryland limited liability company, or any other predecessor of the Corporation in any of the capacities described in (a) or (b) above and may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment or reimbursement of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, resolution, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

Exhibit 3.3

AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, L.P.

a Delaware limited partnership

THE PARTNERSHIP INTERESTS ISSUED PURSUANT TO THIS AGREEMENT OF LIMITED PARTNERSHIP HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY OTHER APPLICABLE SECURITIES OR "BLUE SKY" LAWS, OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. SUCH PARTNERSHIP INTERESTS ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THIS AGREEMENT.

CONTENTS

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, L.P., dated as of April 23, 2013, is entered into by and among HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC., a Maryland corporation (the "**General Partner**"), and the limited partner(s) listed on **Exhibit A** hereto (each a "**Limited Partner**").

WHEREAS, the Certificate of Limited Partnership of the Partnership was filed in the office of the Secretary of State of the State of Delaware on November 8, 2012;

WHEREAS, the General Partner entered into an Agreement of Limited Partnership, dated as of November 9, 2012 (the "**Original Agreement of Limited Partnership**"), with the limited partners named therein;

WHEREAS, the parties hereto desire to amend and restate the Original Agreement of Limited Partnership in its entirety with this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"**Act**" means the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 *et seq.*), as it may be amended from time to time, and any successor to such statute.

"**Actions**" has the meaning set forth in **Section 7.07** hereof.

"**Additional Funds**" has the meaning set forth in **Section 4.04(a)** hereof.

"**Additional Limited Partner**" means a Person who is admitted to the Partnership as a Limited Partner pursuant to **Section 4.02** and **Section 12.02** hereof and who is shown as such on the books and records of the Partnership.

"**Adjusted Capital Account Deficit**" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Partnership Account as of the end of the relevant Partnership Year.

"**Adjusted Partnership Account**" means the Capital Account maintained for each Partner as of the end of each Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Partnership Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"**Adjustment Event**" has the meaning set forth in **Section 4.06(a)(i)** hereof.

"**Adjustment Factor**" means 1.0; **provided**, **however**, **that** in the event that:

(i) the General Partner (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the General Partner distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares (or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares) at a price per share less than the Value of a REIT Share on the record date for such distribution (each a "**Distributed Right**"), then the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights times the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date; **provided**, **however**, **that** if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction;

(iii) the General Partner shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) above), which evidences of indebtedness or assets relate to assets not received by the General Partner or its Subsidiaries pursuant to a *pro rata* distribution by the Partnership, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor in effect immediately prior to the close of business on the date fixed for determination of stockholders of the General Partner entitled to receive such distribution by a fraction (i) the numerator of which shall be such Value of a REIT Share on the date fixed for such determination and (ii) the denominator of which shall be the Value of a REIT Share on the dates fixed for such determination less the then fair market value (as determined by the General Partner, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share; and

(iv) an entity other than an Affiliate of the General Partner shall become General Partner pursuant to any merger, consolidation or combination of the General Partner with or into another entity (the "**Successor Entity**"), the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination.

Any adjustments to the Adjustment Factor shall become effective immediately after the effective date of such event, retroactive to the record date, if any, for such event. Notwithstanding the foregoing, the Adjustment Factor shall not be adjusted in connection with an event described in clauses (i) or (ii) above if, in connection with such event, the Partnership makes a distribution of cash, Partnership Units, REIT Shares and/or rights, options or warrants to acquire Partnership Units and/or REIT Shares with respect to all applicable OP Units or effects a reverse split of, or otherwise combines, the OP Units, as applicable, that is comparable as a whole in all material respects with such an event, or if in connection with an event described in clause (iv) above, the consideration in **Section 11.02** hereof is paid.

"**Affiliate**" means, with respect to any Person, (i) any Person directly or indirectly controlling or controlled by or under common control with such Person, (ii) any Person owning or controlling 10% or more of the outstanding voting interests of such Person, (iii) any Person of which such Person owns or controls 10% or more of the voting interests or (iv) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (i), (ii), and (iii) above. For the purposes of this definition, "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreement**" means this Amended and Restated Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P., as it may be amended, supplemented or restated from time to time.

"**Assignee**" means a Person to whom one or more Partnership Units have been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in **Section 11.05** hereof.

"**Available Cash**" means, with respect to any period for which such calculation is being made, the amount of cash flow from operations available for distribution by the Partnership as determined by the General Partner in its sole and absolute discretion.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"**Bylaws**" means the Bylaws of the General Partner, as amended, supplemented or restated from time to time.

"**Capital Account**" means, with respect to any Partner, the Capital Account maintained by the General Partner for such Partner on the Partnership's books and records in accordance with the following provisions:

A. To each Partner's Capital Account, there shall be added such Partner's Capital Contributions, such Partner's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to **Section 6.03** hereof, and the principal amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

B. From each Partner's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to **Section 6.03** hereof, and the principal amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership.

C. In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

D. In determining the principal amount of any liability for purposes of subsections (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

E. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with RegulationsSections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification **provided**, **that** such modification will not have a material effect on the amounts distributable to any Partner without such Partner's Consent. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (ii) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"**Capital Account Deficit**" has the meaning set forth in**Section 13.02(c)** hereof.

"**Capital Account Limitation**" has the meaning set forth in**Section 4.07(b)** hereof.

"**Capital Contribution**" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes to the Partnership or is deemed to contribute pursuant to **Section 4.04** hereof.

"**Cash Amount**" means, with respect to a Tendering Party, an amount of cash equal to the product of (A) the Value of a REIT Share and (B) such Tendering Party's REIT Shares Amount determined as of the date of receipt by the General Partner of such Tendering Party's Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day.

"**Certificate**" means the Certificate of Limited Partnership of the Partnership filed in the office of the Secretary of State of the State of Delaware on November 8, 2012, as amended from time to time in accordance with the terms hereof and the Act.

"**Charter**" means the Articles of Amendment and Restatement of the General Partner as filed with the Maryland State Department of Assessment and Taxation, as amended, supplemented or restated from time to time.

"**Closing Price**" has the meaning set forth in the definition of "Value."

"**Code**" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"**Commission**" means the Securities and Exchange Commission.

"**Consent**" means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with **Article XIV** hereof.

"**Constituent Person**" has the meaning set forth in **Section 4.07(f)** hereof.

"**Contributed Property**" means each item of Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a "new" partnership pursuant to Code Section 708) net of any liabilities assumed by the Partnership relating to such Contributed Property and any liability to which such Contributed Property is subject.

"**Conversion Date**" has the meaning set forth in **Section 4.07(b)** hereof.

"**Conversion Notice**" has the meaning set forth in **Section 4.07(b)** hereof.

"**Conversion Right**" has the meaning set forth in **Section 4.07(a)** hereof.

"**Debt**" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

"**Depreciation**" means, for each Partnership Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or period, Depreciation shall be in an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; **provided**, **however**, **that** if the federal income tax depreciation, amortization or other cost recovery deduction for such year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"**Distributed Right**" has the meaning set forth in the definition of "Adjustment Factor."

"**Economic Capital Account Balances**" has the meaning set forth in **Section 6.03(c)** hereof.

"**Equity Incentive Plan**" means any equity incentive plan hereafter adopted by the Partnership or the General Partner.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Forced Conversion**" has the meaning set forth in **Section 4.07(c)** hereof.

"**Forced Conversion Notice**" has the meaning set forth in **Section 4.07(c)** hereof.

"**Funding Debt**" means the incurrence of any Debt for the purpose of providing funds to the Partnership by or on behalf of the General Partner or any wholly owned subsidiary of the General Partner.

"**General Partner**" means Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation, and its successors and assigns, as the general partner of the Partnership.

"**General Partner Employees**" means an employee of the Partnership, the General Partner or any of their subsidiaries.

"**General Partner Interest**" means the Partnership Interest held by the General Partner, which Partnership Interest is an interest as a general partner under the Act. A General Partner Interest may be expressed as a number of Partnership Units.

"**General Partner Loan**" has the meaning set forth in **Section 4.04(d)** hereof.

"**Gross Asset Value**" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset as determined by the General Partner in its sole discretion.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clause (i), clause (ii), clause (iii) or clause (iv) hereof shall be adjusted to equal their respective gross fair market values, as determined by the General Partner in its sole discretion using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; **provided that** the issuance of any LTIP Unit shall be deemed to require a recalculation pursuant to this subsection;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Property as consideration for an interest in the Partnership, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and

(iv) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution as determined by the distributee and the General Partner **provided**, **that**, if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by an independent third party experienced in the valuation of similar assets, selected by the General Partner in good faith.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); **provided**, **however**, **that** Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

"**Holder**" means either (a) a Partner or (b) an Assignee, owning a Partnership Unit, that is treated as a member of the Partnership for federal income tax purposes.

"**Incapacity**" or "**Incapacitated**" means, (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, or the revocation of the corporation's charter; (iii) as to any Partner that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within 90 days after the expiration of any such stay.

"**Indemnitee**" means (i) any Person made a party to a proceeding by reason of its status as (A) the General Partner or any successor thereto or (B) a member of the General Partner or an officer of the Partnership, the General Partner or a Subsidiary thereof and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"**Independent Directors**" means the independent directors of the Board of Directors of the General Partner as determined by the rules and regulations of the national securities exchange on which the REIT Shares are then listed.

"**IRS**" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**Junior Share**" means a share of capital stock of the General Partner now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the REIT Shares.

"**Junior Unit**" means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to **Section 4.01**, **4.02**, or **4.03** hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the OP Units.

"**Limited Partner**" means any Person named as a Limited Partner in **Exhibit A** attached hereto, as such **Exhibit A** may be amended from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"**Limited Partner Interest**" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of OP Units, LTIP Units, Preferred Units, Junior Units or other Partnership Units.

"**Liquidating Event**" has the meaning set forth in **Section 13.01** hereof.

"**Liquidating Gains**" has the meaning set forth in **Section 6.03(c)** hereof.

"**Liquidator**" has the meaning set forth in **Section 13.02(a)** hereof.

"**LTIP Award**" means each or any, as the context requires, LTIP Award issued under any Equity Incentive Plan.

"**LTIP Unit**" means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges designated in **Section 4.06** hereof and elsewhere in this Agreement in respect of Holders of LTIP Units. The allocation of LTIP Units among the Partners shall be set forth on **Exhibit A**, as may be amended from time to time.

"**LTIP Unitholder**" means a Partner that holds LTIP Units.

"**Majority in Interest of the Outside Limited Partners**" means Limited Partners (excluding for this purpose (i) any Limited Partnership Interests held by the General Partner or its Subsidiaries, (ii) any Person of which the General Partner or its Subsidiaries directly or indirectly owns or controls more than 50% of the voting interests and (iii) any Person directly or indirectly owning or controlling more than 50% of the outstanding interests of the General Partner) holding more than 50% of the outstanding OP Units and any other Partnership Units voting as single class that are held by all Limited Partners who are not excluded for the purposes hereof.

"**Market Price**" has the meaning set forth in the definition of "Value."

"**Net Income**" or "**Net Loss**" means, for each Partnership Year of the Partnership, an amount equal to the Partnership's taxable income or loss for such year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss" shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss," shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of "Net Income" or "Net Loss," any item that is specially allocated pursuant to **Section 6.03** hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to **Section 6.03** hereof shall be determined by applying rules analogous to those set forth in this definition of "Net Income" or "Net Loss."

"**New Securities**" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares, Preferred Shares or Junior Shares, except that "New Securities" shall not mean any Preferred Shares, Junior Shares or grants under the Equity Incentive Plans or (ii) any Debt issued by the REIT that provides any of the rights described in clause (i).

"**Nonrecourse Deductions**" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"**Nonrecourse Liability**" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"**Notice of Redemption**" means the Notice of Redemption substantially in the form of **Exhibit B** attached to this Agreement.

"**OP Unit**" means a fractional share of the Partnership Interests of all Partners issued pursuant to **Section 4.01** hereof, but does not include any LTIP Unit, Preferred Unit, Junior Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than an OP Unit; **provided**, **however**, **that** the General Partner Interest and the Limited Partner Interests shall have the differences in rights and privileges as specified in this Agreement.

"**OP Unit Economic Balance**" has the meaning set forth in **Section 6.03(c)** hereof.

"**Original Agreement of Limited Partnership**" shall have the meaning set forth in the recitals.

"**Outside Interest**" has the meaning set forth in **Section 5.02** hereof.

"**Ownership Limit**" means the applicable restriction or restrictions on ownership of shares of the General Partner imposed under the Charter.

"**Partner**" means the General Partner or a Limited Partner, and "**Partners**" means the General Partner and the Limited Partners.

"**Partner Minimum Gain**" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"**Partner Nonrecourse Debt**" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"**Partner Nonrecourse Deductions**" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"**Partnership**" means the limited partnership formed under the Act and pursuant to this Agreement, and any successor thereto.

"**Partnership Interest**" means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of OP Units, LTIP Units, Preferred Units, Junior Units or other Partnership Units.

"**Partnership Minimum Gain**" has the meaning set forth in RegulationsSection 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"**Partnership Record Date**" means a record date established by the General Partner for the distribution of Available Cash pursuant to**Section 5.01** hereof, which record date shall generally be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

"**Partnership Unit**" shall mean an OP Unit, an LTIP Unit, a Preferred Unit, a Junior Unit or any other fractional share of the Partnership Interests that the General Partner has authorized pursuant to **Section 4.01**, **4.02** or **4.04** hereof.

"**Partnership Unit Designation**" has the meaning set forth in**Section 4.02** hereof.

"**Partnership Unit Distribution**" has the meaning set forth in**Section 4.06(a)(ii)** hereof.

"**Partnership Year**" means the fiscal year of the Partnership and the Partnership's taxable year for federal income tax purposes, each of which shall be the calendar year unless otherwise required under the Code.

"**Percentage Interest**" means, as to a Partner holding a class or series of Partnership Interests, its interest in such class or series as determined by dividing the Partnership Units of such class or series owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in **Exhibit A** attached hereto, as such **Exhibit A** may be amended from time to time. If the Partnership issues additional classes or series of Partnership Interests other than as contemplated herein, the interest in the Partnership among the classes or series of Partnership Interests shall be determined as set forth in the amendment to the Partnership Agreement setting forth the rights and privileges of such additional classes or series of Partnership Interest, if any, as contemplated by **Section 4.02**.

"**Person**" means an individual or a corporation, partnership (general or limited), trust, estate, custodian, nominee, unincorporated organization, association, limited liability company or any other individual or entity in its own or any representative capacity.

"**Preferred Share**" means a share of capital stock of the General Partner now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares.

"**Preferred Unit**" means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to **Section 4.01**, **4.02** or **4.04** hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the OP Units.

"**Properties**" means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, interests in structural improvements of buildings, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and "**Property**" shall mean any one such asset or property.

"**Publicly Traded**" means listed or admitted to trading on the New York Stock Exchange, the NYSE MKT LLC, the Nasdaq Global Market or another national securities exchange or any successor to the foregoing.

"**Qualified REIT Subsidiary**" means any Subsidiary of the General Partner that is a "qualified REIT subsidiary" within the meaning of Code Section 856(i).

"**Qualified Transferee**" means an "Accredited Investor" as defined in Rule 501 promulgated under the Securities Act.

"**Recourse Liabilities**" means the amount of liabilities owed by the Partnership (other than Nonrecourse Liabilities and liabilities to which Partner Nonrecourse Deductions are attributable in accordance with Section 1.704-(2)(i) of the Regulations).

"**Redemption**" has the meaning set forth in **Section 8.06(a)** hereof.

"**Registration Rights Agreement**" means the Registration Rights Agreement entered into by the General Partner and the persons listed on Schedule I thereto upon the completion of the General Partner's initial public offering of REIT Shares.

"**Regulations**" means the applicable income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"**Regulatory Allocations**" has the meaning set forth in **Section 6.03(a)(vii)** hereof.

"**REIT**" means a real estate investment trust qualifying under Code Section 856.

"**REIT Payment**" has the meaning set forth in **Section 15.11** hereof.

"**REIT Requirements**" has the meaning set forth in **Section 5.01** hereof.

"**REIT Share**" means a share of the General Partner's common stock, par value $0.01 per share. Where relevant in this Agreement, "REIT Share" includes shares of the General Partner's common stock, par value $0.01 per share, issued upon conversion of Preferred Shares or Junior Shares.

"**REIT Shares Amount**" means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor in effect on the Specified Redemption Date with respect to such Tendered Units; **provided**, **however**, **that** in the event that the General Partner issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling the General Partner's stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "**Rights**"), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares would be entitled to receive, expressed, where relevant hereunder, in a number of REIT Shares determined by the General Partner in good faith.

"Rights" has the meaning set forth in the definition of "REIT Shares Amount."

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Services Agreement**" means any management, development or advisory agreement with a property and/or asset manager for the provision of property management, asset management, leasing, development and/or similar services with respect to the Properties and any agreement for the provision of services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, financial advisors and other professional services.

"**Specified Redemption Date**" means the 10th Business Day following receipt by the General Partner of a Notice of Redemption.

"**Subsidiary**" means, with respect to any Person, any other Person (which is not an individual) of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"**Substituted Limited Partner**" means a Person who is admitted as a Limited Partner to the Partnership pursuant to**Section 11.04** hereof.

"**Successor Entity**" has the meaning set forth in the definition of "Adjustment Factor."

"**Surviving Partnership**" has the meaning set forth in**Section 11.02(b)** hereof.

"**Target Balance**" has the meaning set forth in**Section 6.03(c)** hereof.

"**Tax Items**" has the meaning set forth in**Section 6.04(a)** hereof.

"**Tendered Units**" has the meaning set forth in**Section 8.06(a)** hereof.

"**Tendering Partner**" has the meaning set forth in **Section 8.06(a)** hereof.

"**Tendering Party**" has the meaning set forth in **Section 8.06(a)** hereof.

"**Terminating Capital Transaction**" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

"**Termination Transaction**" has the meaning set forth in **Section 11.02(b)** hereof.

"**Transaction**" has the meaning set forth in **Section 4.07(f)** hereof.

"**Transfer**," when used with respect to a Partnership Unit, or all or any portion of a Partnership Interest, means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law; **provided**, **however**, **that** when the term is used in **Article XI** hereof, "Transfer" does not include (a) any Redemption of Partnership Units by the Partnership or the General Partner, or acquisition of Tendered Units by the General Partner, pursuant to **Section 8.06** hereof or (b) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms "**Transferred**" and "**Transferring**" have correlative meanings.

"**Unvested Incentive Unit**" has the meaning set forth in **Section 4.06(c)(i)** hereof.

"**Value**" means, on any date of determination with respect to a REIT Share, the average of the daily Market Prices for ten consecutive trading days immediately preceding the date of determination except that, as provided in **Section 4.05(b)** hereof, the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Equity Incentive Plan shall be substituted for such average of daily market prices for purposes of **Section 4.05** hereof; **provided**, **however**, **that** for purposes of **Section 8.06**, the "date of determination" shall be the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day. The term "**Market Price**" on any date shall mean, with respect to any class or series of outstanding REIT Shares, the Closing Price for such REIT Shares on such date. The "**Closing Price**" on any date shall mean the last sale price for such REIT Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, the NYSE MKT LLC, the Nasdaq Global Market or another national securities exchange or, if such REIT Shares are not listed on any such exchange, the last quoted price, or, if not so quoted, the principal other automated quotation system that may then be in use or, if such REIT Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Shares selected by the Board of Directors of the General Partner or, in the event that no trading price is available for such REIT Shares, the fair market value of the REIT Shares, as determined in good faith by the Board of Directors of the General Partner.

In the event that the REIT Shares Amount includes Rights that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

"**Vested LTIP Unit**" has the meaning set forth in Section 4.06(c)(i) hereof.

"**Vesting Agreement**" means each or any, as the context implies, Equity Incentive Plan entered into by an LTIP Unitholder upon acceptance of an award of LTIP Units under an Equity Incentive Plan.

ARTICLE II

ORGANIZATIONAL MATTERS

Section 2.01. **Organization**. The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.02. **Name**. The name of the Partnership is "Hannon Armstrong Sustainable Infrastructure, L.P." The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "LP," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners.

Section 2.03. **Registered Office and Agent; Principal Office**. The address of the registered office of the Partnership in the State of Delaware is located at Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808. The principal office of the Partnership is located at 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401 or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.04. **Power of Attorney**.

(a) Each Limited Partner and each Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(i) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or the Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, **Article XI**, **Article XII** or **Article XIII** hereof or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(ii) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner or the Liquidator to amend this Agreement except in accordance with**Article XIV** hereof or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the General Partner or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units or Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's or the Liquidator's request

therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 2.05. **Term**. Pursuant to Sections 17-201(b) and 17-801 of the Act, the term of the Partnership commenced on November 8, 2012 and shall continue perpetually, unless it is dissolved pursuant to the provisions of **Article XIII** hereof or as otherwise provided by law.

Section 2.06. **Partnership Interests as Securities**. All Partnership Interests shall be securities within the meaning of, and governed by (i) Article 8 of the Delaware Uniform Commercial Code and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction.

ARTICLE III

PURPOSE

Section 3.01. **Purpose and Business**. The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act; **provided**, **however**, such business and arrangements and interests shall be limited to and conducted in such a manner as to permit the General Partner, in its sole and absolute discretion, at all times to be classified as a REIT unless the Board of Directors of the General Partner determines that it is no longer in the best interests of the General Partner to continue to be qualified as a REIT. Without limiting the General Partner's right in its sole discretion to cease qualifying as a REIT in accordance with its Charter and Bylaws or if the Board of Directors of the General Partner determines that it is no longer in the best interests of the General Partner to continue to be qualified as a REIT, the Partners acknowledge that the qualification of the General Partner as a REIT inures to the benefit of all Partners and not solely to the General Partner, the General Partner or its Affiliates. In connection with the foregoing, the Partnership shall have full power and authority to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue and guarantee evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien and, directly or indirectly, to acquire and construct additional Properties necessary, useful or desirable in connection with its business.

Section 3.02. **Powers**.

(a) The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership.

(b) The Partnership may contribute from time to time Partnership capital to one or more newly formed entities solely in exchange for equity interests therein (or in a wholly owned subsidiary entity thereof).

(c) Notwithstanding any other provision in this Agreement, the General Partner may cause the Partnership not to take, or to refrain from taking, any action that, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the

ability of the General Partner to continue to qualify as a REIT, (ii) could subject the General Partner to any additional taxes under Code Section 857 or Code Section 4981 or any other related or successor provision of the Code, (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner, its securities or the Partnership or (iv) could result in either the Partnership or the General Partner being subject to regulation under the Investment Company Act.

Section 3.03. **Partnership Only for Partnership Purposes Specified**. The Partnership shall be a limited partnership formed pursuant to the Act to conduct its business in accordance with this Agreement. This Agreement shall not be deemed to create a company, venture or partnership between or among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in **Section 3.01** hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, and the Partnership shall not be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.04. **Representations and Warranties by the Parties**.

(a) Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner, respectively) represents and warrants to each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) subject to the last sentence of this **Section 3.04(a)**, such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a "foreign partner" within the meaning of Code Section 1446(e), (iii) such Partner does not own, directly or indirectly, (a) 9.8% or more of the total combined voting power of all classes of stock entitled to vote, or 9.8% or more of the total number of shares of all classes of stock, of any corporation that is a tenant of either (I) the General Partner or any Qualified REIT Subsidiary, (II) the Partnership or (III) any partnership, venture or limited liability company of which the General Partner, any Qualified REIT Subsidiary or the Partnership is a partner or member or (b) an interest of 9.8% or more in the assets or net profits of any tenant of either (I) the General Partner or any Qualified REIT Subsidiary, (II) the Partnership or (III) any partnership, venture, or limited liability company of which the General Partner, any Qualified REIT Subsidiary or the Partnership is a partner or member and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding anything contained herein to the contrary, in the event that the representation contained in the foregoing clause (ii) would be inaccurate if given by a Partner, such Partner (w) shall not be required to make and shall not be deemed to have made such representation, if it delivers to the General Partner in connection with or prior to its execution of this Agreement written notice that it may not truthfully make such representation, (x) hereby agrees that it is subject to, and hereby

authorizes the General Partner to withhold, all withholdings to which such a "foreign person" or "foreign partner," as applicable, is subject under the Code and (y) hereby agrees to cooperate fully with the General Partner with respect to such withholdings, including by effecting the timely completion and delivery to the General Partner of all governmental forms required in connection therewith.

(b) Each Partner (including, without limitation, each Substituted Limited Partner as a condition to becoming a Substituted Limited Partner) represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial and tax matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

(c) The representations and warranties contained in **Sections 3.04(a)** and **3.04(b)** hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, liquidation and termination of the Partnership.

(d) Each Partner (including, without limitation, each Substituted Limited Partner as a condition to becoming a Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the General Partner have been made by the General Partner, any Partner or any employee or representative or Affiliate of the General Partner or any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

(e) **Provision of Information**. Each Partner agrees to provide the Partnership with any information and documentation reasonably requested by the Partnership for the purpose of reducing any withholding on payments to the Partnership or otherwise complying with the requirements of any tax laws to which the Partnership is subject.

ARTICLE IV

CAPITAL CONTRIBUTIONS

Section 4.01. **Capital Contributions of the Partners**.

(a) **Capital Contributions**. Each Partner has made a Capital Contribution to the Partnership and owns Partnership Units in the amount and designation set forth for such Partner on **Exhibit A**, as the same may be amended from time to time by the General Partner to

the extent necessary to reflect accurately sales, exchanges, conversions or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner's ownership of Partnership Units. Except as provided by law or in **Section 4.04**, **10.04** or **13.02(d)** hereof, the Partners shall have no obligation or right to make any additional Capital Contributions or loans to the Partnership except with the prior consent of the General Partner.

(b) **General Partnership Interest**. The number of Partnership Units held by the General Partner equal to 1% shall be deemed to be the General Partner Interest of the General Partner. All other Partnership Units held by the General Partner shall be deemed to be Limited Partner Interests and shall be held by the General Partner in its capacity as a Limited Partner in the Partnership.

Section 4.02. **Classes of Partnership Units**. From and after the Effective Date, subject to **Section 4.03(a)** below, the Partnership shall have two classes of Partnership Units, entitled "OP Units" and "LTIP Units." Subject to **Section 4.09**, either OP Units or LTIP Units, at the election of the General Partner, in its sole and absolute discretion, may be issued in exchange for any Capital Contributions by such Partners and/or the provision of services by such Partners; provided that any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be an OP Unit.

Section 4.03. **Issuances of Additional Partnership Interests**.

(a) **General**. The General Partner may cause the Partnership to issue additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, subject to Delaware law, all without the approval of any Limited Partners. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units (i) upon the conversion, redemption or exchange of any Debt, Partnership Units or other securities issued by the Partnership, (ii) for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interest of the General Partner's stockholders and the Partnership and (iii) in connection with any merger of any other Person into the Partnership or any Subsidiary of the Partnership if the applicable merger agreement provides that Persons are to receive Partnership Units in exchange for their interests in the Person merging into the Partnership or any Subsidiary of the Partnership. Subject to Delaware law, any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as shall be determined by the General Partner, in its sole and absolute discretion without the approval of any Limited Partner, and set forth in a written document thereafter attached to and made an exhibit to this Agreement (each, a "**Partnership Unit Designation**"). Without limiting the generality of the foregoing, the General Partner shall have authority to specify (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share in Partnership distributions; (c) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the

Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Nothing in this Agreement shall prohibit the General Partner from issuing Partnership Units for less than fair market value if the General Partner concludes in good faith that such issuance is in the best interest of the Partnership and the General Partner's stockholders. Upon the issuance of any additional Partnership Interest, the General Partner shall amend **Exhibit A** as appropriate to reflect such issuance.

(b) **Issuances to the General Partner**. No additional Partnership Units shall be issued to the General Partner unless (i) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests with respect to the class of Partnership Units so issued, (ii) (a) the additional Partnership Units are (x) OP Units issued in connection with an issuance of REIT Shares or (y) Partnership Units (other than OP Units) issued in connection with an issuance of Preferred Shares, Junior Shares, New Securities or other interests in the General Partner (other than REIT Shares), which Preferred Shares, Junior Shares, New Securities or other interests have designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the additional Partnership Units issued to the General Partner and (b) the General Partner directly or indirectly contributes or otherwise causes to be transferred to the Partnership the cash proceeds or other consideration, if any, received in connection with the issuance of such REIT Shares, Preferred Shares, Junior Shares, New Securities or other interests in the General Partner or (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership. In the event that the Partnership issues additional Partnership Units pursuant to this **Section 4.03(b)**, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in **Sections 6.02(b)** and **8.06**) as it determines are necessary to reflect the issuance of such additional Partnership Interests.

(c) **No Preemptive Rights**. No Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.04. **Additional Funds and Capital Contributions**.

(a) **General**. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds ("**Additional Funds**") for the acquisition or development of additional Properties, for the redemption of Partnership Units or for such other purposes as the General Partner may determine in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this **Section 4.04** without the approval of any Limited Partners.

(b) **Additional Capital Contributions**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in **Section 4.02** above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

(c) **Loans by Third Parties**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person upon such terms as the General Partner determines appropriate, including making such Debt convertible, redeemable or exchangeable for Partnership Units; **provided**, **however**, **that** the Partnership shall not incur any such Debt if any Partner would be personally liable for the repayment of such Debt (unless such Partner otherwise agrees).

(d) **General Partner Loans**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt with the General Partner (a "**General Partner Loan**"), if (i) such Debt is, to the extent permitted by law, on substantially the same terms and conditions (including interest rate, repayment schedule, and conversion, redemption, repurchase and exchange rights) as Funding Debt incurred by the General Partner, the net proceeds of which are loaned to the Partnership to provide such Additional Funds or (ii) such Debt is on terms and conditions no less favorable to the Partnership than would be available to the Partnership from any third party; **provided**, **however**, **that** the Partnership shall not incur any such Debt if (a) a breach, violation or default of such Debt would be deemed to occur by virtue of the Transfer by any Limited Partner of any Partnership Interest or (b) such Debt is recourse to any Partner (unless the Partner otherwise agrees).

(e) **Issuance of Securities by the General Partner**. The General Partner shall not issue any additional REIT Shares, Preferred Shares, Junior Shares or New Securities unless the General Partner contributes directly or indirectly the cash proceeds or other consideration, if any, received from the issuance of such additional REIT Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, and from the exercise of the rights contained in any such additional New Securities, to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Units or (y) in the case of an issuance of Preferred Shares, Junior Shares or New Securities, Partnership Units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of such Preferred Shares, Junior Shares or New Securities; **provided**, **however**, **that** notwithstanding the foregoing, the General Partner may issue REIT Shares, Preferred Shares, Junior Shares or New Securities (a) pursuant to **Section 4.05** or **8.06(b)** hereof, (b) pursuant to a dividend or distribution (including any stock split) wholly or partly of REIT Shares, Preferred Shares, Junior Shares or New Securities to all of the holders of REIT Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, (c) upon a conversion, redemption or exchange of Preferred Shares, (d) upon a conversion of Junior Shares into REIT Shares, (e) upon a conversion, redemption, exchange or exercise of New Securities or, (f) pursuant to share grants or awards made pursuant to any Equity Incentive Plan of the General Partner. In the event of any issuance of additional REIT Shares, Preferred Shares, Junior Shares or New Securities by the General Partner, and the direct or indirect contribution to the Partnership, by the General Partner, of the cash proceeds or other consideration received from such issuance, if any, the Partnership shall pay the General Partner's expenses associated with such issuance, including any underwriting discounts or commissions (it being understood that if the proceeds actually received by the General Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid

or incurred by the General Partner in connection with such issuance, then the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have reimbursed the General Partner pursuant to **Section 7.04(b)** for the amount of such underwriter's discount or other expenses). Nothing in this Agreement shall prohibit the General Partner from issuing Partnership Units for less than fair market value if the General Partner concludes in good faith that such issuance is in the best interest of the Partnership and the General Partner's stockholders.

Section 4.05. **Equity Incentive Plan**.

(a) **Options Granted**. If at any time or from time to time, in connection with an Equity Incentive Plan, a stock option is duly exercised:

(i) the General Partner shall, as soon as practicable after such exercise, make or cause to be made directly or indirectly a Capital Contribution to the Partnership in an amount equal to the exercise price paid to the General Partner by such exercising party in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to **Section 4.05(a)(i)** hereof, the General Partner shall be deemed to have contributed directly or indirectly to the Partnership, as a Capital Contribution, in consideration of an additional Limited Partner Interest (expressed in and as additional Partnership Units), an amount equal to the Value of a REIT Share as of the date of exercise multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option.

(iii) An equitable Percentage Interest adjustment shall be made in which the General Partner shall be treated as having made a cash contribution equal to the amount described in **Section 4.05(a)(ii)** hereof.

(b) **Special Valuation Rule**. For purposes of this **Section 4.05**, in determining the Value of a REIT Share, only the trading date immediately preceding the exercise of the relevant stock option under the Equity Incentive Plan shall be considered.

(c) **Future Equity Incentive Plans**. Nothing in this Agreement shall be construed or applied to preclude or restrain the General Partner from adopting, modifying or terminating any Equity Incentive Plan, for the benefit of employees, directors or other business associates of the General Partner, the Partnership or any of their Affiliates. The Limited Partners acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the General Partner, amendments to this **Section 4.05** may become necessary or advisable and that any approval or consent of the Limited Partners required pursuant to the terms of this Agreement in order to effect any such amendments requested by the General Partner shall not be unreasonably withheld or delayed.

Section 4.06. **LTIP Units**.

(a) **Issuance of LTIP Units**. The General Partner may from time to time issue LTIP Units to Persons who provide services to or for the benefit of the Partnership, for such

consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. Subject to the following provisions of this **Section 4.06** and the special provisions of **Sections 6.03(c)** and **4.07**, LTIP Units shall be treated as OP Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as holders of OP Units and LTIP Units shall be treated as OP Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and OP Units for conversion, distribution and other purposes, including without limitation complying with the following procedures:

(i) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain a one-for-one conversion and economic equivalence ratio between OP Units and LTIP Units. The following shall be Adjustment Events: (A) the Partnership makes a distribution on all outstanding OP Units in Partnership Units, (B) the Partnership subdivides the outstanding OP Units into a greater number of units or combines the outstanding OP Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding OP Units by way of a reclassification or recapitalization of its OP Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to the Company in respect of a capital contribution to the Partnership of proceeds from the sale of securities by the Company. If the Partnership takes an action affecting the OP Units other than actions specifically described above as "**Adjustment Events**" and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Incentive Plan, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units as herein provided the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; and

(ii) The LTIP Unitholders shall, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per OP Unit (the "**Partnership Unit Distribution**"), paid to holders of OP Units on such Partnership Record Date established by the General Partner with respect to such distribution. So long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on OP Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units. Subject to the terms of any LTIP Award, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of OP Units are entitled to transfer their OP Units pursuant to **Article XI** of this Agreement.

(b) **Priority**. Subject to the provisions of this **Section 4.06** and the special provisions of **Sections 6.03(c)** and **4.09**, the LTIP Units shall rank pari passu with the OP Units as to the payment of regular and special periodic or other distributions. Immediately prior to any liquidation, dissolution or winding up of the Partnership, the General Partner shall exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the liquidation, dissolution or winding up, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the liquidation, dissolution or winding up (in which case the Conversion Date shall be the effective date of the liquidation, dissolution or winding up). As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units or Partnership Interests which by its terms specifies that it shall rank junior to, on a parity with, or senior to the OP Units shall also rank junior to, or pari passu with, or senior to, as the case may be, the LTIP Units. Subject to the terms of any Vesting Agreement, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of OP Units are entitled to transfer their OP Units pursuant to **Article XI**.

(c) **Special Provisions**. LTIP Units shall be subject to the following special provisions:

(i) **Vesting Agreements**. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity Incentive Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as "**Vested LTIP Units**"; all other LTIP Units shall be treated as "**Unvested Incentive Units**."

(ii) **Forfeiture**. Unless otherwise specified in the Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or forfeiture in accordance with the applicable Vesting Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture. In connection with any repurchase or forfeiture of LTIP Units, the balance of the portion of the Capital Account of the LTIP Unitholder that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by **Section 6.03(c)**, calculated with respect to the LTIP Unitholder's remaining LTIP Units, if any.

(iii) **Redemption**. The Redemption right provided to Limited Partners under **Section 8.06** shall not apply with respect to LTIP Units unless and until they are converted to OP Units as provided in clause (iv) below and **Section 4.07**.

(iv) **Conversion to OP Units**. Vested LTIP Units are eligible to be converted into OP Units under **Section 4.07**.

(d) **Voting**. LTIP Unitholders shall (a) have the same voting rights as a holder of OP Units, with the LTIP Units voting as a single class with the OP Units and having one vote per LTIP Unit; and (b) have the additional voting rights that are expressly set forth below. So long as any LTIP Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the LTIP Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to LTIP Units so as to materially and adversely affect any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the holders of OP Units; but subject, in any event, to the following provisions:

(i) With respect to any Transaction, so long as the LTIP Units are treated in accordance with **Section 4.07(f)** hereof, the consummation of such Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including without limitation additional OP Units, LTIP Units or Preferred Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into OP Units.

Section 4.07. **Conversion of LTIP Units**.

(a) Subject to Section 4.07(b), an LTIP Unitholder shall have the right (the "**Conversion Right**"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into OP Units; **provided**, **however**, **that** a holder may not exercise the Conversion Right for less than 100 Vested LTIP Units or, if such holder holds less than 100 Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested Incentive Units into OP Units until they become Vested LTIP Units; **provided**, **however**, **that** when an LTIP Unitholder is notified of the expected occurrence of an event that will cause his or her Unvested Incentive Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by

the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. The General Partner shall have the right at any time to cause a conversion of Vested LTIP Units into OP Units. In all cases, the conversion of any LTIP Units into OP Units shall be subject to the conditions and procedures set forth in this **Section 4.07**.

(b) A holder of Vested LTIP Units may convert such Units into an equal number of fully paid and nonassessable OP Units, giving effect to all adjustments (if any) made pursuant to **Section 4.06**. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to its ownership of LTIP Units, divided by (y) the OP Unit Economic Balance, in each case as determined as of the effective date of conversion (the "**Capital Account Limitation**"). In order to exercise his or her Conversion Right, an LTIP Unitholder shall deliver a notice (a "**Conversion Notice**") in the form attached as **Exhibit D** to the Partnership (with a copy to the General Partner) not less than 10 nor more than 60 days prior to a date (the "**Conversion Date**") specified in such Conversion Notice; **provided, however, that** if the General Partner has not given to the LTIP Unitholders notice of a proposed or upcoming Transaction (as defined below in **Section 4.07(f)**) at least 30 days prior to the effective date of such Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the 10th day after such notice from the General Partner of a Transaction or (y) the third business day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in **Section 15.01**. Each LTIP Unitholder covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this **Section 4.07(b)** shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Notice of Redemption pursuant to **Section 8.06(a)** of this Agreement relating to those OP Units that will be issued to such holder upon conversion of such LTIP Units into OP Units in advance of the Conversion Date; **provided, however, that** the redemption of such OP Units by the Partnership shall in no event take place until after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put an LTIP Unitholder in a position where, if he or she so wishes, the OP Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the Company elects to assume the Partnership's redemption obligation with respect to such OP Units under **Section 8.06(b)** of this Agreement by delivering to such holder REIT Shares rather than cash, then such holder can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into OP Units. The General Partner shall reasonably cooperate with an LTIP Unitholder to coordinate the timing of the different events described in the foregoing sentence.

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by an LTIP Unitholder to be converted (a "**Forced Conversion**") into an equal number of OP Units, giving effect to all adjustments (if any) made pursuant to **Section 4.06**; **provided, however, that** the Partnership may not cause Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to **Section 4.07(b)**. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a "**Forced Conversion Notice**") in the form attached as **Exhibit E** to the applicable LTIP Unitholder not less than ten nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in **Section 15.01**.

(d) A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of OP Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner certifying the number of OP Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner pursuant to **Article XI** hereof may exercise the rights of such Limited Partner pursuant to this **Section 4.07** and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

(e) For purposes of making future allocations under **Section 6.03(c)** and applying the Capital Account Limitation, the portion of the Economic Capital Account balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the OP Unit Economic Balance.

(f) If the Partnership, the General Partner or the Parent shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all OP Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which OP Units shall be exchanged for or converted into the right, or the holders of such Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (any of the foregoing being referred to herein as a "**Transaction**"), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction).

In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Transaction in consideration for the OP Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of OP Units, assuming such holder of OP Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "**Constituent Person**"), or an affiliate of a Constituent Person. In the event that holders of

OP Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into OP Units in connection with such Transaction. If an LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of an OP Unit would receive if such OP Unitholder failed to make such an election.

Subject to the rights of the Partnership, the General Partner and the Parent under any Vesting Agreement and any Equity Incentive Plan, the Partnership shall use commercially reasonable efforts to cause the terms of any Transaction to be consistent with the provisions of this **Section 4.07(f)** and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into OP Units in connection with the Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the OP Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in this Agreement for the benefit of the LTIP Unitholders.

Section 4.08. **Characterization as Profits Interests**. Any LTIP Units to be issued under this Agreement are intended to qualify as "profits interests" under IRS Revenue Procedures 93-27 and 2001-43, and the sections of this Agreement relating to such interests shall be interpreted and applied consistently therewith. In addition, the General Partner is hereby authorized upon publication of final Regulations in the Federal Register (or other official pronouncement), to amend this Agreement as it determines, in its sole discretion, to provide for: (i) the election of a safe harbor under Regulation Section 1.83-3(1) (or any similar provision) under which the fair market value of any LTIP Units that are transferred in connection with the performance of services are treated as being equal to the liquidation value of such Partnership Interests, (ii) an agreement by the Partnership to comply with all the requirements set forth in such regulations and Notice 2005-43 (and any other guidance provided by the IRS with respect to such election) with respect to all LTIP Units transferred in connection with the performance of services while the election remains effective, (iii) the allocation of items of income, gains, deductions, and losses required by any final Regulations similar to Proposed Regulation Sections 1.704-1(b)(4)(xii)(b) and (c), and (iv) any other related amendments. The Partners acknowledge and agree that the exercise by the General Partner of any discretion provided to it hereunder shall not be a modification or amendment to this Agreement.

Section 4.09. **No Interest; No Return**. No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.10. **Other Contribution Provisions**. In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, unless otherwise determined by the General Partner in its sole and absolute discretion, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such partner in cash and such Partner had contributed the cash to the capital of the Partnership. In addition, with the consent of the General Partner, one or more Limited Partners may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership.

Section 4.11. **Not Publicly Traded**. The General Partner, on behalf of the Partnership, shall use its best efforts not to take any action which would result in the Partnership being a "publicly traded partnership" under and as such term is defined in Code Section 7704(b), and by reason thereof, taxable as a corporation.

Section 4.12. **No Third Party Beneficiary**. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

DISTRIBUTIONS

Section 5.01. **Requirement and Characterization of Distributions**. Subject to the terms of any Partnership Unit Designation, the General Partner shall cause the Partnership to distribute all or such portion of amounts, at such times, as the General Partner may in its sole and absolute discretion determine, of Available Cash generated by the Partnership during such quarter to the Holders of Partnership Units on such Partnership Record Date with respect to such quarter: (1) first, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights of such class(es) of Partnership Interests (and, within such class(es), *pro rata* in proportion to the respective Percentage Interests on such Partnership Record Date) and (2) second, with respect to any Partnership Interests that are not entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and, within such class, *pro rata* in proportion to the respective Percentage Interests on such

Partnership Record Date) such that a holder of one OP Unit will receive the same amount of annual cash flow distributions from the Partnership as the amount of annual distributions paid to the holder of one REIT Share.

The General Partner in its sole and absolute discretion may distribute to the Holders Available Cash on a more frequent basis and provide for an appropriate Partnership Record Date. Notwithstanding anything herein to the contrary, the General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the General Partner's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner to pay stockholder dividends that will (a) satisfy the requirements for its qualification as a REIT under the Code and Regulations (the "**REIT Requirements**") and (b) except to the extent otherwise determined by the General Partner, in its sole and absolute discretion, avoid any federal income or excise tax liability of the General Partner.

Section 5.02. **Interests in Property Not Held Through the Partnership**. To the extent amounts distributed by the Partnership are attributable to amounts received from a property in which the General Partner or any Affiliate of the General Partner holds a direct or indirect interest (other than through the Partnership) (an "**Outside Interest**"), (i) such amounts distributed to the General Partner will be reduced so as to take into account amounts received pursuant to the Outside Interest and (ii) the amounts distributed to the Limited Partners will be increased to the extent necessary so that the overall effect of the distribution is to distribute what would have been distributed had such Outside Interest been held through the Partnership (treating any distribution made in respect of the Outside Interest as if such distribution had been received by the General Partner).

Section 5.03. **Distributions In-Kind**. No right is given to any Partner to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to make a distribution in-kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with **Articles V**, VI and **X** hereof.

Section 5.04. **Amounts Withheld**. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and **Section 10.04** hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to **Section 5.01** hereof for all purposes under this Agreement.

Section 5.05. **Distributions Upon Liquidation**. Notwithstanding the other provisions of this **Article V**, net proceeds from a Terminating Capital Transaction, and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership, shall be distributed to the Holders in accordance with **Section 13.02** hereof.

Section 5.06. **Distributions to Reflect Issuance of Additional Partnership Units**. In the event that the Partnership issues additional Partnership Units pursuant to the provisions of **Article IV** hereof, subject to **Section 7.03(d)**, the General Partner may make such revisions to this **Article V** as it determines are necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to certain classes of Partnership Units.

Section 5.07. **Restricted Distributions**. Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall make a distribution to any Holder on account of its Partnership Interest or interest in Partnership Units if such distribution would violate Section 17-607 of the Act or other applicable law.

ARTICLE VI

ALLOCATIONS

Section 6.01. **Timing and Amount of Allocations of Net Income and Net Loss** Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership Year of the Partnership as of the end of each such year. Except as otherwise provided in this **Article VI**, and subject to **Section 11.06(c)** hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.02. **General Allocations**.

(a) **Allocations of Net Income and Net Loss**

(i) **Net Income**. Except as otherwise provided herein, Net Income for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(A) First, to the General Partner until the cumulative Net Income allocated to the General Partner pursuant to this subparagraph (i)(A) equals the cumulative Net Loss allocated to the General Partner pursuant to subparagraph (ii)(D) below;

(B) Second, to the holders of any Partnership Interests that are entitled to any preference in distribution upon liquidation until the cumulative Net Income allocated under this subparagraph (i)(B) equals the cumulative Net Loss allocated to such Partners under subparagraph (ii)(C);

(C) Third, to the holders of any Partnership Units that are entitled to any preference in distribution in accordance with the rights of any other class of Partnership Units until each such Partnership Unit has been allocated, on a cumulative basis pursuant to this subparagraph (i)(C), Net Income equal to the amount of distributions received which are attributable to the preference of such class of Partnership Unit (and, within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is made); and

(D) Thereafter, with respect to Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (and, within such class *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made).

(ii) **Net Loss**. Except as otherwise provided herein, Net Loss for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(A) First, to each holder of Partnership Units in proportion to and to the extent of the amount by which the cumulative Net Income allocated to such Partner pursuant to subparagraph (i)(D) above exceeds, on a cumulative basis, the sum of (a) distributions with respect to such Partnership Units pursuant to clause (2) of **Section 5.01** and (b) Net Loss allocated to such Partner pursuant to this subparagraph (ii)(A);

(B) Second, with respect to classes of Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (it being understood that LTIP Units and OP Units are treated as the same class for this purpose) and within such class, *pro rata* in proportion to the respective Economic Capital Account Balances as of the last day of the period for which such allocation is being made; **provided**, **that** Net Loss shall not be allocated to any Partner pursuant to this subparagraph (ii)(B) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case (1) with respect to a Partner who also holds classes of Partnership Units that are entitled to any preferences in distribution upon liquidation, by subtracting from such Partners' Adjusted Partnership Account the amount of such preferred distribution to be made upon liquidation and (2) by not including in the Partners' Adjusted Partnership Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to **Section 13.02(d)**) at the end of such Partnership Year or other applicable period; and

(C) Third, with respect to classes of Partnership Units that are entitled to any preference in distribution upon liquidation, in reverse order of the priorities of each such class (and within each such class, *pro rata* in proportion to their respective Percentage Interests as of the last day of the period for which such allocation is being made); **provided**, **that** Net Loss shall not be allocated to any Partner pursuant to this subparagraph (ii)(C) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case by not including in the Partners' Adjusted Partnership Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to **Section 13.02(d)**) at the end of such Partnership Year or other applicable period;

(D) Thereafter, to the General Partner.

For purposes of determining allocations of Losses pursuant to Section 6.02(a)(ii), an LTIP Unitholder shall be treated as having a separate Economic Capital Account Balance, and for this purpose a separate Capital Account with an appropriate share of Partnership Minimum Gain and Partner Minimum Gain shall be maintained, for each tranche of LTIP Units with a different issuance date that it holds and a separate Capital Account for its OP Units, if applicable, and the Economic Capital Account Balance of each holder of OP Units shall not include any Economic Capital Account Balance attributable to other series or classes of Partnership Units.

(b) **Allocations to Reflect Issuance of Additional Partnership Units**. In the event that the Partnership issues additional Partnership Units pursuant to the provisions of **Article IV** hereof, the General Partner may make such revisions to this **Section 6.02** as it determines are necessary or desirable to reflect the terms of the issuance of such additional Partnership Units.

Section 6.03. **Additional Allocation Provisions**. Notwithstanding the foregoing provisions of this **Article VI**:

(a) **Regulatory Allocations**.

(i) **Minimum Gain Chargeback**. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of **Section 6.02** hereof, or any other provision of this **Article VI**, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This **Section 6.03(a)(i)** is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) **Partner Minimum Gain Chargeback**. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in **Section 6.03(a)(i)** hereof, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each General Partner, Limited Partner and other Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This **Section 6.03(a)(ii)** is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) **Nonrecourse Deductions and Partner Nonrecourse Deductions**. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders of Partnership Units in accordance with their Partnership Units. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) **Qualified Income Offset**. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of Partnership income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible. It is intended that this **Section 6.03(a)(iv)** qualify and be construed as a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) **Gross Income Allocation**. In the event that any Holder has an Adjusted Capital Account Deficit at the end of any Partnership Year, each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible.

(vi) **Section 754 Adjustment**. To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their Partnership Units in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holders to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(vii) **Curative Allocations**. The allocations set forth in **Sections 6.03(a)(i)**, **(ii)**, **(iii)**, **(iv)**, **(v),** and **(vi)** hereof (the "**Regulatory Allocations**") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of **Section 6.01** hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders of Partnership Units so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder of a Partnership Unit shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

(b) **Allocation of Excess Nonrecourse Liabilities**. The Partnership shall allocate "nonrecourse liabilities" (within the meaning of Regulations Section 1.752-1(a)(2)) of the Partnership that are secured by multiple Properties under any reasonable method chosen by the General Partner in accordance with Regulations Section 1.752-3(a)(3) and (b). The Partnership shall allocate "excess nonrecourse liabilities" of the Partnership under any method approved under Regulations Section 1.752-3(a)(3) as chosen by the General Partner.

(c) **Special Allocations Regarding LTIP Units**. Notwithstanding the provisions of **Section 6.02** above, Liquidating Gains shall first be allocated to the LTIP Unitholders until the Economic Capital Account Balances of such Holders, to the extent

attributable to their ownership of LTIP Units, are equal to (i) the OP Unit Economic Balance, multiplied by (ii) the number of their LTIP Units (the "**Target Balance**"). For this purpose, "**Liquidating Gains**" means net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the Gross Asset Value of Partnership assets under Code Section 704(b). The "**Economic Capital Account Balances**" of the LTIP Unitholders will be equal to their Capital Account balances to the extent attributable to their ownership of LTIP Units, plus the amount of their allocable share of any Partner Minimum Gain or Partnership Minimum Gain attributable to such LTIP Units. Similarly, the "**OP Unit Economic Balance**" shall mean (i) the Capital Account balance of the General Partner, plus the amount of the General Partner's share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the General Partner's ownership of OP Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this **Section 6.03(c)** (including, without limitation, any expenses of the Partnership reimbursed to the General Partner pursuant to **Section 7.04(b)**), divided by (ii) the number of the General Partner's OP Units. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this **Section 6.03(c)**. Liquidating Gain allocated to an LTIP Unitholder under this Section 6.03(c) will be attributed to specific LTIP Units of such LTIP Unitholder for purposes of determining (i) allocations under this Section 6.03(c), (ii) the effect of the forfeiture or conversion of specific LTIP Units on such LTIP Unitholder's Capital Account and (iii) the ability of such LTIP Unitholder to convert specific LTIP Units into OP Units. Such Liquidating Gain allocated to such LTIP Unitholder will generally be attributed in the following order: (i) first, to Vested LTIP Units held for more than two years, (ii) second, to Vested LTIP Units held for two years or less, (iii) third, to Unvested LTIP Units that have remaining vesting conditions that only require continued employment or service to the General Partner, the Partnership or an Affiliate of either for a certain period of time (with such Liquidating Gains being attributed in order of vesting from soonest vesting to latest vesting), and (iv) fourth, to other Unvested LTIP Units (with such Liquidating Gains being attributed in order of issuance from earliest issued to latest issued). Within each category, Liquidating Gain will be allocated seriatim (i.e., entirely to the first unit in a set, then entirely to the next unit in the set, and so on, until a full allocation is made to the last unit in the set) in the order of smallest Book-Up Target to largest Book-Up Target. For purposes of the previous sentence, "**Book-Up Target**" for an LTIP Unit means (i) initially, the OP Unit Economic Balance as determined on the date such LTIP Unit was granted and (ii) thereafter, the remaining amount, if any, required to be allocated to such LTIP Unit for the Economic Capital Account Balance of the holder of such LTIP Unit, to the extent attributable to such LTIP Unit, to be equal to the OP Unit Economic Balance. After giving effect to the special allocations set forth above, if, due to distributions with respect to OP Units in which an LTIP Unit does not participate, forfeitures or otherwise, the Economic Capital Account Balance of any present or former LTIP Unitholder attributable to such LTIP Unitholder's LTIP Units, exceeds the Target Balance, then Liquidating Losses shall be allocated to such LTIP Unitholder, or Liquidating Gains shall be allocated to the other Partners, to reduce or eliminate the disparity; **provided, however, that** if Liquidating Losses or Liquidating Gains are insufficient to completely eliminate all such disparities, such losses or gains shall be allocated among Partners in a manner reasonably determined by the General Partner. For this purpose, "**Liquidating Losses**" means net capital losses realized in connection with the actual or hypothetical sale of all or substantially

all of the assets of the Partnership, including but not limited to net capital loss realized in connection with an adjustment to the Gross Asset Value of Partnership assets under Code Section 704(b). In the event that Liquidating Gains or Liquidating Losses are allocated under this Section 6.03(c), Net Income allocable under clause 6.01(a)(i)(D) and any Net Losses shall be recomputed without regard to the Liquidating Gains or Liquidating Losses so allocated. The parties agree that the intent of this **Section 6.03(c)** is (i) to make the Capital Account balance associated with each LTIP Unit to be economically equivalent to the Capital Account balance associated with the General Partner's OP Units (on a per-OP Unit/LTIP Unit basis) and (ii) to allow conversion of an LTIP Unit (assuming prior vesting) into an OP Unit when sufficient Liquidating Gains have been allocated to such LTIP Unit pursuant to Section 6.02(c) so that either its initial Book-Up Target has been reduced to zero or the parity described in the definition of Target Balance has been achieved.

(d) **Allocations to Reflect Outside Interests**. Any income or loss to the Partnership associated with an Outside Interest shall be specially allocated so as to take into account amounts received by, and income or loss allocated to, the General Partner or any Affiliate of the General Partner with respect to such Outside Interest so that the overall effect is to allocate income or loss in the same manner as would have occurred had such Outside Interest been held through the Partnership (treating any allocation in respect of the Outside Interest as if such allocation had been made to the General Partner).

Section 6.04. **Tax Allocations**.

(a) **In General**. Except as otherwise provided in this **Section 6.04**, for income tax purposes under the Code and the Regulations each Partnership item of income, gain, loss and deduction (collectively, "**Tax Items**") shall be allocated among the Holders of Partnership Units in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to **Sections 6.02** and **6.03** hereof.

(b) **Allocations Respecting Section 704(c) Revaluations**. Notwithstanding **Section 6.04(a)** hereof, Tax Items with respect to Property that is contributed to the Partnership with a Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders of Partnership Units for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Partnership shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the General Partner. In the event that the Gross Asset Value of any partnership asset is adjusted pursuant to subsection (b) of the definition of "**Gross Asset Value**" (provided in **Article I** hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations or under any method approved under Code Section 7.04(c) and the applicable Regulations as chosen by the General Partner, including the aggregation methods applicable to securities partnerships, to the extent applicable and to the extent the General Partner decides to apply such methods.

ARTICLE VII

MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.01. **Management**.

(a) Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners, except with the consent of the General Partner. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including **Section 7.03** and **Section 11.02**, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in **Section 3.02** hereof and to effectuate the purposes set forth in**Section 3.01** hereof, including, without limitation:

(i) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money or selling assets to permit the Partnership to make distributions to its Partners in such amounts as will permit the General Partner (so long as the General Partner desires to maintain or restore its qualification as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Code Section 4981) and to make distributions to its stockholders sufficient to permit the General Partner to maintain or restore REIT qualification or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that it deems necessary for the conduct of the activities of the Partnership;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, the registration of any class of securities of the Partnership under the Exchange Act and the listing of any debt securities of the Partnership on any exchange;

(iii) subject to **Section 11.02** hereof, the acquisition, sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(iv) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that it sees

fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(v) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the General Partner and its Subsidiaries and the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which the Partnership has an equity investment and the making of capital contributions to its Subsidiaries;

(vi) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property, including, without limitation, any Contributed Property, or other asset of the Partnership or any Subsidiary, whether pursuant to a Services Agreement or otherwise;

(vii) the negotiation, execution and performance of any contracts, leases, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(viii) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership and the collection and receipt of revenues, rents and income of the Partnership;

(ix) the maintenance of such insurance for the benefit of the Partnership and the Partners as the General Partner deems necessary or appropriate, including, without limitation, (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder;

(x) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that the General Partner deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which it has an equity investment from time to time); **provided**, **however**, **that** as long as the General Partner has determined to continue to qualify as a REIT, the General Partner may not engage in any such formation, acquisition or contribution that would cause it to fail to qualify as a REIT within the meaning of Code Section 856(a) (so long as the General Partner desires to maintain its qualification as a REIT);

(xi) the filing of applications, communicating and otherwise dealing with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(xii) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xiii) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(xiv) except as otherwise specifically set forth in this Agreement, the determination of the fair market value of any Partnership property distributed in-kind using such reasonable method of valuation as it may adopt;**provided**, **that** such methods are otherwise consistent with the requirements of this Agreement;

(xv) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner's contribution of property or assets to the Partnership;

(xvi) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power-of-attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(xvii) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(xviii) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(xix) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure Debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(xx) the issuance of additional Partnership Units, as appropriate and in the General Partner's sole and absolute discretion, in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to **Article IV** hereof;

(xxi) the selection and dismissal of Company Employees (including, without limitation, employees having titles or offices such as president, vice president, secretary and treasurer), and agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner, the determination of their compensation and other terms of employment or hiring and the delegation to any such Company Employee the authority to conduct the business of the Partnership in accordance with the terms of this Agreement;

(xxii) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption right under **Section 8.06** hereof;

(xxiii) the amendment and restatement of **Exhibit A** hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in **Exhibit A** hereto otherwise is authorized by this Agreement;

(xxiv) the determination regarding whether a payment to a Partner who exercises its Redemption Right under **Section 8.06** that is assumed by the General Partner will be paid in the form of the Cash Amount or the REIT Shares Amount, except as such determination may be limited by **Section 8.06**;

(xxv) the collection and receipt of revenues and income of the Partnership;

(xxvi) the registration of any class of securities of the Partnership under the Securities Act or the Exchange Act, and the listing of any debt securities of the Partnership on any exchange;

(xxvii) an election to dissolve the Partnership pursuant to **Section 13.01(b)** hereof;

(xxviii) the taking of any action necessary or appropriate to enable the General Partner to qualify as a REIT (so long as the General Partner desires to maintain its qualification as a REIT); and

(xxix) the taking of any action necessary or appropriate to prevent the Partnership or the General Partner from being subject to regulation under the Investment Company Act.

(b) Each of the Limited Partners agrees that, except as provided in **Section 7.03** hereof, the General Partner is authorized to execute, deliver and perform the above-

mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation.

(c) At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

(d) In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. Except as may be provided in a separate written agreement between the Partnership and the Limited Partners, the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of an income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement **provided**, **that** the General Partner has acted in good faith and pursuant to its authority under this Agreement.

Section 7.02. **Certificate of Limited Partnership**. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Except as otherwise required under the Act and **Section 13.04(b)**, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.03. **Restrictions on General Partner's Authority**.

(a) The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written consent of a Majority in Interest of the Outside Limited Partners and may not (i) perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or (ii) enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts (A) the General Partner or the Partnership from performing its specific obligations under **Section 8.06** hereof in full or (B) a Limited Partner from exercising its rights under **Section 8.06** hereof to effect a Redemption in full, except, in either case, with the written consent of a Majority in Interest of the Outside Limited Partners.

(b) The General Partner shall not, without the written consent of a Majority in Interest of the Outside Limited Partners, terminate this Agreement.

(c) Subject to Section 14.02, the General Partner shall have the exclusive power, without the prior consent of the Limited Partners, to amend this Agreement, including, without limitation, as may be required to facilitate or implement any of the following purposes:

(i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(ii) to reflect the admission, substitution or withdrawal of Partners or the termination of the Partnership in accordance with this Agreement, and to amend **Exhibit A** in connection with such admission, substitution or withdrawal;

(iii) to reflect a change that is of an inconsequential nature or does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(iv) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(v) set forth in the partnership agreement the designations, rights, powers, duties and preferences of the holders of any additional partnership units issued pursuant to the partnership agreement;

(vi) (a) to reflect such changes as are reasonably necessary for the General Partner to maintain or restore its qualification as a REIT or to satisfy the REIT Requirements; or (b) to reflect the Transfer of all or any part of a Partnership Interest among the General Partner and any Qualified REIT Subsidiary;

(vii) to modify either or both the manner in which items of Net Income or Net Loss are allocated pursuant to **Article VI** or the manner in which Capital Accounts are adjusted, computed or maintained (but only to the extent set forth in the definition of "Capital Account" or contemplated by the Code or the Regulations);

(viii) to issue additional Partnership Interests in accordance with **Section 4.02**;

(ix) to reflect any other modification to this Agreement as is reasonably necessary for the business or operations of the Partnership or the General Partner; and

(x) the taking of any action necessary or appropriate to prevent the Partnership or the General Partner from being subject to regulation under the Investment Company Act.

The General Partner will provide notice to the Limited Partners whenever any action under this **Section 7.03(c)** is taken.

(d) No action may be taken by the General Partner, without the consent of each Partner adversely affected thereby, if such action would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest (except as a result of the General Partner acquiring such Partnership Interest), or (ii) modify the limited liability of a Limited Partner.

Section 7.04. **Reimbursement of the General Partner**.

(a) Except as provided in this **Section 7.04** and elsewhere in this Agreement (including the provisions of **Articles V** and VI regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) The Partnership shall be responsible for and shall pay all the administrative and operating costs and expenses incurred by the Partnership in acquiring and holding the General Partner's assets, and the General Partner's administrative costs and expenses, and such expenses will be treated as expenses of the Partnership. Such expenses will include:

(i) all expenses relating to the General Partner's formation and continuity of existence;

(ii) all expenses relating to any offerings and registrations of securities;

(iii) all expenses associated with the General Partner's preparation and filing of any periodic reports under federal, state or local laws or regulations;

(iv) all expenses associated with the General Partner's compliance with applicable laws, rules and regulations; and

(v) all other operating or administrative costs of the General Partner's incurred in the ordinary course of its business.

The General Partner is hereby authorized to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. Except to the extent provided in this Agreement, the General Partner and its Affiliates shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses that the General Partner and its Affiliates incur relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, administrative expenses); **provided**, **that** the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The Partners acknowledge that all such expenses of the General Partner are deemed to be for the benefit of the Partnership. Such reimbursement shall be in addition to any reimbursement made as a result of indemnification pursuant to **Section 7.07** hereof. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner), such

expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner.

(c) If the General Partner shall elect to purchase from its stockholders REIT Shares for the purpose of delivering such REIT Shares to satisfy an obligation under any dividend reinvestment program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future or for the purpose of retiring such REIT Shares, the purchase price paid by the General Partner for such REIT Shares and any other expenses incurred by the General Partner in connection with such purchase shall be considered expenses of the Partnership and shall be advanced to the General Partner or reimbursed to the General Partner, subject to the condition that: (1) if such REIT Shares subsequently are sold by the General Partner, the General Partner shall pay or cause to be paid to the Partnership any proceeds received by the General Partner for such REIT Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program; **provided**, **that** a transfer of REIT Shares for Partnership Units pursuant to **Section 8.06** would not be considered a sale for such purposes); and (2) if such REIT Shares are not retransferred by the General Partner within 30 days after the purchase thereof, or the General Partner otherwise determines not to retransfer such REIT Shares, the General Partner shall cause the Partnership to redeem a number of Partnership Units held by the General Partner equal to the number of such REIT Shares, as adjusted (x) pursuant to **Section 7.07** (in the event the General Partner acquires material assets, other than on behalf of the Partnership) and (y) for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the General Partner pursuant to a *pro rata* distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by the General Partner).

(d) As set forth in **Section 4.02**, the General Partner shall be treated as having made a Capital Contribution in the amount of all expenses that it incurs relating to its offering of REIT Shares, Preferred Shares, Junior Shares or New Securities.

(e) If and to the extent any reimbursements to the General Partner pursuant to this **Section 7.04** constitute gross income of the General Partner (as opposed to the repayment of advances made by the General Partner on behalf of the Partnership), such amounts shall constitute guaranteed payments with respect to capital within the meaning of Code Section 707(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.05. **Outside Activities of the General Partner**. Without limiting the other powers granted to the General Partner under this Agreement, the General Partner and its officers, directors, employees, agents and Affiliates shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of the General Partner.

Section 7.06. **Contracts with Affiliates**.

(a) The Partnership may lend or contribute funds or other assets to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(b) The Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law as the General Partner, in its sole and absolute discretion, believes to be advisable.

(c) Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to the Partnership, directly or indirectly, except pursuant to transactions that are determined by the General Partner in good faith to be fair and reasonable.

(d) The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership or any of the Partnership's Subsidiaries.

(e) The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, any Services Agreement with Affiliates of any of the Partnership or the General Partner, on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

Section 7.07. **Indemnification**.

(a) To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership ("**Actions**") as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; **provided**, **however**, **that** the Partnership shall not indemnify an Indemnitee (1) for willful misconduct or a knowing violation of the law, (2) for any transaction for which such Indemnitee received an improper personal benefit in violation or breach of any provision of this Agreement, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to

any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this **Section 7.07** in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this **Section 7.07(a)**. The termination of any proceeding by conviction of an Indemnitee or upon a plea of*nolo contendere* or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this **Section 7.07(a)** with respect to the subject matter of such proceeding. Any indemnification pursuant to this**Section 7.07** shall be made only out of the assets of the Partnership and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this **Section 7.07**.

(b) To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Partnership of (1) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this **Section 7.07(b)** has been met and (2) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this**Section 7.07** shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

(d) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership or the General Partner (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other

funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this **Section 7.07**, unless such liabilities arise as a result of (1) such Indemnitee's intentional misconduct or knowing violation of the law, (2) any transaction in which such Indemnitee received a personal benefit in violation or breach of any provision of this Agreement or applicable law, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this **Section 7.07** because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this **Section 7.07** are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this **Section 7.07** or any provision hereof shall be prospective only and shall not in any way affect the obligations of the Partnership or the limitations on the Partnership's liability to any Indemnitee under this **Section 7.07** as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(i) If and to the extent any payments to the General Partner pursuant to this **Section 7.07** constitute gross income to the General Partner (as opposed to the repayment of advances made on behalf of the Partnership) such amounts shall be treated as "guaranteed payments" for the use of capital within the meaning of Code Section 707(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.08. **Liability of the General Partner**.

(a) Notwithstanding anything to the contrary set forth in this Agreement, neither the General Partner or any of its members or officers shall be liable or accountable in damages or otherwise to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner or such member, director or officer acted in good faith.

(b) The Limited Partners expressly acknowledge that the General Partner is acting for the benefit of the Partnership, the Limited Partners and its own stockholders collectively and that the General Partner is under no obligation to give priority to the separate interests of the Limited Partners or its own stockholders (including, without limitation, the tax consequences to Limited Partners, Assignees or its own stockholders) in deciding whether to cause the Partnership to take (or decline to take) any actions. If there is a conflict between the

interests of the stockholders of the General Partner on one hand and the Limited Partners on the other, the Limited Partners expressly acknowledge that the General Partner will fulfill its fiduciary duties to such Limited Partners by acting in the best interests of the stockholders of the General Partner. The General Partner shall not be liable under this Agreement to the Partnership or to any Partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions; **provided**, **that** the General Partner has acted in good faith.

(c) Subject to its obligations and duties as General Partner set forth in **Section 7.01(a)** hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents (subject to the supervision and control of the General Partner). The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) To the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, the General Partner shall not be liable to the Partnership or to any other Partner for its good faith reliance on the provisions of this Agreement.

(e) Notwithstanding anything herein to the contrary, except for fraud, willful misconduct or gross negligence, or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partner(s), for the debts or liabilities of the Partnership or the Partnership's obligations hereunder, and the full recourse of the other Partner(s) shall be limited to the interest of that Partner in the Partnership. To the fullest extent permitted by law, no officer, or member of the General Partner shall be liable to the Partnership for money damages except for (1) active and deliberate dishonesty established by a nonappealable final judgment or (2) actual receipt of an improper benefit or profit in money, property or services. Without limitation of the foregoing, and except for fraud, willful misconduct or gross negligence, or pursuant to any such express indemnity, no property or assets of any Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement. This Agreement is executed by the members of the General Partner solely as members of the same and not in their own individual capacities.

(f) Any amendment, modification or repeal of this **Section 7.08** or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's, and its officers' and members', liability to the Partnership and the Limited Partners under this **Section 7.08** as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.09. **Other Matters Concerning the General Partner**.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner reasonably believe to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (1) to protect the ability of the General Partner to continue to qualify as a REIT, (2) for the General Partner otherwise to satisfy the REIT Requirements, (3) to avoid the General Partner incurring any taxes under Code Section 857 or Code Section 4981, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners, or (4) to prevent the Partnership or the General Partner from being subject to regulation under the Investment Company Act.

Section 7.10. **Title to Partnership Assets**. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11. **Reliance by Third Parties**. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other

Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying in good faith thereon or claiming thereunder that (1) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (2) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (3) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.01. **Limitation of Liability**. The Limited Partners shall have no liability under this Agreement (other than for breach thereof) except as expressly provided in **Section 10.04**, 13.02**(d)** or under the Act.

Section 8.02. **Management of Business**. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, member, employee, partner, agent or director of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent, representative, stockholder or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.03. **Outside Activities of Limited Partners**. Subject to any agreements entered into pursuant to**Section 7.06(e)** hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or any Affiliate thereof (including, without limitation, any employment agreement), any Limited Partner and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or shareholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to

such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to **Section 7.06(e)** hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or any Affiliate thereof, to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.04. **Return of Capital**. Except pursuant to the rights of Redemption set forth in**Section 8.06** hereof, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement, upon termination of the Partnership as provided herein or upon a merger of the General Partner or a sale by the General Partner of all or substantially all of its assets pursuant to **Section 7.01(a)(iii)** hereof. Except to the extent provided in**Article VI** hereof or otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.05. **Adjustment Factor**. The Partnership shall notify any Limited Partner, on request, of the then current Adjustment Factor or any change made to the Adjustment Factor.

Section 8.06. **Redemption Rights**.

(a) On or after the date that is (i) with respect to a Limited Partner that is a MissionPoint Party (as defined in the Registration Rights Agreement), 180 days following the completion of the General Partner's initial public offering of REIT Shares and (ii) with respect to a Limited Partner that is not a MissionPoint Party, one year following the completion of the General Partner's initial public offering of REIT Shares, with respect to the OP Units (including any LTIP Units that are converted into OP Units) acquired on the Effective Date, each Limited Partner shall have the right (subject to the terms and conditions set forth herein and in any other such agreement, as applicable) to cause the Partnership to purchase all or a portion of the OP Units held by such Limited Partner (such OP Units being hereafter referred to as "**Tendered Units**") in exchange for the Cash Amount (a "**Redemption**") unless the terms of such OP Units or a separate agreement entered into between the Partnership and the holder of such OP Units provide that such OP Units are not entitled to a right of Redemption. The Tendering Partner shall have no right, with respect to any OP Units so redeemed, to receive any distributions paid on or after the Specified Redemption Date. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Limited Partner who is exercising the right (the "**Tendering Partner**"). The Cash Amount shall be payable to the Tendering Partner on the Specified Redemption Date.

(b) Notwithstanding **Section 8.06(a)** above, if a Limited Partner has delivered to the General Partner a Notice of Redemption then the General Partner may, in its sole and absolute discretion, (subject to the limitations on ownership and transfer of REIT Shares set forth in the Charter) elect to assume and satisfy the Partnership's Redemption obligation and acquire

some or all of the Tendered Units from the Tendering Partner in exchange for the REIT Shares Amount (as of the Specified Redemption Date) and, if the General Partner so elects, the Tendering Partner shall sell the Tendered Units to the General Partner in exchange for the REIT Shares Amount. In such event, the Tendering Partner shall have no right to cause the Partnership to redeem such Tendered Units. The General Partner shall give such Tendering Partner written notice of its election on or before the close of business on the fifth Business Day after the its receipt of the Notice of Redemption.

(c) The REIT Shares Amount, if applicable, shall be delivered as duly authorized, validly issued, fully paid and nonassessable REIT Shares and, if applicable, free of any pledge, lien, encumbrance or restriction, other than those provided in the Charter or the Bylaws of the General Partner, the Securities Act, relevant state securities or blue sky laws and any applicable registration rights agreement with respect to such REIT Shares entered into by the Tendering Partner. Notwithstanding any delay in such delivery (but subject to **Section 8.06(e)**), the Tendering Partner shall be deemed the owner of such REIT Shares for all purposes, including without limitation, rights to vote or consent, and receive dividends, as of the Specified Redemption Date. In addition, the REIT Shares for which the Partnership Units might be exchanged shall also bear such restrictive legends that the General Partner determines are appropriate to mark transfer, ownership or other restrictions and limitations applicable to the REIT Shares.

(d) Each Limited Partner covenants and agrees with the General Partner that all Tendered Units shall be delivered to the General Partner free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Tendered Units, the General Partner shall be under no obligation to acquire the same. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Tendered Units to the General Partner (or its designee), such Limited Partner shall assume and pay such transfer tax.

(e) Notwithstanding the provisions of **Section 8.06(a)**, **8.06(b)**, **8.06(c)** or any other provision of this Agreement, a Limited Partner (i) shall not be entitled to effect a Redemption for cash or an exchange for REIT Shares to the extent the ownership or right to acquire REIT Shares pursuant to such exchange by such Partner on the Specified Redemption Date could cause such Partner or any other Person to violate the restrictions on ownership and transfer of REIT Shares set forth in the Charter of the General Partner and (ii) shall have no rights under this Agreement to acquire REIT Shares which would otherwise be prohibited under the Charter. To the extent any attempted Redemption or exchange for REIT Shares would be in violation of this **Section 8.06(e)**, it shall be null and void *ab initio* and such Limited Partner shall not acquire any rights or economic interest in the cash otherwise payable upon such Redemption or the REIT Shares otherwise issuable upon such exchange.

(f) Notwithstanding anything herein to the contrary (but subject to **Section 8.06(e)**), with respect to any Redemption or exchange for REIT Shares pursuant to this **Section 8.06**: (i) a portion of the OP Units acquired by the General Partner pursuant thereto and any and all future issuances shall automatically, and without further action required, be converted into and deemed to be General Partner Interests and all other OP Units shall be deemed to be Limited Partner Interests and held by the General Partner in its capacity as a

Limited Partner in the Partnership such that, immediately after such Redemption, the requirements of **Section 4.01(b)** continue to be met; (ii) without the consent of the General Partner, each Limited Partner may effect a Redemption only one time in each fiscal quarter; (iii) without the consent of the General Partner, each Limited Partner may not effect a Redemption for less than 1,000 OP Units or, if the Limited Partner holds less than 1,000 OP Units, all of the OP Units held by such Limited Partner; (iv) without the consent of the General Partner, each Limited Partner may not effect a Redemption during the period after the Partnership Record Date with respect to a distribution and before the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution; (v) the consummation of any Redemption or exchange for REIT Shares shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and (vi) each Tendering Partner shall continue to own all OP Units subject to any Redemption or exchange for REIT Shares, and be treated as a Limited Partner with respect to such OP Units for all purposes of this Agreement, until such OP Units are transferred to the General Partner and paid for or exchanged on the Specified Redemption Date. Until a Specified Redemption Date, the Tendering Partner shall have no rights as a stockholder of the General Partner with respect to such Tendering Partner's OP Units.

(g) In the event that the Partnership issues additional Partnership Interests to any Additional Limited Partner pursuant to **Section 4.04**, the General Partner shall make such revisions to this **Section 8.06** as it determines are necessary to reflect the issuance of such additional Partnership Interests.

(h) The Assignee of any Limited Partner may exercise the rights of such Limited Partner pursuant to this **Section 8.06**, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee.

ARTICLE IX

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.01. **Records and Accounting**.

(a) The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to **Section 8.05** or **9.03** hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form for, magnetic tape, photographs, micrographics or any other information storage device, **provided**, **that** the records so maintained are convertible into clearly legible written form within a reasonable period of time.

(b) The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.02. **Partnership Year**. The Partnership Year of the Partnership shall be the calendar year.

Section 9.03. **Reports**.

(a) As soon as practicable, but in no event later than the date on which the General Partner mails its annual report to its stockholders, the General Partner shall cause to be mailed to each Limited Partner an annual report, as of the close of the most recently ended Partnership Year, containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

(b) If and to the extent that the General Partner mails quarterly reports to its stockholders, as soon as practicable, but in no event later than the date on such reports are mailed, the General Partner shall cause to be mailed to each Limited Partner a report containing unaudited financial statements, as of the last day of such fiscal quarter, of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulations, or as the General Partner determines to be appropriate.

(c) The General Partner shall have satisfied its obligations under **Section 9.03(a)** and 9.03**(b)** hereof by posting or making available the reports required by this **Section 9.03** on the website maintained from time to time by the Partnership provided that such reports are able to be printed or downloaded from such website.

(d) At the request of any Limited Partner, the General Partner shall provide access to the books, records and work paper upon which the reports required by this **Section 9.03** are based, to the extent required by the Act.

ARTICLE X

TAX MATTERS

Section 10.01. **Preparation of Tax Returns**. The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable effort to furnish, within 90 days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to the Contributed Properties, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.02. **Tax Elections**. Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Code Section 754 and the election to use the "recurring item" method of accounting provided under Code Section 461(h) with respect to property taxes imposed on the Partnership's Properties. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Sections 461(h) and 754) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.03. **Tax Matters Partner**.

(a) The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership in addition to any reimbursement pursuant to **Section 7.04** hereof. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

(b) The tax matters partner is authorized, but not required:

(i) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner; or (ii) who is a "notice partner" (as defined in Section 6231(a)(8) of the Code) or a member of a "notice group" (within the meaning of Section 6223(b)(2) of the Code);

(ii) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "**final adjustment**") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(iii) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(v) to enter into an agreement with the IRS to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Partners in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in **Section 7.07** hereof shall be fully applicable to the tax matters partner in its capacity as such.

Section 10.04. **Withholding**. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Sections 1441, 1442, 1445 or 1446, the Regulations thereunder, and related IRS guidance. Any amount paid on behalf of or with respect to a Limited Partner, in excess of any withheld amounts shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within 15 days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the Available Cash of the Partnership that would, but for such payment, be distributed to the Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this **Section 10.04**. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this **Section 10.04** when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, plus four percentage points (but not higher than the maximum lawful rate) from the date such amount is due (*i.e.*, 15 days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

Section 10.05. **Organizational Expenses**. The Partnership shall elect to amortize expenses, if any, incurred by it in organizing the Partnership ratably over a 180-month period as provided in Code Section 709.

ARTICLE XI

TRANSFERS AND WITHDRAWALS

Section 11.01. **Transfer**.

(a) No part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

(b) No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this **Article XI**. Any Transfer or purported Transfer of a Partnership Interest not made in accordance with this **Article XI** shall be null and void *ab initio* unless consented to by the General Partner in its sole and absolute discretion.

(c) No Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the consent of the General Partner in its sole and absolute discretion; **provided**, **that** as a condition to such consent, the lender will be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for REIT Shares any Partnership Units in which a security interest is held by such lender concurrently with such time as such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Code Section 752.

Section 11.02. **Transfer of General Partner's Partnership Interest**.

(a) The General Partner may not transfer any of its Partnership Interests except in connection with (i) a transaction permitted under **Section 11.02(b)**, (ii) any merger (including a triangular merger), consolidation or other combination with or into another Person following the consummation of which the equity holders of the surviving entity are substantially identical to the stockholders of the General Partner, (iii) a transfer to a Qualified REIT Subsidiary, (iv) the Consent of a Majority in Interest of the Outside Limited Partners or (v) as otherwise expressly permitted under this Agreement, nor shall the General Partner withdraw as General Partner except in connection with a transaction permitted under **Section 11.02(b)** or any merger, consolidation, or other combination permitted under clause (ii) of this **Section 11.02(a)**.

(b) The General Partner shall not engage in any merger (including, without limitation, a triangular merger), consolidation or other combination with or into another Person (other than any transaction permitted by **Section 11.02(a)**), sale of all or substantially all of its assets or any reclassification, recapitalization or change of outstanding REIT Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination as described in the definition of "Adjustment Factor") ("**Termination**

Transaction"), unless (i) following such merger or other consolidation, substantially all of the assets of the surviving entity consist of Partnership Units; (ii) in connection with which all Partners (other than the General Partner) who hold Partnership Units either will receive, or will have the right to receive, for each Partnership Unit an amount of cash, REIT Shares or other securities having a fair market or net asset value, as the case may be, equal to the net asset value of the Partnership Units being converted as of the month end period immediately prior to such conversion; **provided**, **however**, **that**, if in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the percentage required for the approval of mergers under the organizational documents of the General Partner, each holder of Partnership Units shall receive, or shall have the right to receive without any right of Consent set forth above in this **Section 11.02(b)**, the amount of cash, REIT Shares or other securities which such holder would have received had it exercised the Redemption Right and received REIT Shares in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer; or (iii) all of the following conditions are met: (A) substantially all of the assets directly or indirectly owned by the surviving entity are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "**Surviving Partnership**"), (B) the Limited Partners that held Partnership Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (C) the rights, preferences and privileges in the Surviving Partnership of such Limited Partners are at least as favorable as those in effect with respect to the Partnership Units immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (D) the rights of such Limited Partners include at least one of the following: (1) the right to redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to **Section 8.06** or (2) the right to redeem their interests in the Surviving Partnership for cash on terms substantially equivalent to those in effect with respect to their Partnership Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the REIT Shares.

(c) The General Partner shall not enter into an agreement or other arrangement providing for or facilitating the creation of a General Partner other than the General Partner, unless the successor General Partner executes and delivers a counterpart to this Agreement in which such General Partner agrees to be fully bound by all of the terms and conditions contained herein that are applicable to a General Partner.

Section 11.03. **Transfer of Limited Partners' Partnership Interests**.

(a) No Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the written consent of the General Partner, which consent may be withheld in its sole and absolute discretion.

(b) Without limiting the generality of **Section 11.03(a)** hereof, it is expressly understood and agreed that the General Partner will not consent to any Transfer of all or any portion of any Partnership Interest pursuant to **Section 11.03(a)** above unless such Transfer meets each of the following conditions:

(i) The transferee in such Transfer assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest; **provided**, **that** no such Transfer (unless made pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the approval of the General Partner, in its sole and absolute discretion. Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any and all ownership limitations contained in the Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in **Section 11.05** hereof.

(ii) Such Transfer is effective as of the first day of a fiscal quarter of the Partnership.

(c) If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

(d) In connection with any proposed Transfer of a Limited Partner Interest, the General Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred.

(e) No Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any other acquisition of Partnership Units by the Partnership or the General Partner) may be made to or by any person, without the consent of the General Partner in its sole discretion, if (i) in the opinion of legal counsel for the Partnership, there is a significant risk that it would result in the Partnership being treated as an association taxable as a corporation or would result in a termination of the Partnership under Code Section 708, (ii) such Transfer would be effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704, (iii) such Transfer would result in the Partnership being unable to qualify for one or more of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a

secondary market (or the substantial equivalent thereof) " within the meaning of Code Section 7704) (the "**Safe Harbors**") or (iv) in the opinion of legal counsel for the Partnership, there is a risk that such transfer would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Code Section 857 or Code Section 4981.

Section 11.04. **Substituted Limited Partners**.

(a) A transferee of the interest of a Limited Partner pursuant to a Transfer consented to by the General Partner pursuant to **Section 11.03(a)** may be admitted as a Substituted Limited Partner only with the consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee, and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

(b) A transferee who has been admitted as a Substituted Limited Partner in accordance with this **Article XI** shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

(c) Upon the admission of a Substituted Limited Partner, the General Partner shall amend **Exhibit A** to reflect the name, address and number of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

Section 11.05. **Assignees**. If the General Partner, in its sole and absolute discretion, does not consent to the admission of any transferee of any Partnership Interest as a Substituted Limited Partner in connection with a transfer permitted by the General Partner pursuant to **Section 11.03(a)**, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee and the rights to Transfer the Partnership Units only in accordance with the provisions of this **Article XI**, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a Consent or vote or effect a Redemption with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such right to Consent or vote or effect a Redemption, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this **Article XI** to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

Section 11.06. **General Provisions**.

(a) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this **Article XI**, with respect to which the transferee becomes a Substituted Limited Partner, or pursuant to a redemption (or acquisition by the General Partner) of all of its Partnership Units pursuant to a Redemption under **Section 8.06** hereof and/or pursuant to any Partnership Unit Designation.

(b) Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) consented to by the General Partner pursuant to this **Article XI** where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under **Section 8.06** hereof and/or pursuant to any Partnership Unit Designation, or (iii) to the General Partner, whether or not pursuant to **Section 8.06(b)** hereof, shall cease to be a Limited Partner.

(c) If any Partnership Unit is Transferred in compliance with the provisions of this **Article XI**, or is redeemed by the Partnership, or acquired by the General Partner pursuant to **Section 8.06** hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer or assignment other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d) and the corresponding Regulations, using the "interim closing of the books" method or another permissible method selected by the General Partner (unless the General Partner in its sole and absolute discretion elects to adopt a daily, weekly or monthly proration period, in which case Net Income or Net Loss shall be allocated based upon the applicable method selected by the General Partner). All distributions of Available Cash attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer other than a Redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

(d) In no event may any Transfer or assignment of a Partnership Interest by any Partner (including any Redemption, any acquisition of Partnership Units by the General Partner or any other acquisition of Partnership Units by the Partnership) be made (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer would cause the General Partner to cease to comply with the REIT Requirements; (v) except with the consent of the General Partner, if such Transfer, in the opinion of counsel to the Partnership or the General Partner, would create a significant risk that such transfer would cause a termination of the Partnership for federal or state

income tax purposes; (vi) if such Transfer would, in the opinion of legal counsel to the Partnership, cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the Redemption (or acquisition by the General Partner) of all Partnership Units held by all Limited Partners); (vii) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in ERISA Section 3(14)) or a "disqualified person" (as defined in Code Section 4975(c)); (viii) without the consent of the General Partner, to any benefit plan investor within the meaning of Department of Labor Regulations Section 2510.3-101(f); (ix) if such Transfer would, in the opinion of legal counsel to the Partnership or the General Partner, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; (x) if such Transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws; (xi) except with the consent of the General Partner, if such transfer would be effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704, could cause the Partnership to become a "publicly traded partnership" as such term is defined in Code Sections 469(k)(2) or 7704(b), or could cause the Partnership to fail one or more of the Safe Harbors; (xii) if such Transfer causes the Partnership (as opposed to the General Partner) to become a reporting company under the Exchange Act; or (xiii) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended.

ARTICLE XII

ADMISSION OF PARTNERS

Section 12.01. **Admission of Successor General Partner**. A successor to all of the General Partner's General Partner Interest pursuant to **Section 11.02** hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to such Transfer. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall amend **Exhibit A** and the books and records of the Partnership to reflect the name, address and number of Partnership Units of such Additional Limited Partner.

Section 12.02. **Admission of Additional Limited Partners**.

(a) After the date hereof, a Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in **Section 2.04** hereof, (ii) a counterpart signature page to this Agreement executed by such Person, and (iii) such other documents or instruments as may be required in the sole and

absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner and the satisfaction of all the conditions set forth in this **Section** 12.02.

(b) Notwithstanding anything to the contrary in this **Section 12.02**, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

(c) If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Partners and Assignees for such Partnership Year shall be allocated *pro rata* among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner, in accordance with the principles described in **Section 11.06(c)** hereof. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

Section 12.03. **Amendment of Agreement and Certificate of Limited Partnership**. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of **Exhibit A**) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to **Section 2.04** hereof.

Section 12.04. **Limit on Number of Partners**. Unless otherwise permitted by the General Partner, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.05. **Admission**. A Person shall be admitted to the Partnership as a Limited Partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as an Additional Limited Partner.

ARTICLE XIII

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.01. **Dissolution**. The Partnership shall not be dissolved by the admission of Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "**Liquidating Event**"):

(a) a final and nonappealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and nonappealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless, prior to the entry of such order or judgment, a Majority in Interest of the remaining Outside Limited Partners agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a successor General Partner;

(b) an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion, with or without the Consent of a Majority in Interest of the Outside Limited Partners;

(c) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(d) the occurrence of a Terminating Capital Transaction;

(e) the Redemption (or acquisition by the General Partner) of all Partnership Units other than Partnership Units held by the General Partner; or

(f) the Incapacity or withdrawal of the General Partner, unless all of the remaining Partners in their sole and absolute discretion agree in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such Incapacity, of a substitute General Partner.

Section 13.02. **Winding Up**.

(a) Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Partners. After the occurrence of a Liquidating Event, no Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Outside Limited Partners (the General Partner or such other Person being referred to herein as the "**Liquidator**") shall be responsible for overseeing the winding up and dissolution of

the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the General Partner) shall be applied and distributed in the following order:

(i) First, to the satisfaction of all of the Partnership's Debts and liabilities to creditors other than the Partners and their Assignees (whether by payment or the making of reasonable provision for payment thereof);

(ii) Second, to the satisfaction of all of the Partnership's Debts and liabilities to the General Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under **Section 7.04** hereof;

(iii) Third, to the satisfaction of all of the Partnership's Debts and liabilities to the other Partners and any Assignees (whether by payment or the making of reasonable provision for payment thereof); and

(iv) Subject to **Section 13.02(c)**, the balance, if any, to the Partners in accordance with **Section 5.01**.

The General Partner shall not receive any additional compensation for any services performed pursuant to this **Article XIII**.

(b) Notwithstanding the provisions of **Section 13.02(a)** hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of **Section 13.02(a)** hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

(c) In the event that the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this **Article XIII** to the Partners and Assignees that have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent of, and in proportion to, positive Capital Account balances. If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the

year during which such liquidation occurs) (a "**Capital Account Deficit**"), such Partner shall not be required to make any contribution to the capital of the Partnership with respect to such Capital Account Deficit and such Capital Account Deficit shall not be considered a debt owed to the Partnership or any other person for any purpose whatsoever.

(d) Notwithstanding the foregoing, (i) if the General Partner has a Capital Account Deficit, the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such Capital Account Deficit balance to zero; and (ii) the second sentence of **Section 13.02(c)** shall not apply with respect to any other Partner to the extent, but only to the extent, that such Partner previously has agreed in writing, with the consent of the General Partner, to undertake an express obligation to restore all or any portion of a deficit that may exist in its Capital Account upon a liquidation of the Partnership.

(e) In the sole and absolute discretion of the General Partner or the Liquidator, a*pro rata* portion of the distributions that would otherwise be made to the Partners pursuant to this **Article XIII** may be:

(i) distributed to a trust established for the benefit of the General Partner and the Limited Partners for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities. The assets of any such trust shall be distributed to the General Partner and the Limited Partners, from time to time, in the reasonable discretion of the General Partner or the Liquidator, in the same proportions and amounts as would otherwise have been distributed to the General Partner and the Limited Partners pursuant to this Agreement; or

(ii) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, **provided**, **that** such withheld or escrowed amounts shall be distributed to the General Partner and Limited Partners in the manner and order of priority set forth in **Section 13.02(a)** hereof as soon as practicable.

Section 13.03. **Deemed Distribution and Recontribution**. Notwithstanding any other provision of this **Article XIII**, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and, immediately thereafter, distributed interests in the new partnership to the Partners in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the Partnership. Nothing in this **Section 13.03** shall be deemed to have constituted any Assignee as a Substituted Limited Partner without compliance with the provisions of **Section 11.04** hereof.

Section 13.04. **Rights of Limited Partners**.

(a) Except as otherwise provided in this Agreement, (a) each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Limited Partner shall have the right or power to demand or receive property other than cash from the Partnership, and (c) no Limited Partner (other than any Limited Partner who holds Preferred Units, to the extent specifically set forth herein and in the applicable Partnership Unit Designation) shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions or allocations.

(b) In addition to the other rights provided by this Agreement or by the Act, and except as limited by **Section 13.05(c)**, each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense (including such copying and administrative charges as the General Partner may establish from time to time):

(i) to obtain a copy of any information mailed or electronically delivered to the General Partner's stockholders, other than such information that is available pursuant to the Commission's Electronic Data Gathering, Analysis and Retrieval system;

(ii) to obtain a copy of this Agreement and the Certificate and all amendments thereto; and

(iii) to receive notification of any change to the Adjustment Factor, upon written request to the General Partner.

(c) Notwithstanding any other provision of this **Section 13.04**, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner reasonably believes to be in the nature of trade secrets or other information, the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business; or (ii) the Partnership is required by law or by agreements with an unaffiliated third party to keep confidential.

Section 13.05. **Notice of Dissolution**. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Partners pursuant to **Section 13.01** hereof, result in a dissolution of the Partnership, the General Partner shall, within 30 days thereafter, provide written notice thereof to each of the Partners and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may, or, if required by the Act, shall, publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.06. **Cancellation of Certificate of Limited Partnership**. Upon the completion of the liquidation of the Partnership cash and property as provided in **Section 13.02** hereof, the Partnership shall be terminated, a certificate of cancellation shall be filed with the

State of Delaware, all qualifications of the Partnership as a foreign limited partnership or association in jurisdictions other than the State of Delaware shall be cancelled, and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.07. **Reasonable Time for Winding-Up**. A reasonable time shall be allowed for the orderlywinding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to **Section 13.02** hereof, in order to minimize any losses otherwise attendant upon suchwinding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

ARTICLE XIV

PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.01. **Procedures for Actions and Consents of Partners**. The actions requiring consent or approval of Limited Partners pursuant to this Agreement, including **Section 7.03** hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this**Article XIV**.

Section 14.02. **Amendments**. No amendment to this Agreement may be made without the consent of the General Partner. The General Partner may amend this Agreement in any respect without the consent of the Limited Partners. Notwithstanding the foregoing, this Agreement shall not be amended, and no action may be taken by the General Partner, without the written consent of a Majority in Interest of the Outside Limited Partners, if such amendment or action would (i) alter or modify the Redemption rights as set forth in **Section 8.06** hereof or amend or modify any related definitions or (ii) amend this **Section 14.02** (to reduce the items requiring written consent of a Majority in Interest of the Outside Limited Partners described herein).

Section 14.03. **Meetings of the Partners**.

(a) Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by a Majority in Interest of the Outside Limited Partners. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than 30 days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote or Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in **Section 14.03(b)** hereof.

(b) Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed or electronic approval is provided by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement for the action in question). Such approvals may be obtained by the General Partner by means of written notice to the Limited Partners requiring them to respond in the negative by a reasonably specified time, but in no event

less than 15 days, or to be deemed to have approved of the proposed action. Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

(c) Each Limited Partner may authorize any Person or Persons to act for it by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Limited Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Limited Partner executing such proxy. The use of proxies will be governed in the same manner as in the case of corporations organized under the Delaware General Corporation Law (including Section 212 thereof).

(d) Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the General Partner's stockholders and may be held at the same time as, and as part of, the meetings of the General Partner's stockholders.

(e) On matters on which Limited Partners are entitled to vote, each Limited Partner holding OP Units shall have a vote equal to the number of OP Units held.

(f) Except as otherwise expressly provided in this Agreement, the Consent of Holders of Partnership Interests representing a majority of the Partnership Interests of the Limited Partners shall control.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01. **Addresses and Notice**. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication (including by telecopy, facsimile, or commercial courier service) to the Partner or Assignee at the address set forth in **Exhibit A** or such other address of which the Partner shall notify the General Partner in writing.

Section 15.02. **Titles and Captions**. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" or "Sections" are to Articles and Sections of this Agreement.

Section 15.03. **Pronouns and Plurals**. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and *vice versa*.

Section 15.04. **Further Action**. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.05. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.06. **Waiver**.

(a) No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

(b) The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time; **provided, however, that** any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Limited Partner, (ii) causing the Partnership to cease to qualify as a limited partnership, (iii) reducing the amount of cash otherwise distributable to the Limited Partners (other than any such reduction that affects all of the Limited Partners holding the same class or series of Partnership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Limited Partners holding such class or series of Partnership Units), (iv) resulting in the classification of the Partnership as an association or publicly traded partnership taxable as a corporation for federal income tax purposes or (v) violating the Securities Act, the Exchange Act or any state "blue sky" or other securities laws; and **provided, further, that** any waiver relating to compliance with the Ownership Limit or other restrictions in the Charter shall be made and shall be effective only as provided in the Charter.

Section 15.07. **Counterparts**. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.08. **Applicable Law**. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

Section 15.09. **Entire Agreement**. This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership.

Section 15.10. **Invalidity of Provisions**. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11. **Limitation to Preserve REIT Qualification**. Notwithstanding anything else in this Agreement, to the extent that the amount paid, credited, distributed or reimbursed by the Partnership to the General Partner or its officers, directors, members, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "**REIT Payment**"), would constitute gross income to the General Partner for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to the General Partner, shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.9% of the General Partner's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (H) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the General Partner from sources other than those described in subsections (A) through (H) of Code Section 856(c)(2) (but not including the amount of any REIT Payments); or

(ii) an amount equal to the excess, if any, of (a) 24% of the General Partner's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the General Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments); **provided**, **however**, **that** REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts shall not adversely affect the General Partner's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this **Section 15.11**, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year. The purpose of the limitations contained in this **Section 15.11** is to prevent the General Partner from failing to qualify as a REIT under the Code by reason of the General Partner's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this **Section 15.11** shall be interpreted and applied to effectuate such purpose.

Section 15.12. **No Partition**. No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such

property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.13. **No Third-Party Rights Created Hereby**. The provisions of this Agreement are solely for the purpose of defining the interests of the Partners, *inter se*; and no other person, firm or entity (*i.e.*, a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement. No creditor or other third party having dealings with the Partnership (other than as expressly set forth herein with respect to Indemnitees) shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.14. **No Rights as Stockholders of the General Partner**. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Units any rights whatsoever as stockholders of the General Partner, including without limitation any right to receive dividends or other distributions made to members of the General Partner, or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the General Partner or any other matter.

Section 15.15. **Creditors**. Other than as expressly set forth herein with respect to Indemnitees, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

[*signature page follows*]

IN WITNESS WHEREOF, this Agreement of Limited Partnership has been executed as of the date first written above.

GENERAL PARTNER:

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

LIMITED PARTNERS:

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

MISSIONPOINT HA PARALLEL FUND III, LLC

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

BRENDAN HERRON

By: /s/ Brendan Herron
Name: Brendan Herron
Title: Chief Financial Officer and Executive Vice President

Exhibit A
PARTNERS AND PARTNERSHIP UNITS

[Intentionally Left Blank]

Exhibit B
NOTICE OF REDEMPTION

To: Hannon Armstrong Sustainable Infrastructure Capital, Inc.
1906 Towne Centre Blvd Suite 370
Annapolis, MD 21401

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption OP Units in Hannon Armstrong Sustainable Infrastructure, L.P. in accordance with the terms of the Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P., dated as of April 23, 2013 (the "Agreement"), and the Redemption rights referred to therein. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such OP Units and any certificate therefor at the closing of the Redemption and (ii) to furnish to the General Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 8.06 of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares Amount, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that:

(i) the undersigned Limited Partner or Assignee is a Qualifying Party,

(ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such OP Units, free and clear of the rights or interests of any other person or entity,

(iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Partnership Units as provided herein, and

(iv) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that he will continue to own such OP Units until and unless either (1) such OP Units are acquired by the General Partner pursuant to Section 8.06.B of the Agreement or (2) such redemption transaction closes.

All capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to them respectively in the Agreement.

Dated: _____

Name of Limited Partner or Assignee:

_____

_____

(Signature of Limited Partner or Assignee)

_____

(Street Address)

_____

_____

_____

(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

_____

Issue Check Payable/REIT Shares to: _____

Name: _____

Please insert social security or identifying number: _____

Exhibit 10.1

2013 HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

EQUITY INCENTIVE PLAN

2013 HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
EQUITY INCENTIVE PLAN

Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation, wishes to attract officers, Directors (as defined below), key employees, consultants, advisers and other personnel to the Company and its Subsidiaries and induce officers, Directors, key employees, consultants, advisers and other personnel to remain with the Company and its Subsidiaries, and encourage them to increase their efforts to make the Company's business more successful whether directly or through its Subsidiaries. In furtherance thereof, the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan is designed to provide equity-based incentives to Eligible Persons. Awards under the Plan may be made to Eligible Persons in the form of Options, Stock Appreciation Rights, Restricted Stock, Phantom Shares, Dividend Equivalent Rights, LTIP Units, other restricted limited partnership units and other forms of equity-based compensation.

1. **DEFINITIONS**

Whenever used herein, the following terms shall have the meanings set forth below:

"Affiliate" means any entity other than a Subsidiary that is controlled by or under common control with the Company that is designated as an "Affiliate" by the Committee in its discretion.

"Award," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options,Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Phantom Shares, Dividend Equivalent Rights, LTIP Units, other restricted limited partnership units and other equity-based Awards as contemplated herein.

"Award Agreement" means a written agreement in a form approved by the Committee to be entered into between the Company and the Grantee as provided in Section 3.

"Board" means the Board of Directors of the Company.

"Cause" means, unless otherwise provided in the Grantee's Award Agreement or employment agreement, (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect, (ii) failing to adhere to the directions of superiors or the Board or the written policies and practices of the Company or its Subsidiaries or its Affiliates, (iii) the commission of a felony or a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company or its Subsidiaries, or any Affiliate thereof, (iv) fraud, misappropriation or embezzlement of the Company's or any Subsidiary's funds or other assets or other acts deemed by the Committee in the good faith exercise of its sole discretion to be an act of dishonesty in respect to the Company or any Subsidiary, (v) material violation of any statutory or common law duty of loyalty to the Company or any Subsidiary, (vi) a material breach of the Grantee's employment agreement (if any) with the Company or its Subsidiaries or its Affiliates (subject to any cure period therein provided), (vii) willfully refusing to perform or substantially disregarding the duties properly assigned to the Grantee by the Company (other than as a result of Disability), or (viii) any significant activities materially harmful to the reputation of the Company or its Subsidiaries or its Affiliates.

"Change in Control" means, unless otherwise provided in an Award Agreement, the happening of any of the following:

(i) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding the Company, any entity controlling, controlled by or under common control with the Company, any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any such entity, and with respect to any particular Grantee, the Grantee and any "group" (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Grantee is a member, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of either (A) the combined voting power of the Company's then outstanding securities or (B) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); provided, however, that, in no event shall a Change in Control be deemed to have occurred upon an IPO of the Common Stock under the Securities Act or any of the transactions contemplated to occur concurrently therewith; or

(ii) any consolidation, merger or statutory share exchange of the Company where the stockholders of the Company, immediately prior to the consolidation, merger or statutory share exchange, would not, immediately after the consolidation, merger or statutory share exchange, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation, merger or statutory share exchange (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24 calendar month period (the "Incumbent Directors") cease for any reason other than due to death or Disability to constitute at least a majority of the members of the Board; provided that any Director whose election, or nomination for election by the Company's stockholders, was approved or ratified by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24 calendar month period shall be deemed to be an Incumbent Director.

Notwithstanding the foregoing, no event or condition shall constitute a Change in Control to the extent that, if it were, a 20% tax would be imposed upon or with respect to any Award under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Change in Control to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Committee" means the compensation committee appointed by the Board under Section 3 and if no compensation committee has been appointed, then Committee shall refer to the Board.

"Common Stock" means the Company's common stock, par value $.01 per share, either currently existing or authorized hereafter.

"Company" means Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation.

"Director" means a non-employee director of the Company or its Subsidiaries.

"Disability" means, the occurrence of an event which would entitle an employee of the Company to the payment of disability income under one of the Company's approved long-term disability income plans or, in the absence of such a plan, unless otherwise provided by the Committee in the Grantee's employment agreement or Award Agreement, a disability which renders the Grantee incapable of performing all of his or her material duties for a period of at least 180 consecutive or non-consecutive days during any consecutive twelve-month period. Notwithstanding the foregoing, no circumstances or condition shall constitute a Disability to the extent that, if it were, a 20% tax would be imposed upon or with respect to any Award under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax.

"Dividend Equivalent Right" means a right awarded under Section 8 of the Plan to receive (or have credited) the equivalent value of dividends paid on Common Stock.

"Effective Date" means April 23, 2013.

"Eligible Person" means an officer, Director, key employee, consultant or adviser of the Company or its Subsidiaries or other person expected to provide significant services (of a type expressly approved by the Committee as covered services for these purposes) to the Company or its Subsidiaries.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fair Market Value" per Share as of a particular date means (i) if Shares are then listed on a national securities exchange or quoted or reported on a national quotation system, the closing sales price per Share on the exchange or system for the applicable date or, if there are no sales on such date, for the last preceding date on which there was a sale of Shares on such exchange or system; (ii) if Shares are not then listed on a national securities exchange or quoted on a national quotation system but are then traded on an over-the-counter market, the average of the closing bid and asked prices for the Shares in such over-the-counter market for the date in question, or, if there are no bid and asked prices on such date, for the last preceding date on which there was a sale of such Shares in such market; or (iii) if Shares are not then listed on a national securities exchange, quoted on a national quotation system or traded on an over-the-counter market, such value as the Committee in its discretion may in good faith determine; provided that, where the Shares are so listed or traded, the Committee may make such discretionary determinations where the Shares have not been traded for 10 trading days. Notwithstanding the foregoing, with respect to any "stock right" within the meaning of Section 409A of the Code, Fair Market Value shall not be less than the "fair market value" of the shares of Common Stock determined in accordance with the final regulations promulgated under Section 409A of the Code.

"Grantee" means an Eligible Person to whom an Award is granted hereunder.

"IPO" means the consummation of the first fully underwritten, firm commitment public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Company of its Common Stock, or such other event as a result of or following which the Common Stock shall be publicly held.

"Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422(b) of the Code.

"LTIP Unit" means a restricted limited partner profits interests in the Partnership.

"Non-Qualified Stock Option" means an Option which is not an Incentive Stock Option.

"Option" means the right to purchase, at a price and for the term fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions in the Plan and the applicable Award Agreement, a number of Shares determined by the Committee.

"Option Price" means the price per Share, determined by the Committee, at which an Option may be exercised.

"OP Units" means units representing limited partnership interests in the Partnership.

"Partnership" means Hannon Armstrong Sustainable Infrastructure, L.P., a Delaware limited partnership.

"Performance Goals" have the meaning set forth in Section 10.

"Performance Period" means any period designated by the Committee for which Performance Criteria (as defined in Exhibit A) shall be calculated.

"Phantom Share" means a right, pursuant to the Plan, of the Grantee to payment of the Phantom Share Value in accordance with Section 7.

"Phantom Share Value," per Phantom Share, means the Fair Market Value of a Share or, if so provided by the Committee, such Fair Market Value to the extent in excess of a base value established by the Committee at the time of grant (which base value may not be less than the Fair Market Value of the underlying Shares at the date of grant).

"Plan" means the Company's 2013 Equity Incentive Plan, as set forth herein and as the same may from time to time be amended.

"REIT" shall mean a real estate investment trust under Sections 856 through 860 of the Code.

"REIT Requirements" means the requirements to qualify as a REIT under the Code and the rules and regulations promulgated thereunder.

"Restricted Stock" means an award of Shares that are subject to restrictions in accordance with Section 6.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Settlement Date" means the date determined under Section 7.4(c).

"Shares" means shares of Common Stock of the Company.

"Stock Appreciation Right" means a right described in Section 5.7.

"Subsidiary" means any corporation (other than the Company), partnership or other entity of which at least 50% of the economic interest in the equity or voting power is owned (directly or indirectly) by the Company. In the event the Company becomes such a subsidiary of another company (directly or indirectly), the provisions hereof applicable to subsidiaries shall, unless otherwise determined by the Committee, also be applicable to such parent company.

"Termination of Service" means a Grantee's termination of employment or other service, as applicable, with the Company, its Subsidiaries and, as applicable, Affiliates. Cessation of service as an officer, Director, key employee, consultant, adviser or other personnel shall not be treated as a Termination of Service if the Grantee continues without interruption to serve thereafter in another one (or more) of such other capacities. With respect to any Award subject to Section 409A of the Code, Termination of Service shall be a "separation from service" as interpreted within the meaning of Section 409A of the Code and Treasury Regulation 1.409A-1(h).

2. EFFECTIVE DATE AND TERMINATION OF PLAN

The effective date of the Plan is April 23, 2013. The Plan shall terminate on, and no Award shall be granted hereunder on or after, the 10-year anniversary of the earlier of the approval of the Plan by (i) the Board or (ii) the stockholders of the Company; provided, however, that the Board may at any time prior to that date terminate the Plan.

3. ADMINISTRATION OF PLAN

(a) The Plan shall be administered by the Committee. The Committee, upon and after such time as it is covered in Section 16 of the Exchange Act, shall consist of at least two individuals each of whom shall be a "nonemployee director" as defined in Rule 16b-3 as promulgated by the Securities and Exchange Commission ("**Rule 16b-3**") under the Exchange Act and shall, at such times as the Company is subject to Section 162(m) of the Code (to the extent relief from the limitation of Section 162(m) of the Code is sought with respect to Awards), qualify as "outside directors" for purposes of Section 162(m) of the Code; provided that no action taken by the Committee (including without limitation grants) shall be invalidated because any or all of the members of the Committee fails to satisfy the foregoing requirements of this sentence. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee for purposes of the Plan. If and to the extent applicable, no member of the Committee may act as to matters under the Plan specifically relating to such member. Notwithstanding the other foregoing provisions of this Section 3(a), any Award under the Plan to a person who is a member of the Committee shall be made and administered by the Board. If no Committee is designated by the Board to act for these purposes, the Board shall have the rights and responsibilities of the Committee hereunder and under the Award Agreements.

(b) Subject to the provisions of the Plan, the Committee shall in its discretion as reflected by the terms of the Award Agreements (i) authorize the granting of Awards to Eligible Persons; (ii) determine the eligibility of an Eligible Person to receive an Award (subject to the individual participant limitations provided hereunder), as well as determine the number of Shares to be covered under any Award Agreement, considering the position and responsibilities of the Eligible Person, the nature and value to the Company of the Eligible Person's present and potential contribution to the success of the Company whether directly or through its Subsidiaries or Affiliates and such other factors as the Committee may

deem relevant; (iii) determine the terms, provisions and conditions of each Award (which may not be inconsistent with the terms of the Plan); (iv) prescribe the form of instruments evidencing such awards; (v) make recommendations to the Board with respect to any Award that is subject to Board approval; and (vi) take such other actions as are prescribed under the Plan, including, without limitation, Section 13 herein.

(c) The Award Agreement shall contain such other terms, provisions and conditions not inconsistent herewith as shall be determined by the Committee. In the event that any Award Agreement or other agreement hereunder provides (without regard to this sentence) for the obligation of the Company or any Subsidiary or Affiliate thereof to purchase or repurchase Shares from a Grantee or any other person, then, notwithstanding the provisions of the Award Agreement or such other agreement, such obligation shall not apply to the extent that the purchase or repurchase would not be permitted under governing state law. The Grantee shall take whatever additional actions and execute whatever additional documents the Committee may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of the Plan and the Award Agreement.

4. SHARES AND UNITS SUBJECT TO THE PLAN

4.1 *In General*.

(a) Subject to Section 4.2, and subject to adjustments as provided in Section 14, the total number of Shares subject to Awards granted under the Plan, in the aggregate, may not exceed 7.5% of the Shares issued and outstanding from time to time on a fully diluted basis (assuming, if applicable, the exercise of all outstanding Options and the conversion of all warrants and convertible securities, including OP Units and LTIP Units, into Shares). Shares distributed under the Plan shall be authorized but unissued Shares. Any Shares that have been granted as Restricted Stock or that have been reserved for distribution in payment for Options, Phantom Shares or other equity-based Awards under Section 9 but are later forfeited or for any other reason are not payable under the Plan may again be made the subject of Awards under the Plan.

(b) Shares subject to Dividend Equivalent Rights, other than Dividend Equivalent Rights based directly on the dividends payable with respect to Shares subject to Options or the dividends payable on a number of Shares corresponding to the number of Phantom Shares awarded, shall be subject to the limitation of Section 4.1(a). If any Phantom Shares, Dividend Equivalent Rights or other equity-based Awards under Section 9 are paid out in cash, then, notwithstanding Section 4.1(a) above, the underlying Shares may again be made the subject of Awards under the Plan.

(c) Any certificates for Shares or other evidence of ownership issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Award Agreement, or as the Committee may otherwise deem appropriate.

(d) Notwithstanding any provision hereunder, no Award hereunder shall be exercisable or eligible for settlement if, as a result of either the ability to exercise or settle, or the exercise or settlement of such Award, the Company would not satisfy the REIT Requirements in any respect.

(e) For purposes of the Plan, the Company shall not be treated as being subject to Section 162(m) of the Code during the period Awards granted hereunder are exempt from the limitation on tax deductibility under Section 162(m) of the Code by reason of the post-initial public offering transition relief set forth in Treasury Regulation Section 1.162-27(f).

5. **PROVISIONS APPLICABLE TO STOCK OPTIONS**

5.1 *Grant of Option.*

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: (i) determine and designate from time to time those Eligible Persons to whom Options are to be granted and the number of Shares to be optioned to each Eligible Person; (ii) determine whether to grant Options intended to be Incentive Stock Options, or to grant Non-Qualified Stock Options, or both (to the extent that any Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option); provided that Incentive Stock Options may only be granted to employees of the Company or its Subsidiaries; (iii) determine the time or times when and the manner and condition in which each Option shall be exercisable and the duration of the exercise period; (iv) designate each Option as one intended to be an Incentive Stock Option or as a Non-Qualified Stock Option; and (v) determine or impose other conditions to the grant or exercise of Options under the Plan as it may deem appropriate.

5.2 *Option Price.*

The Option Price shall be determined by the Committee on the date the Option is granted and reflected in the Award Agreement, as the same may be amended from time to time. Any particular Award Agreement may provide for different Option Prices for specified amounts of Shares subject to the Option; provided that the Option Price with respect to each Option shall not be less than 100% of the Fair Market Value of a Share on the day the Option is granted.

5.3 *Period of Option and Vesting.*

(a) Unless earlier expired, forfeited or otherwise terminated, each Option shall expire in its entirety upon the 10th anniversary of the date of grant or shall have such other term (which may be shorter, but not longer, in the case of Incentive Stock Options) as is set forth in the applicable Award Agreement (except that, in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners) who is granted an Incentive Stock Option, the term of such Option shall be no more than five years from the date of grant). The Option shall also expire, be forfeited and terminate at such times and in such circumstances as otherwise provided hereunder or under the Award Agreement.

(b) Each Option, to the extent that the Grantee thereof has not had a Termination of Service and the Option has not otherwise lapsed, expired, terminated or been forfeited, shall first become exercisable (vested) according to the terms and conditions set forth in the Award Agreement, as determined by the Committee at the time of grant. Unless otherwise provided in the Award Agreement or herein, no Option (or portion thereof) shall ever be exercisable if the Grantee has a Termination of Service before the time at which such Option (or portion thereof) would otherwise have become exercisable, and any Option that would otherwise become exercisable after such Termination of Service shall not become exercisable and shall be forfeited upon such termination. Notwithstanding the foregoing provisions of this Section 5.3(b), Options exercisable pursuant to the schedule set forth by the Committee at the time of grant may be fully or more rapidly exercisable or otherwise vested at any time in the discretion of the Committee. Upon and after the death of an Grantee, such Grantee's Options, if and to the extent otherwise exercisable hereunder or under the applicable Award Agreement after the Grantee's death, may be exercised by the Successors of the Grantee.

5.4 *Exercisability Upon and After Termination of Grantee.*

(a) Except as provided in an applicable employment agreement or Award Agreement, in the event a Grantee of an Option has a Termination of Service other than by the Company or its Subsidiaries for Cause or other than by reason of death or Disability, no exercise of a vested Option may occur after the expiration of the three-month period to follow the termination, or if earlier, the expiration of the term of the Option as provided under Section 5.3(a); provided that, if the Grantee should die after the Termination of Service, such termination being for a reason other than Disability or Cause, but while the Option is still in effect, the Option (if and to the extent otherwise exercisable by the Grantee at the time of death) may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Grantee, or (ii) the date on which the term of the Option expires in accordance with Section 5.3(a).

(b) Subject to provisions of the Award Agreement, in the event the Grantee has a Termination of Service on account of death or Disability, the Option to the extent vested may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Grantee, or (ii) the date on which the term of the Option expires in accordance with Section 5.3.

(c) Notwithstanding any other provision hereof, unless otherwise provided in the employment agreement or Award Agreement, if the Grantee has a Termination of Service by the Company, a Subsidiary or Affiliate for Cause the Grantee's Options, to the extent then unexercised, shall thereupon cease to be exercisable and shall be forfeited forthwith (whether or not the Options were exercisable previously).

(d) Except as may otherwise be expressly set forth in thisSection 5, and except as may otherwise be expressly provided under the Award Agreement, no provision of this Section 5 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable before or upon Termination of Service.

5.5 *Exercise of Options.*

(a) Subject to vesting, restrictions on exercisability and other restrictions provided for hereunder or otherwise imposed in accordance herewith, an Option may be exercised, and payment in full of the aggregate Option Price made, by a Grantee only by written notice (in the form prescribed by the Committee) to the Company or its designee specifying the number of Shares to be purchased.

(b) Without limiting the scope of the Committee's discretion hereunder, the Committee may impose such other restrictions on the exercise of Options (whether or not in the nature of the foregoing restrictions) as it may deem necessary or appropriate.

5.6 *Payment.*

(a) The aggregate Option Price shall be paid in full upon the exercise of the Option. Payment must be made by one of the following methods:

(i) a certified or bank cashier's check;

(ii) subject to Section 12(e), the proceeds of a Company loan program or third-party sale program or a notice acceptable to the Committee given as consideration under such a program, in each case if permitted by the Committee in its discretion, if such a program has been established and the Grantee is eligible to participate therein;

(iii) if approved by the Committee in its discretion, Shares of previously owned Common Stock, which have been previously owned for more than six months, having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price;

(iv) other than as prohibited under Section 13(k) of the Exchange Act, if approved by the Committee in its discretion, through the written election of the Grantee to have Shares withheld by the Company from the Shares otherwise to be received, with such withheld Shares having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price; or

(v) by any combination of such methods of payment or any other method acceptable to the Committee in its discretion.

(b) Except in the case of Options exercised by certified or bank cashier's check, the Committee may impose limitations and prohibitions on the exercise of Options as it deems appropriate, including, without limitation, any limitation or prohibition designed to avoid accounting consequences which may result from the use of Common Stock as payment upon exercise of an Option.

(c) The Committee shall provide in the Award Agreement the extent (if any) to which an Option may be exercised with respect to any fractional Share, including whether any fractional Shares resulting from a Grantee's exercise may be paid in cash.

5.7 *Stock Appreciation Rights.*

The Committee, in its discretion, may also grant a Stock Appreciation Right by permitting the Grantee to elect to receive (taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate), upon the exercise of an Option, Shares with an aggregate Fair Market Value equal to the excess of the Fair Market Value of the Shares with respect to which the Option is being exercised over the aggregate Option Price, as determined as of the day the Option is exercised; provided that, after consideration of possible accounting issues, the Committee may permit a Stock Appreciation Right to be settled in a combination of Shares and cash, or exclusively in cash, with an aggregate Fair Market Value (or, to the extent of payment in cash, in an amount) equal to such excess. Without limiting the Committee's discretion hereunder, the Committee is expressly authorized to cause the grant of a Stock Appreciation Right (i) in tandem with an otherwise exercisable underlying Option, by having the method of exercise under this Section 5.7 apply in addition to other methods of exercise, as to all or a portion of any particular Award under this Section 5, or (ii) as a free-standing right, by having the method of exercise under this Section 5.7 be the exclusive method of exercise.

5.8 *Exercise by Successors.*

An Option may be exercised, and payment in full of the aggregate Option Price made, by the Successors of the Grantee only by written notice (as may be prescribed by the Committee) to the Company specifying the number of Shares to be purchased. Such notice shall state that the aggregate Option Price will be paid in full, or that the Option will be exercised as otherwise provided hereunder, in the discretion of the Company or the Committee, if and as applicable.

5.9 *Non-transferability of Option.*

Except if otherwise provided in the applicable Award Agreement, each Option granted under the Plan shall be nontransferable by the Grantee except by will or the laws of descent and distribution of the state wherein the Grantee is domiciled at the time of his death; provided, however, that the Committee

may (but need not) permit other transfers, where the Committee concludes that such transferability (i) does not result in accelerated U.S. federal income taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Section 422(b) of the Code, (iii) complies with applicable law, including securities laws, and (iv) is otherwise appropriate and desirable.

5.10 *Certain Incentive Stock Option Provisions.*

(a) In no event may an Incentive Stock Option be granted other than to employees of the Company or a "subsidiary corporation" (as defined in Section 424(f) of the Code) or a "parent corporation" (as defined in Section 424(e) of the Code) with respect to the Company. The aggregate Fair Market Value, determined as of the date an Option is granted, of the Common Stock for which any Grantee may be awarded Incentive Stock Options which are first exercisable by the Grantee during any calendar year under the Plan (or any other stock option plan required to be taken into account under Section 422(d) of the Code) shall not exceed $100,000. To the extent the $100,000 limit referred to in the preceding sentence is exceeded, an Option will be treated as a Non-Qualified Stock Option.

(b) If Shares acquired upon exercise of an Incentive Stock Option are disposed of in a disqualifying disposition within the meaning of Section 422 of the Code by an Grantee prior to the expiration of either two years from the date of grant of such Option or one year from the transfer of Shares to the Grantee pursuant to the exercise of such Option, or in any other disqualifying disposition within the meaning of Section 422 of the Code, such Grantee shall notify the Company in writing as soon as practicable thereafter of the date and terms of such disposition and, if the Company (or any Affiliate thereof) thereupon has a tax-withholding obligation, shall pay to the Company (or such Affiliate) an amount equal to any withholding tax the Company (or Affiliate) is required to pay as a result of the disqualifying disposition.

(c) Without limiting the application of Section 5.2, the Option Price with respect to each Incentive Stock Option shall not be less than 100%, or 110% in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners), of the Fair Market Value of a Share on the day the Option is granted. In the case of an individual described in Section 422(b)(6) of the Code who is granted an Incentive Stock Option, the term of such Option shall be no more than five years from the date of grant.

6. PROVISIONS APPLICABLE TO RESTRICTED STOCK

6.1 *Grant of Restricted Stock.*

(a) In connection with the grant of Restricted Stock, whether or not Performance Goals (as provided for under Section 10) apply thereto, the Committee shall establish one or more vesting periods with respect to the shares of Restricted Stock granted, the length of which shall be determined in the discretion of the Committee and set forth in the applicable Award Agreement. Subject to the provisions of this Section 6, the applicable Award Agreement and the other provisions of the Plan, restrictions on Restricted Stock shall lapse if the Grantee satisfies all applicable employment or other service requirements through the end of the applicable vesting period. The Committee also may authorize the granting of Shares that are immediately vested, but otherwise subject to the provisions of the Plan applicable to Restricted Stock.

(b) Subject to the other terms of the Plan, the Committee may, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Restricted Stock to Eligible Persons; (ii) provide a specified purchase price for the Restricted Stock (whether or not the payment of a purchase price is required by any state law applicable to the Company); (iii) determine the restrictions applicable to Restricted Stock and (iv) determine or impose other conditions, including any applicable Performance Goals, to the grant of Restricted Stock under the Plan as it may deem appropriate.

6.2 *Certificates.*

(a) In the discretion of the Committee, each Grantee of Restricted Stock may be issued a stock certificate in respect of Shares of Restricted Stock awarded under the Plan. Each such certificate shall be registered in the name of the Grantee. A "book entry" (by computerized or manual entry) shall be made in the records of the Company or its designee to evidence an award of Restricted Stock where no certificate is issued in the name of the Grantee. Each certificate, if any, shall be registered in the name of the Grantee and may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the applicable Award Agreement, or as the Committee may otherwise deem appropriate, and, without limiting the generality of the foregoing, shall bear a legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC. EQUITY INCENTIVE PLAN AND AN AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC. COPIES OF SUCH PLAN AND AWARD AGREEMENT ARE ON FILE IN THE OFFICES OF HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC. AT 1906 TOWNE CENTRE BVLD, SUITE 370, ANNAPOLIS, MARYLAND.

(b) The Committee shall require that any stock certificates evidencing such Shares be held in custody by the Company or its designee until the restrictions thereon shall have lapsed, and may in its discretion require that, as a condition of any Award of Restricted Stock, the Grantee shall have delivered to the Company or its designee a stock power, endorsed in blank, relating to the stock covered by such Restricted Stock Award. If and when such restrictions so lapse, any stock certificates shall be delivered by the Company to the Grantee or his or her designee (and the stock power shall be so delivered or shall be discarded).

6.3 *Restrictions and Conditions.*

Unless otherwise provided by the Committee in an Award Agreement, the Shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of the Plan and the applicable Award Agreements, during a period commencing with the date of such Award and ending on the date the period of forfeiture with respect to such Shares of Restricted Stock lapses, the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign Shares of Restricted Stock awarded under the Plan (or have such Shares attached or garnished). Subject to the provisions of the applicable Award Agreements and clauses (iii) and (iv) below, the period of forfeiture with respect to Shares of Restricted Stock granted hereunder shall lapse as provided in the applicable Award Agreement. Notwithstanding the foregoing, unless otherwise expressly provided by the Committee, the period of forfeiture with respect to such Shares of Restricted Stock shall only lapse as to whole Shares.

(ii) Except as provided in the foregoing clause (i), below in this clause (ii), in Section 14, or as otherwise provided in the applicable Award Agreement, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the Shares, and, except as provided below, the right to receive any cash dividends; provided, however, that, if provided in an Award Agreement, cash dividends on such Shares shall be (A) held by the Company (unsegregated as a part of its general assets) until the period of forfeiture lapses (and forfeited if the underlying Shares are forfeited), and paid over to the Grantee (without interest) as soon as practicable after such period lapses (if not forfeited), or (B) treated as may otherwise be provided in an Award Agreement.

(iii) Except as otherwise provided in an applicable employment agreement or Award Agreement, if the Grantee has a Termination of Service for any reason during the applicable period of forfeiture, then (A) all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee, and (B) the Company shall pay to the Grantee as soon as practicable (and in no event more than 30 days) after such termination an amount, if any, equal to the lesser of (x) the amount paid by the Grantee, if any, for such forfeited Restricted Stock as contemplated by Section 6.1, and (y) the Fair Market Value on the date of termination of the forfeited Restricted Stock.

7. PROVISIONS APPLICABLE TO PHANTOM SHARES

7.1 *Grant of Phantom Shares.*

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Phantom Shares to Eligible Persons and (ii) determine or impose other conditions to the grant of Phantom Shares under the Plan as it may deem appropriate.

7.2 *Term.*

The Committee may provide in an Award Agreement that any particular Phantom Share shall expire at the end of a specified term.

7.3 *Vesting.*

(a) Subject to the provisions of an applicable Award Agreement and Section 7.3(b), Phantom Shares shall vest as provided in the applicable Award Agreement.

(b) Unless otherwise determined by the Committee in an applicable Award Agreement, in the event that a Grantee has a Termination of Service, any and all of the Grantee's Phantom Shares which have not vested prior to or as of such termination shall thereupon, and with no further action, be forfeited and cease to be outstanding and the Grantee's vested Phantom Shares shall be settled as set forth in Section 7.4.

7.4 *Settlement of Phantom Shares.*

(a) Except as otherwise provided by the Committee, each vested and outstanding Phantom Share shall be settled by the transfer to the Grantee of one Share; provided, however, that, the Committee at the

time of grant (or, in the appropriate case, as determined by the Committee, thereafter) may provide that, after consideration of possible accounting issues, a Phantom Share may be settled (i) in cash at the applicable Phantom Share Value, (ii) in cash or by transfer of Shares as elected by the Grantee in accordance with procedures established by the Committee (if any) or (iii) in cash or by transfer of Shares as elected by the Company.

(b) Payment (whether of cash or Shares) in respect of Phantom Shares shall be settled with a single-sum payment or distribution by the Company; provided that, with respect to Phantom Shares of a Grantee which have a common Settlement Date, the Committee (taking into account, without limitation, Section 409A of the Code, as the Committee may deem appropriate) may permit the Grantee to elect in accordance with procedures established by the Committee to receive installment payments over a period not to exceed 10 years. If the Grantee's Phantom Shares are paid out in installment payments, such installment payments shall be treated as a series of separate payments for purposes of Section 409A of the Code.

(c)(i) Unless otherwise provided in the applicable Award Agreement, the "Settlement Date" with respect to a Phantom Share is the first day of the month to follow the date on which the Phantom Share vests; provided, however, that a Grantee may elect at or prior to grant, if permitted by and in accordance with procedures to be established by the Committee, that such Settlement Date will be deferred as elected by the Grantee to the first day of the month to follow the Grantee's Termination of Service, or such other time as may be permitted by the Committee. Notwithstanding the prior sentence, all initial elections to defer the Settlement Date shall be made in accordance with the requirements of Section 409A of the Code. In addition, unless otherwise determined by the Committee, any subsequent elections under this Section 7.4(c)(i) must, except as may otherwise be permitted under the rules applicable under Section 409A of the Code, (A) not be effective for at least one year after they are made, or, in the case of payments to commence at a specific time, be made at least one year before the first scheduled payment and (B) defer the commencement of distributions (and each affected distribution) for at least five years.

(ii) Notwithstanding Section 7.4(c)(i), the Committee may provide that distributions of Phantom Shares can be elected at any time in those cases in which the Phantom Share Value is determined by reference to Fair Market Value to the extent in excess of a base value, rather than by reference to unreduced Fair Market Value.

(iii) Notwithstanding the foregoing, the Settlement Date, if not earlier pursuant to this Section 7.4(c), is the date of the Grantee's death.

(d) Notwithstanding the other provisions of this Section 7, taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate, in the event of a Change in Control, the Settlement Date shall be the date of such Change in Control and all amounts due with respect to Phantom Shares to a Grantee hereunder shall be paid as soon as practicable (but in no event more than 30 days) after such Change in Control, unless such Grantee elects otherwise in accordance with procedures established by the Committee.

(e) Notwithstanding any other provision of the Plan, taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate, a Grantee may receive any amounts to be paid in installments as provided in Section 7.4(b) or deferred by the Grantee as provided in Section 7.4(c) in the event of an "Unforeseeable Emergency." For these purposes, an "Unforeseeable Emergency" means an event that would cause a severe financial hardship to the Grantee resulting from (x) a sudden and unexpected illness or accident of the Grantee or "dependent," as defined in Section 152(a) of the Code, of the Grantee, (y) loss of the Grantee's property due to casualty, or (z)

other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Grantee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise,

(ii) by liquidation of the Grantee's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(iii) by future cessation of the making of additional deferrals with respect to Phantom Shares.

Without limitation, the need to send a Grantee's child to college or the desire to purchase a home shall not constitute an Unforeseeable Emergency. Distributions of amounts because of an Unforeseeable Emergency shall be permitted to the extent reasonably needed to satisfy the emergency need.

7.5 *Other Phantom Share Provisions.*

(a) Except as permitted by the Committee, rights to payments with respect to Phantom Shares granted under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment, levy, execution, or other legal or equitable process, either voluntary or involuntary; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish, or levy or execute on any right to payments or other benefits payable hereunder, shall be void.

(b) A Grantee may designate in writing, on forms to be prescribed by the Committee, a beneficiary or beneficiaries to receive any payments payable after his or her death and may amend or revoke such designation at any time. If no beneficiary designation is in effect at the time of a Grantee's death, payments hereunder shall be made to the Grantee's estate. If a Grantee with a vested Phantom Share dies, such Phantom Share shall be settled and the Phantom Share Value in respect of such Phantom Shares paid, and any payments deferred pursuant to an election under Section 7.4(c) shall be accelerated and paid, as soon as practicable (but no later than 60 days) after the date of death to such Grantee's beneficiary or estate, as applicable.

(c) The Committee may, taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate, establish a program under which distributions with respect to Phantom Shares may be deferred for periods in addition to those otherwise contemplated by the foregoing provisions of this Section 7. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Grantees may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

(d) Notwithstanding any other provision of this Section 7, any fractional Phantom Share will be paid out in cash at the Phantom Share Value as of the Settlement Date.

(e) No Phantom Share shall be construed to give any Grantee any rights with respect to Shares or any ownership interest in the Company. Except as may be provided in accordance with Section 8, no provision of the Plan shall be interpreted to confer upon any Grantee of a Phantom Share any voting, dividend or derivative or other similar rights with respect to any Phantom Share.

7.6 *Claims Procedures.*

(a) To the extent that the Plan is determined by the Committee to be subject to the Employee Retirement Income Security Act of 1974, as amended, the Grantee, or his beneficiary hereunder or authorized representative, may file a claim for payments with respect to Phantom Shares under the Plan by written communication to the Committee or its designee. A claim is not considered filed until such communication is actually received. Within 90 days (or, if special circumstances require an extension of time for processing, 180 days, in which case notice of such special circumstances should be provided within the initial 90-day period) after the filing of the claim, the Committee will either:

(i) approve the claim and take appropriate steps for satisfaction of the claim; or

(ii) if the claim is wholly or partially denied, advise the claimant of such denial by furnishing to him a written notice of such denial setting forth (A) the specific reason or reasons for the denial; (B) specific reference to pertinent provisions of the Plan on which the denial is based and, if the denial is based in whole or in part on any rule of construction or interpretation adopted by the Committee, a reference to such rule, a copy of which shall be provided to the claimant; (C) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of the reasons why such material or information is necessary; and (D) a reference to this Section 7.6 as the provision setting forth the claims procedure under the Plan.

(b) The claimant may request a review of any denial of his claim by written application to the Committee within 60 days after receipt of the notice of denial of such claim. Within 60 days (or, if special circumstances require an extension of time for processing, 120 days, in which case notice of such special circumstances should be provided within the initial 60-day period) after receipt of written application for review, the Committee will provide the claimant with its decision in writing, including, if the claimant's claim is not approved, specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

8. **PROVISIONS APPLICABLE TO DIVIDEND EQUIVALENT RIGHTS**

8.1 *Grant of Dividend Equivalent Rights.*

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the Award Agreements, authorize the granting of Dividend Equivalent Rights to Eligible Persons based on the regular cash dividends declared on Common Stock, to be credited as of the dividend payment dates, during the period between the date an Award is granted, and the date such Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalent Rights shall be converted to cash or additional Shares by such formula and at such time and subject to such limitation as may be determined by the Committee. With respect to Dividend Equivalent Rights granted with respect to Options intended to be qualified performance-based compensation for purposes of Section 162(m) of the Code, such Dividend Equivalent Rights shall be payable regardless of whether such Option is exercised. If a Dividend Equivalent Right is granted in respect of another Award hereunder, then, unless otherwise stated in the Award Agreement, or, in the appropriate case, as determined by the Committee, in no event shall the Dividend Equivalent Right be in effect for a period beyond the time during which the applicable portion of the underlying Award is in effect.

8.2 *Certain Terms.*

(a) The term of a Dividend Equivalent Right shall be set by the Committee in its discretion.

(b) Unless otherwise determined by the Committee, except as contemplated by Section 8.4, a Dividend Equivalent Right is exercisable or payable only while the Grantee is an Eligible Person.

(c) Payment of the amount determined in accordance with Section 8.1 shall be in cash, in Common Stock or a combination of both, as determined by the Committee.

(d) The Committee may impose such employment-related conditions on the grant of a Dividend Equivalent Right as it deems appropriate in its discretion.

8.3 *Other Types of Dividend Equivalent Rights.*

The Committee may establish a program under which Dividend Equivalent Rights of a type whether or not described in the foregoing provisions of this Section 8 may be granted to Grantees. For example, and without limitation, the Committee may grant a Dividend Equivalent Right in respect of each Share subject to an Option or with respect to a Phantom Share, which right would consist of the right (subject to Section 8.4) to receive a cash payment in an amount equal to the dividend distributions paid on a Share from time to time.

8.4 *Deferral.*

The Committee may establish a program or programs (taking into account, without limitation, the possible application of Section 409A of the Code, as the Committee may deem appropriate) under which Grantees (i) will have Phantom Shares credited, subject to the terms of Sections 7.4 and 7.5 as though directly applicable with respect thereto, upon the granting of Dividend Equivalent Rights, or (ii) will have payments with respect to Dividend Equivalent Rights deferred. In the case of the foregoing clause (ii), such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Grantees may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

9. OTHER EQUITY-BASED AWARDS

The Committee shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Committee may determine, including, without limitation, an Award granted or denominated in Shares or units of Shares based upon certain conditions or denominated in other equity interests, including, without limitation, equity interests of the Partnership, such as LTIP Units that are convertible or exchangeable into Shares, or equity interests in other Subsidiaries.

10. PERFORMANCE GOALS

The Committee, in its discretion, may, in the case of any Awards (including, in particular, Awards other than Options) intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code at any time that Section 162(m) applies to the Company, or otherwise ("Performance-Based Awards"), (i) establish one or more Performance Goals ("Performance Goals") as a precondition to the issuance or vesting of Awards, and (ii) provide, in connection with the establishment of the Performance Goals, for predetermined Awards to those Grantees (who continue to meet all applicable eligibility requirements) with respect to whom the applicable Performance Goals are satisfied. The Performance Goals shall be based upon the criteria set forth in Exhibit A hereto which is hereby incorporated herein by reference as though set forth in full. The Performance Goals shall be established in a timely fashion such that they are considered pre-established for purposes of the rules governing performance-based compensation under Section 162(m) of the Code at any time that Section 162(m)

applies to the Company, and compliance with such rules is sought. Prior to the award or vesting, as applicable, of affected Awards hereunder, the Committee shall have certified that any applicable Performance Goals, and other material terms of the Award, have been satisfied. Performance Goals which do not satisfy the foregoing provisions of this Section 10 may be established by the Committee with respect to Awards not intended to qualify for an exception from the limitations imposed by Section 162(m) of the Code.

11. TAX WITHHOLDING

11.1 *In General.*

The Company, or a properly designated paying agent, shall be entitled to withhold from any payments or deemed payments any amount of tax withholding determined by the Committee to be required by law. Without limiting the generality of the foregoing, the Committee may, in its discretion, require the Grantee to pay to the Company at such time as the Committee determines the amount that the Committee deems necessary to satisfy the Company's obligation to withhold federal, state or local income or other taxes incurred by reason of (i) the exercise of any Option, (ii) the lapsing of any restrictions applicable to any Restricted Stock, (iii) the receipt of a distribution in respect of Phantom Shares or Dividend Equivalent Rights or (iv) any other applicable income-recognition event (for example, an election under Section 83(b) of the Code).

11.2 *Share Withholding.*

(a) Upon exercise of an Option, the Grantee may, if approved by the Committee in its discretion, make a written election to have Shares then issued withheld by the Company from the Shares otherwise to be received, or to deliver previously owned Shares, in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes. Where the exercise of an Option does not give rise to an obligation by the Company to withhold federal, state or local income or other taxes on the date of exercise, but may give rise to such an obligation in the future, the Committee may, in its discretion, make such arrangements and impose such requirements as it deems necessary or appropriate.

(b) Upon lapsing of restrictions on Restricted Stock (or other income-recognition event), the Grantee may, if approved by the Committee in its discretion, make a written election to have Shares withheld by the Company from the Shares otherwise to be released from restriction, or to deliver previously owned whole Shares (not subject to restrictions hereunder) (for which such holder has good title, free and clear of all liens and encumbrances), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

(c) Upon the making of a distribution in respect of Phantom Shares or Dividend Equivalent Rights, the Grantee may, if approved by the Committee in its discretion, make a written election to have amounts (which may include Shares) withheld by the Company from the distribution otherwise to be made, or to deliver previously owned whole Shares (not subject to restrictions hereunder) (for which such holder has good title, free and clear of all liens and encumbrances), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, any Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

11.3 *Withholding Required.*

Notwithstanding anything contained in the Plan or the Award Agreement to the contrary, the Grantee's satisfaction of any tax-withholding requirements imposed by the Committee shall be a condition precedent to the Company's obligation as may otherwise be provided hereunder to provide Shares to the Grantee and to the release of any restrictions as may otherwise be provided hereunder, as applicable; and the applicable Option, Restricted Stock, Phantom Shares or Dividend Equivalent Rights shall be forfeited upon the failure of the Grantee to satisfy such requirements with respect to, as applicable, (i) the exercise of the Option, (ii) the lapsing of restrictions on the Restricted Stock (or other income-recognition event) or (iii) distributions in respect of any Phantom Share or Dividend Equivalent Right.

12. **REGULATIONS AND APPROVALS**

(a) The obligation of the Company to sell Shares with respect to an Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

(b) The Committee may make such changes to the Plan as may be necessary or appropriate to comply with the rules and regulations of any government authority or to obtain tax benefits applicable to an Award.

(c) Each grant of Options, Restricted Stock, Phantom Shares (or issuance of Shares in respect thereof) or Dividend Equivalent Rights (or issuance of Shares in respect thereof), or other Award under Section 9 (or issuance of Shares in respect thereof), is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Options, Shares of Restricted Stock, Phantom Shares, Dividend Equivalent Rights, other Awards or other Shares, no payment shall be made, or Phantom Shares or Shares issued or grant of Restricted Stock or other Award made, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions in a manner acceptable to the Committee.

(d) In the event that the disposition of stock acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required under the Securities Act, and the Committee may require any individual receiving Shares pursuant to the Plan, as a condition precedent to receipt of such Shares, to represent to the Company in writing that such Shares are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Securities Act or if there is an available exemption for such disposition.

(e) Notwithstanding any other provision of the Plan, the Company shall not be required to take or permit any action under the Plan or any Award Agreement which, in the good-faith determination of the Company, would result in a material risk of a violation by the Company of Section 13(k) of the Exchange Act.

13. **INTERPRETATION AND AMENDMENTS; OTHER RULES**

The Committee may make such rules and regulations and establish such procedures for the administration of the Plan as it deems appropriate. In the event of conflict between the terms of an Award Agreement and an employment agreement between the Company and the Grantee, absent language to the contrary, the terms of such employment agreement shall be binding. Without limiting the generality of the foregoing, the Committee may (i) determine the extent, if any, to which Options, Phantom Shares or Shares (whether or not Shares of Restricted Stock), Dividend Equivalent Rights or other equity-based Awards shall be forfeited (whether or not such forfeiture is expressly contemplated hereunder); (ii) interpret the Plan and the Award Agreements hereunder, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the Committee who are individuals who served as Committee members before the Change in Control; and (iii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof. In the event of any dispute or disagreement as to the interpretation of the Plan or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan, the decision of the Committee, except as provided in clause (ii) of the foregoing sentence, shall be final and binding upon all persons. Unless otherwise expressly provided hereunder, the Committee, with respect to any grant, may exercise its discretion hereunder at the time of the Award or thereafter. Notwithstanding any provision in the Plan to the contrary, no Option or Stock Appreciation Right (granted pursuant to Section 5.7) issued under the Plan may be amended to reduce the Option Price or the exercise price of such Stock Appreciation Right below the Option Price or exercise price as of the date the Option or Stock Appreciation Right was granted. The Board may amend the Plan as it shall deem advisable, except that no amendment may adversely affect a Grantee with respect to an Award previously granted without such Grantee's written consent unless such amendments are required in order to comply with applicable laws; provided, however, that the Plan may not be amended without stockholder approval in any case in which amendment in the absence of stockholder approval would cause the Plan to fail to comply with any applicable legal requirement or applicable exchange or similar rule.

14. **CHANGES IN CAPITAL STRUCTURE**

(a) If (i) the Company or its Subsidiaries shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company or its Subsidiaries or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of the Company or its Subsidiaries, or any distribution to holders of Common Stock other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the terms of the outstanding Awards, then:

(x) the maximum aggregate number and kind of Shares which may be made subject to Options and Dividend Equivalent Rights under the Plan, the maximum aggregate number and kind of Shares of Restricted Stock that may be granted under the Plan, and the maximum aggregate number of Phantom Shares and other Awards which may be granted under the Plan may be appropriately adjusted by the Committee in its discretion; and

(y) the Committee shall take any such action as in its discretion shall be necessary to maintain each Grantees' rights hereunder (including under their Award Agreements) with respect to Options, Phantom Shares and Dividend Equivalent Rights (and, as appropriate, other Awards under the Plan), so that they are substantially proportionate to the rights existing in such Options,

Phantom Shares and Dividend Equivalent Rights (and other Awards under the Plan) prior to such event, including, without limitation, adjustments in (A) the number of Options, Phantom Shares and Dividend Equivalent Rights (and other Awards under the Plan) granted, (B) the number and kind of shares or other property to be distributed in respect of Options, Phantom Shares and Dividend Equivalent Rights (and other Awards under the Plan, as applicable), (C) the Option Price and Phantom Share Value, and (D) performance-based criteria established in connection with Awards (to the extent consistent with Section 162(m) of the Code, as applicable); provided that, in the discretion of the Committee, the foregoing clause (D) may also be applied in the case of any event relating to a Subsidiary if the event would have been covered under this Section 14(a) had the event related to the Company.

To the extent that such action shall include an increase or decrease in the number of Shares (or units of other property then available) subject to all outstanding Awards, the number of Shares (or units) available under Section 4 shall be increased or decreased, as the case may be, proportionately, as may be determined by the Committee in its discretion.

(b) Any Shares or other securities distributed to a Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by Section 6, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in Section 6.2(a).

(c) If the Company shall be consolidated or merged with another corporation or other entity, each Grantee who has received Restricted Stock that is then subject to restrictions imposed by Section 6.3(a) may be required to deposit with the successor corporation the certificates, if any, for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with Section 6.2(b), and such stock, securities or other property shall become subject to the restrictions and requirements imposed by Section 6.3(a), and the certificates therefor or other evidence thereof shall bear a legend similar in form and substance to the legend set forth in Section 6.2(a).

(d) If a Change in Control shall occur, then the Committee, as constituted immediately before the Change in Control, may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the Change in Control, provided that the Committee determines that such adjustments do not have an adverse economic impact on the Grantee as determined at the time of the adjustments. The Committee's authority shall include, but not be limited to, having the discretion to provide that upon a Change in Control, (i) all or a portion of any outstanding Options and Stock Appreciation Rights shall become fully exercisable, (ii) all or a portion of any outstanding Awards shall become vested and transferable, and all or a portion of any outstanding Performance-Based Awards and incentive awards will be earned, or (iii) all or a portion of any outstanding Awards may be cancelled in exchange for a payment of cash, or all or a portion of any outstanding Awards may be substituted for Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted under the Plan.

(e) The judgment of the Committee with respect to any matter referred to in thisSection 14 shall be conclusive and binding upon each Grantee without the need for any amendment to the Plan.

15. **MISCELLANEOUS**

15.1 *No Rights to Employment or Other Service.*

Nothing in the Plan or in any grant made pursuant to the Plan shall confer on any individual any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the individual's employment or other service at any time.

15.2 *No Fiduciary Relationship.*

Nothing contained in the Plan (including without limitation Sections 7.5(c) and 8.4, and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company or its Subsidiaries, or their officers or the Committee, on the one hand, and the Grantee, the Company, its Subsidiaries or any other person or entity, on the other.

15.3 *Compliance with Section 409A of the Code.*

(a) Any Award Agreement issued under the Plan that is subject to Section 409A of the Code may include such additional terms and conditions as the Committee determines are required to satisfy the requirements of Section 409A of the Code.

(b) With respect to any Award issued under the Plan that is subject to Section 409A of the Code, and with respect to which a payment or distribution is to be made upon a Termination of Service, if the Grantee is determined by the Company to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code and any of the Company's stock is publicly traded on an established securities market or otherwise, such payment or distribution, to the extent it would constitute a payment of nonqualified deferred compensation within the meaning of Section 409A of the Code that is ineligible for an exemption from treatment as such, may not be made before the date which is six months after the date of Termination of Service (to the extent required under Section 409A of the Code). Any payments or distributions delayed in accordance with the prior sentence shall be paid to the Grantee on the first day of the seventh month following the Grantee's Termination of Service.

(c) To the extent compliance with Section 409A of the Code is intended, the Board and the Committee shall administer the Plan, and exercise authority and discretion under the Plan, consistent with the requirements of Section 409A of the Code or any exemption thereto.

(d) The Company makes no representation or warranty and shall have no liability to any Grantee or any other person if any provisions of this Plan or any Award Agreement issued pursuant hereto are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

15.4 *No Fund Created.*

Any and all payments hereunder to any Grantee under the Plan shall be made from the general funds of the Company (or, if applicable, a participating Subsidiary), no special or separate fund shall be established or other segregation of assets made to assure such payments, and the Phantom Shares (including for purposes of this Section 15.4 any accounts established to facilitate the implementation of Section 7.4(c)) and any other similar devices issued hereunder to account for Plan obligations do not constitute Common Stock and shall not be treated as (or as giving rise to) property or as a trust fund of any kind; provided, however, that the Company (or a participating Subsidiary) may establish a mere

bookkeeping reserve to meet its obligations hereunder or a trust or other funding vehicle that would not cause the Plan to be deemed to be funded for tax purposes or for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The obligations of the Company (or, if applicable, a participating Subsidiary) under the Plan are unsecured and constitute a mere promise by the Company (or, if applicable, a participating Subsidiary) to make benefit payments in the future and, to the extent that any person acquires a right to receive payments under the Plan from the Company (or, if applicable, a participating Subsidiary), such right shall be no greater than the right of a general unsecured creditor of the Company (or, if applicable, a participating Subsidiary). (If any Affiliate of the Company is or is made responsible with respect to any Awards, the foregoing sentence shall apply with respect to such Affiliate.) Without limiting the foregoing, Phantom Shares and any other similar devices issued hereunder to account for Plan obligations are solely a device for the measurement and determination of the amounts to be paid to a Grantee under the Plan, and each Grantee's right in the Phantom Shares and any such other devices is limited to the right to receive payment, if any, as may herein be provided.

15.5 *Notices.*

All notices under the Plan shall be in writing, and if to the Company, shall be delivered to the Committee or mailed to its principal office, addressed to the attention of the Committee; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Section 15.5.

15.6 *Indemnification.*

The Company shall indemnify the members of the Board and the members of the Committee in connection with the performance of such person's duties, responsibilities and obligations under the Plan, to the maximum extent permitted by Maryland law.

15.7 *Captions.*

The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.

15.8 *Governing Law.*

THIS PLAN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.

15.9 *Gender Neutral*

Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

EXHIBIT A

PERFORMANCE CRITERIA

Performance-Based Awards intended to qualify as "performance-based" compensation under Section 162(m) of the Code, may be payable upon the attainment of objective Performance Goals that are established by the Committee and relate to one or more Performance Criteria, in each case on specified date or over any period, up to 10 years, as determined by the Committee. Performance Criteria may (but need not) be based on the achievement of the specified levels of performance under one or more of the measures set out below relative to the performance of one or more other corporations or indices.

"Performance Criteria" includes, but is not limited to, the following business criteria (or any combination thereof) with respect to one or more of the Company, any participating Subsidiary or any division or operating unit thereof:

(i) pre-tax income,

(ii) after-tax income,

(iii) net income (meaning net income as reflected in the Company's financial reports for the applicable period, on an aggregate, diluted and/or per share basis),

(iv) operating income or core earnings, if used, and as defined, by the Company as a measure of its operating income,

(v) cash flow,

(vi) earnings per share,

(vii) return on equity,

(viii) return on invested capital or assets,

(ix) cash and/or funds available for distribution,

(x) appreciation in the fair market value of the Common Stock,

(xi) return on investment,

(xii) total return to stockholders (meaning the aggregate Common Stock price appreciation and dividends paid (assuming full reinvestment of dividends, unless otherwise determined by the Committee) during the applicable period),

(xiii) net earnings growth,

(xiv) stock appreciation (meaning an increase in the price or value of the Common Stock after the date of grant of an award and during the applicable period),

(xv) related return ratios,

(xvi) increase in revenues,

(xvii) net earnings,

(xviii) changes (or the absence of changes) in the per share or aggregate market price of the Company's Common Stock,

(xix) number of securities sold,

(xx) earnings before any one or more of the following items: interest, taxes, depreciation or amortization or other non cash expenses, including share-based compensation expense for the applicable period, as reflected in the Company's financial reports for the applicable period,

(xxi) total revenue growth (meaning the increase in total revenues after the date of grant of an award and during the applicable period, as reflected in the Company's financial reports for the applicable period),

(xxii) the Company's published ranking against its peer group (as determined by the Committee) based on total stockholder return,

(xxiii) funds from operations,

(xxiv) adjusted funds from operations,

(xxv) managed assets, and

(xxvi) investment income from managed assets.

Performance Goals may be absolute amounts or percentages of amounts, may be relative to the performance of other companies or of indexes or may be based upon absolute values or values determined on a per-share basis.

Except as otherwise expressly provided, all financial terms are used as defined under Generally Accepted Accounting Principles ("GAAP") and all determinations shall be made in accordance with GAAP, as applied by the Company in the preparation of its periodic reports to stockholders.

To the extent permitted by Section 162(m) of the Code, unless the Committee provides otherwise at the time of establishing the Performance Goals, for each fiscal year of the Company, there shall be objectively determinable adjustments, as determined in accordance with GAAP, to any of the Performance Criteria described above for one or more of the items of gain, loss, profit or expense: (A) determined to be extraordinary or unusual in nature or infrequent in occurrence, (B) related to the disposal of a segment of a business, (C) related to a change in accounting principle under GAAP, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, and (E) attributable to the business operations of any entity acquired by the Company during the fiscal year.

Exhibit 10.2

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT is made by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company") and Jeffrey Eckel (the "Grantee"), dated as of the 23rd day of April, 2013.

WHEREAS, the Company maintains the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan); and

WHEREAS, the Grantee is an Eligible Person; and

WHEREAS, in accordance with the Plan, the Committee has determined that it is in the best interests of the Company and its stockholders to grant Restricted Stock to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Restricted Stock.

The Company hereby grants the Grantee 265,524 Shares of Restricted Stock of the Company, subject to the terms and conditions of this Agreement and further subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety. To the extent the terms or conditions in this Agreement conflict with any provision of the Plan, the terms and conditions set forth in the Plan shall govern.

2. Restrictions and Conditions.

The Restricted Stock awarded pursuant to this Agreement and the Plan shall be subject to the following restrictions and conditions:

(a) Subject to clauses (c), (d), (e) and (f) below, the period of restriction with respect to Shares granted hereunder (the "Restriction Period") shall begin on the date hereof and lapse, if and as service continues, with respect to one-fourth of the Shares granted hereunder, on each of the first four anniversaries of the date hereof.

(b) Except as provided in the foregoing clause (a), below in this clause (b) or in the Plan, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the Shares and the right to receive dividends. Unless otherwise provided by the Committee, the Grantee shall be entitled to receive any cash dividends on any shares of Restricted Stock (whether or not then subject to restrictions) which have not been forfeited if and when dividends are paid to holders of Company common stock generally. Shares (not subject to restrictions) shall be delivered to the Grantee or his or her designee promptly after, and only after, the Restriction Period shall lapse without forfeiture in respect of such Shares of Restricted Stock.

(c) Subject to clause (d) below, if the Grantee has a Termination of Service by the Company and its Subsidiaries for Cause or by the Grantee for any reason other than his or her death, Disability or for Good Reason (each term as defined in the Grantee's employment agreement), during the Restriction Period, then all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee.

(d) In the event the Grantee has a Termination of Service on account of death or Disability or the Grantee has a Termination of Service by the Company and its Subsidiaries for any reason other than for Cause or by the Grantee for Good Reason or as a result of the Company's non-renewal of the Grantee's employment agreement, during the Restriction Period, then the Restriction Period will immediately lapse on all Restricted Stock granted to the Grantee hereunder.

(e) Notwithstanding any other provision hereof, if the Grantee is a party to an effective employment agreement with the Company from time to time, then the applicable period of forfeiture shall also end if and as may be otherwise required by such employment agreement; and nothing herein shall limit any rights the Grantee may otherwise have under such employment agreement.

(f) Termination of Service as an employee shall not be treated as a termination of employment for purposes of this Paragraph 2 if the Grantee continues without interruption to serve thereafter as an officer or director of the Company or in such other capacity as determined by the Committee (or if no Committee is appointed, the Board), and the termination of such successor service shall be treated as the applicable termination.

3. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may in good faith interpret this Agreement and the Plan, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the Board who are individuals who served as Board members before the Change in Control and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan, this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to

interpretation of the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or this Agreement, the decision of the Committee in accordance with the foregoing provisions of this Paragraph 3(b) shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 3(c).

(d) Without limiting the Grantee's rights as may otherwise be applicable in the event of a Change in Control, if the Company shall be consolidated or merged with another corporation or other entity, the Grantee may be required to deposit with the successor corporation any certificates for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with the Plan, and such stock, securities or other property shall become subject to the restrictions and requirements imposed under this Agreement and the Plan, and the certificates therefor or other evidence shall bear a legend similar in form and substance to the legend set forth in the Plan.

(e) Unless otherwise provided by the Committee, any shares or other securities distributed to the Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by this Agreement and the Plan, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in the Plan.

(f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(g) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(h) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's employment or other service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in this Agreement or under the Plan.

(i) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(j) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(k) Except as otherwise provided in the Plan, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

(*the remainder of the page left intentionally blank*)

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

/s/ Steven Chuslo

By: Steven Chuslo

Title: General Counsel

JEFFREY ECKEL

/s/ Jeffrey Eckel

Exhibit 10.3

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
EQUITY INCENTIVE PLAN

FORM OF RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT is made by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company") and [—] (the "Grantee"), dated as of the [—] day of April, 2013.

WHEREAS, the Company maintains the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan); and

WHEREAS, the Grantee is an Eligible Person; and

WHEREAS, in accordance with the Plan, the Committee has determined that it is in the best interests of the Company and its stockholders to grant Restricted Stock to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Restricted Stock.

The Company hereby grants the Grantee [—] Shares of Restricted Stock of the Company, subject to the terms and conditions of this Agreement and further subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety. To the extent the terms or conditions in this Agreement conflict with any provision of the Plan, the terms and conditions set forth in the Plan shall govern.

2. Restrictions and Conditions.

The Restricted Stock awarded pursuant to this Agreement and the Plan shall be subject to the following restrictions and conditions:

(a) Subject to clauses (c), (d), (e), (f) and (g) below, the period of restriction with respect to Shares granted hereunder (the "Restriction Period") shall begin on the date hereof and lapse, if and as service continues, with respect to one-fourth of the Shares granted hereunder, on each of the first four anniversaries of the date hereof.

(b) Except as provided in the foregoing clause (a), below in this clause (b) or in the Plan, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the Shares and the right to receive dividends. Unless otherwise provided by the Committee, the Grantee shall be entitled to receive any cash dividends on any shares of Restricted Stock (whether or not then subject to restrictions) which have not been forfeited if and when dividends are paid to holders of Company common stock generally. Shares (not subject to restrictions) shall be delivered to the Grantee or his or her designee promptly after, and only after, the Restriction Period shall lapse without forfeiture in respect of such Shares of Restricted Stock.

(c) Subject to clauses (d) and (e) below, if the Grantee has a Termination of Service by the Company and its Subsidiaries for Cause or by the Grantee for any reason other than his or her death, Disability or for Good Reason (each term as defined in the Grantee's employment agreement), during the Restriction Period, then all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee.

(d) In the event the Grantee has a Termination of Service on account of death or Disability or the Grantee has a Termination of Service by the Company and its Subsidiaries for any reason other than for Cause or by the Grantee for Good Reason or as a result of the Company's non-renewal of the Grantee's employment agreement, during the Restriction Period, then the Restriction Period will immediately lapse on all Restricted Stock granted to the Grantee hereunder.

(e) In the event of a Change in Control (regardless of whether a termination follows thereafter), during the Restriction Period, then the Restriction Period will immediately lapse on all Restricted Stock granted to the Grantee hereunder.

(f) Notwithstanding any other provision hereof, if the Grantee is a party to an effective employment agreement with the Company from time to time, then the applicable period of forfeiture shall also end if and as may be otherwise required by such employment agreement; and nothing herein shall limit any rights the Grantee may otherwise have under such employment agreement.

(g) Termination of Service as an employee shall not be treated as a termination of employment for purposes of this Paragraph 2 if the Grantee continues without interruption to serve thereafter as an officer or director of the Company or in such other capacity as determined by the Committee (or if no Committee is appointed, the Board), and the termination of such successor service shall be treated as the applicable termination.

3. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may in good faith interpret this Agreement and the Plan, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of

the Board who are individuals who served as Board members before the Change in Control and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan, this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to interpretation of the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or this Agreement, the decision of the Committee in accordance with the foregoing provisions of this Paragraph 3(b) shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 3(c).

(d) Without limiting the Grantee's rights as may otherwise be applicable in the event of a Change in Control, if the Company shall be consolidated or merged with another corporation or other entity, the Grantee may be required to deposit with the successor corporation any certificates for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with the Plan, and such stock, securities or other property shall become subject to the restrictions and requirements imposed under this Agreement and the Plan, and the certificates therefor or other evidence shall bear a legend similar in form and substance to the legend set forth in the Plan.

(e) Unless otherwise provided by the Committee, any shares or other securities distributed to the Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by this Agreement and the Plan, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in the Plan.

(f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(g) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(h) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's employment or other service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in this Agreement or under the Plan.

(i) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(j) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(k) Except as otherwise provided in the Plan, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

(*the remainder of the page left intentionally blank*)

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: _____

Name:

Title:

_____

[GRANTEE]

Exhibit 10.4

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
EQUITY INCENTIVE PLAN

FORM OF RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT is made by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company") and [—] (the "Grantee"), dated as of the [—] day of April, 2013.

WHEREAS, the Company maintains the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan); and

WHEREAS, the Grantee is an Eligible Person; and

WHEREAS, in accordance with the Plan, the Committee has determined that it is in the best interests of the Company and its stockholders to grant Restricted Stock to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Restricted Stock.

The Company hereby grants the Grantee [—] Shares of Restricted Stock of the Company, subject to the terms and conditions of this Agreement and further subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety. To the extent the terms or conditions in this Agreement conflict with any provision of the Plan, the terms and conditions set forth in the Plan shall govern.

2. Restrictions and Conditions.

The Restricted Stock awarded pursuant to this Agreement and the Plan shall be subject to the following restrictions and conditions:

(a) Subject to clauses (c) and (d) below, the period of restriction with respect to Shares granted hereunder (the "Restriction Period") shall begin on the date hereof and lapse, if and as service continues, with respect to one-fourth of the Shares granted hereunder, on each of the first four anniversaries of the date hereof.

(b) Except as provided in the foregoing clause (a), below in this clause (b) or in the Plan, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the Shares and the right to receive dividends. Unless otherwise provided by the Committee, the Grantee shall be entitled to receive any cash dividends on any shares of Restricted Stock (whether or not then subject to restrictions) which have not been forfeited if and when dividends are paid to holders of Company common stock generally. Shares (not subject to restrictions) shall be delivered to the Grantee or his or her designee promptly after, and only after, the Restriction Period shall lapse without forfeiture in respect of such Shares of Restricted Stock.

(c) In the event the Grantee has a Termination of Service for any reason, during the Restriction Period, then all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee.

(d) Notwithstanding any other provision hereof, if the Grantee is a party to an effective employment agreement with the Company from time to time, then the applicable period of forfeiture shall also end if and as may be otherwise required by such employment agreement; and nothing herein shall limit any rights the Grantee may otherwise have under such employment agreement.

3. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may in good faith interpret this Agreement and the Plan, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the Board who are individuals who served as Board members before the Change in Control and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan, this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to interpretation of the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or this Agreement, the decision of the Committee in accordance with the foregoing provisions of this Paragraph 3(b) shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 3(c).

(d) Without limiting the Grantee's rights as may otherwise be applicable in the event of a Change in Control, if the Company shall be consolidated or merged with another corporation or other entity, the Grantee may be required to deposit with the successor corporation any certificates for the stock or securities or the other property that the

Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with the Plan, and such stock, securities or other property shall become subject to the restrictions and requirements imposed under this Agreement and the Plan, and the certificates therefor or other evidence shall bear a legend similar in form and substance to the legend set forth in the Plan.

(e) Unless otherwise provided by the Committee, any shares or other securities distributed to the Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by this Agreement and the Plan, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in the Plan.

(f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(g) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(h(g) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's employment or other service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in this Agreement or under the Plan.

(h) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(i) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(j) Except as otherwise provided in the Plan, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

(*the remainder of the page left intentionally blank*)

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: _____

Name:

Title:

_____

[GRANTEE]

Exhibit 10.5

RESTRICTED SHARE UNIT AWARD AGREEMENT

This Award Agreement (this "RSU Award Agreement"), dated as of April 23, 2013 (the "Date of Grant"), is made by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and [—] (the "Grantee"). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Restricted Share Units. The Company hereby grants to the Grantee «ShareNumber» restricted share units (the "RSUs"), subject to all of the terms and conditions of this RSU Award Agreement.

2. Form, Manner and Timing of Payment. Each RSU granted hereunder shall represent the right to receive one (1) share of common stock ("HASIC Stock") of the Company subject to the terms hereof (shares subject to RSUs covered by this Award, "RSU Shares"). For each RSU, the Company, shall issue to the Grantee, on the applicable issuance date set forth on Exhibit A (each, an "Issuance Date"), one (1) RSU Share (either by delivering one or more certificates for such shares or by entering such shares in book-entry form, as determined by the Company in its discretion). Such issuance shall constitute payment of the RSU. References herein to issuances to the Grantee shall include issuances to any beneficial owner or other person to whom (or to which) the RSU Shares are issued. The Company's obligation to issue RSU Shares or otherwise make any payment with respect to vested RSUs is subject to the condition precedent that the Grantee or other person entitled pursuant to the terms of this RSU Award Agreement to receive any RSU Shares with respect to the vested RSUs deliver to the Company any representations or other documents or assurances required, including pursuant to Section 12, and the Company may meet any obligation to issue RSU Shares by having one or more of its Subsidiaries or Affiliates issue the RSU Shares.

3. Restrictions.

(a) The RSUs may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered. The transfer restrictions contained in the preceding sentence shall not apply to (a) transfers to the Company, or (b) transfers of RSUs by will or the laws of descent and distribution. The RSUs shall be fully vested and non-forfeitable as of the date hereof subject only to the requirements or restrictions otherwise contained in this RSU Award Agreement.

(b) In the event the Grantee has a separation from service (as defined onExhibit A) for any reason the Grantee shall be entitled to the RSU Shares on the applicable issuance date as set forth on Exhibit A.

(c) The Company, in its absolute discretion, shall determine the effects of all matters and questions relating to separations from service and all questions of whether particular leaves of absence constitute a separation from service. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Company).

4. Voting and Other Rights; Distribution Equivalents. The Grantee shall have no rights of a shareholder (including voting rights and the right to distributions or dividends), and will not be treated as an owner of shares for tax purposes, except with respect to RSU Shares that have been issued. Notwithstanding the foregoing, the Grantee shall accrue rights to distribution equivalents from the Company on the RSUs, whether or not vested, at the time of an ordinary cash distribution on HASIC Stock. Any distribution equivalent so accrued in respect of a RSU shall have the same value as the ordinary cash distribution on an outstanding share of HASIC Stock that gave rise to the distribution equivalent, and shall be paid not later than 30 days after such ordinary cash distribution is paid to the holders of HASIC Stock. Rights to distribution equivalents on an RSU shall terminate upon the issuance the underlying RSU Share. Under no circumstances shall the Grantee be entitled to receive both a distribution and a distribution equivalent with respect to an RSU (or its associated RSU Share).

5. No Rights to Continuation of Employment or Service. Nothing in this RSU Award Agreement shall confer upon the Grantee any right to continue in the employ or service of the Company thereof or shall interfere with or restrict the right of the Company or its shareholders (or of a subsidiary or its shareholders, as the case may be) to terminate the Grantee's employment or service any time for any reason whatsoever, with or without cause. This RSU Award Agreement shall not (a) form any part of any contract of employment or contract for services between the Company or any past or present Subsidiary thereof and any directors, officers or employees of those companies, (b) confer any legal or equitable rights (other than those constituting the Awards themselves) against the Company or any past or present Subsidiary thereof, directly or indirectly, or (c) give rise to any cause of action in law or in equity against the Company or any past or present subsidiary thereof.

6. Restrictive Covenants. Nothing contained herein shall reduce or limit the application or scope of any restrictive covenants in favor of the Company (for example, with respect to competition, solicitation, confidentiality, interference or disparagement) to which the Grantee is otherwise subject.

7. Tax Withholding. The Grantee is responsible for all taxes and any tax-related penalties the Grantee incurs in connection with the Award. The Company shall be entitled to require a cash payment by or on behalf of the Grantee and/or to deduct, from other compensation payable to the Grantee, any sums required by U.S. federal, state or local law (or by any tax authority outside of the United States) to be withheld or accounted for by the Company with respect to any RSU. The Company in its discretion may alternatively reduce the number of shares to be issued by the appropriate number of whole shares, valued at their then Fair Market Value, to satisfy any withholding or tax obligations of the Company with respect to the RSUs at the minimum applicable rates. For purposes of this RSU Award Agreement, "Fair Market Value" shall mean value of one share of HASIC Stock, determined as follows:

(i) If the shares of HASIC Stock are then listed on a national stock exchange, the closing sales price per share on the exchange on the date in question (or, if no such price is available for such date, for the last preceding date on which there was a sale of such shares on such exchange), as determined by the Company.

(ii) If the shares of HASIC Stock are not then listed on a national stock exchange but are then traded on anover-the-counter market, the average of the closing bid and asked prices on

the date in question for the shares in such over-the-counter market (or, if no such average is available for such date, for the last preceding date on which there was a sale of such shares in such market), as determined by the Company.

(iii) If neither (i) nor (ii) applies, such value as the Company in its discretion may in good faith determine. Notwithstanding the foregoing, where the shares of HASIC Stock are listed or traded, the Company may make discretionary determinations in good faith where the Shares have not been traded for 10 trading days.

8. Section 409A Compliance. This Award is intended to be exempt from Section 409A and to be interpreted in a manner consistent therewith. Notwithstanding anything to the contrary contained in this RSU Award Agreement, to the extent that the Company determines that the RSU is subject to Section 409A and fails to comply with the requirements of Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Grantee for failure to do so), without the consent of the Grantee, to amend or terminate the RSU Award Agreement and/or to amend, restructure, terminate or replace the RSU in order to cause the RSU to either not be subject to Section 409A or to comply with the applicable provisions of such section. In no event shall the Company (or any employee or director thereof) have any liability to the Grantee or any other Person due to the failure of the Award to satisfy the requirements of Section 409A.

9. Governing Law; Choice of Venue. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

10. RSU Award Agreement Binding on Successors. The terms of this RSU Award Agreement shall be binding upon the Grantee and upon the Grantee's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest and upon the Company and its successors and assignees.

11. No Assignment. Subject to the second sentence of Section 3(a), neither this RSU Award Agreement nor any rights granted herein shall be assignable by the Grantee other than (with respect to any rights that survive the Grantee's death) by will or the laws of descent and distribution. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any RSUs or RSU Shares by any holder thereof in violation of the provisions of this RSU Award Agreement will be valid, and the Company will not transfer any of said RSUs or RSU Shares on its books nor will any RSU Shares be entitled to vote, nor will any distributions be paid thereon, unless and until there has been full compliance with said provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

12. Necessary Acts. The Grantee hereby agrees to perform all acts, and to execute and deliver any documents, that may be reasonably necessary to carry out the provisions of this RSU Award Agreement, including but not limited to all acts and documents related to compliance with securities, tax and other applicable laws and regulations.

13. Representations and Warranties of the Grantee. The Grantee hereby represents and warrants to the Company that:

(a) The Grantee is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). The Grantee has accurately completed the Accredited Investor Questionnaire attached hereto as Exhibit B indicating the basis for such Grantee's accredited investor status.

(b) The HASIC Stock is being acquired for the Grantee's own account, only for investment purposes and not with a view to, or for resale in connection with, any public distribution or public offering thereof within the meaning of the Act.

(c) The Grantee understands and acknowledges that the HASIC Stock offered pursuant to this Agreement has not been registered under the Act or any other securities laws and is being offered for resale in transactions that do not require registration under the Act or any other securities laws and, therefore, the HASIC Stock will be characterized as "restricted securities" under the Act and such laws and may not be sold unless the HASIC Stock is subsequently registered under the Act and qualified under state law or unless an exemption from such registration and such qualification is available.

(d) The Grantee has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the Grantee's prospective acquisition of the HASIC Stock and has the ability to bear the economic risks of the Grantee's prospective acquisition.

(e) The Grantee agrees that it has had access to such financial and other information concerning the Company and the HASIC Stock as it has deemed necessary in connection with acquisition of the HASIC Stock, including an opportunity to ask questions of and request information from the Company.

(f) The Company may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Company may (i) interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law; and (ii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the Company shall be final and binding up all persons.

(g) Without limiting the generality of Paragraph 3(a), the HASIC Stock acquired hereunder shall be subject to the following restrictive legend and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law:

"THE SALE OF THE SECURITIES REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). ANY TRANSFER OF SUCH SECURITIES WILL BE INVALID UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER OR IN THE OPINION OF COUNSEL FOR THE ISSUER SUCH REGISTRATION IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT."

(ii) The Company may, but shall not be obligated to, register or qualify the sale of HASIC Stock under the Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of HASIC Stock hereunder to comply with any law.

(iii) If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing HASIC Stock or which the HASIC Stock is otherwise subject to is no longer required, the holder of such HASIC Stock shall be entitled to exchange such certificate for a certificate representing the same number of HASIC Stock but lacking such legend or otherwise have the legend applicable to the HASIC Stock removed.

14. Limitation on the Grantee's Rights; Not a Trust The RSUs, granted hereunder, confer no rights or interests other than as herein provided. This RSU Award Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The RSUs shall not be treated as property or as a trust fund of any kind. The RSUs shall be used solely as a device for the determination of the payment to eventually be made to the Grantee. The Grantee shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the RSU Shares as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

15. Severability. Should any provision of this RSU Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this RSU Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original RSU Award Agreement. Moreover, if one or more of the provisions contained in this RSU Award Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, then in lieu of severing such unenforceable provision or provisions, it or they shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by a judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

16. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this RSU Award Agreement shall in no way be construed to be a waiver of that provision or of any other provision hereof.

17. Entire Agreement. This RSU Award Agreement contains the entire agreement and understanding among the parties as to the subject matter hereof and supersede all prior writings or understandings with respect to the grant of RSUs covered by this Award. The Grantee acknowledges that any summary of this RSU Award Agreement provided by the Company is subject in its entirety to the terms of this RSU Award Agreement. References herein to this RSU Award Agreement include references to its Exhibits.

18. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or description of the contents of any such Section.

19. Counterparts. This RSU Award Agreement may be executed in any number of counterparts, including via facsimile or PDF, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

20. Amendment. Except as otherwise provided in Section 8, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

21. Acknowledgements and Representations. The Grantee is acquiring the RSUs and will acquire the RSU Shares covered thereby solely for the Grantee's own account, for investment purposes only, and not with a view to or an intent to sell or distribute, or to offer for resale in connection with any unregistered distribution, all or any portion of the RSUs or RSU Shares within the meaning of the Securities Act and/or any applicable state securities laws. The Grantee has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the Award and the restrictions imposed on the RSUs and the RSU Shares. The Grantee has been furnished with, and/or has access to, such information as he or she considers necessary or appropriate for deciding whether to accept the Award. However, in evaluating the merits and risks of an investment in HASIC, the Grantee has and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors. The Grantee is aware that RSU Shares may be of no practical value. The Grantee has read and understands the restrictions and limitations set forth in this RSU Award Agreement, which are imposed on the RSUs and the RSU Shares. The Grantee confirms that the Grantee has not relied on any warranty, representation, assurance or promise of any kind whatsoever in entering into this RSU Award Agreement other than as expressly set out in this RSU Award Agreement.

22. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award by electronic means. The Grantee hereby consents to receive such documents by electronic delivery through an online or electronic system established and maintained by the Company or a third party designated by the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this RSU Award Agreement as of the date set forth above.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, INC.

By _____

Name:

Title:

The undersigned hereby accepts and agrees to all of the terms and provisions of this RSU Award Agreement, including its Exhibits.

GRANTEE

By _____

Print Name: «FirstName» «LastName»

EXHIBIT A

For purposes of the Award, the Grantee shall be deemed to be in continuous employment or service until such time as the Grantee dies or otherwise experiences a "separation from service" as such term is defined in Treasury Regulation §1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

Issuance Dates

One (1) RSU Share shall be issued in payment of each RSU on October 23, 2013.

EXHIBIT B

ELIGIBILITY REPRESENTATIONS OF THE GRANTEE

ACCREDITED INVESTOR STATUS FOR INDIVIDUALS

(Please check the applicable subparagraphs):

1. ☐ I am a director or executive officer of the Company.

2. ☐ I am a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds $1,000,000, excluding the value of the primary residence of such person

3. ☐ I am a natural person and had income in excess of $200,000 during each of the previous two years and reasonably expect to have income in excess of $200,000 during the current year, or joint income with my spouse in excess of $300,000 during each of the previous two years and reasonably expect to have joint income in excess of $300,000 during the current year.

Exhibit 10.6

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is entered into as of April 23, 2013, to be effective upon completion of the initial public offering (**IPO**") of Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "**Company**"), by and among the Company and the persons listed on Schedule I hereto (such persons, in their capacity as holders of Registrable Securities (as defined herein), the "**Initial Holders**" and each, an "**Initial Holder**").

RECITALS

WHEREAS, in connection with the IPO of shares of the Company's common stock, par value $0.01 per share (the "**Common Stock**"), the Company and Hannon Armstrong Sustainable Infrastructure Capital, L.P., a Delaware limited partnership (the "**Operating Partnership**"), have concurrently engaged in certain formation transactions (the "**Formation Transactions**"), pursuant to which the Initial Holders have concurrently received Common Stock and/or common units of limited partnership interest in the Operating Partnership (including LTIP Units (as defined herein)) (the "**Common OP Units**") as set forth opposite each Initial Holder's name on Schedule I;

WHEREAS, upon the terms and subject to the conditions contained in the Operating Partnership Agreement (as defined below), Common OP Units will be redeemable for cash or, at the Company's option, exchangeable for shares of Common Stock, beginning 180 days following the Company's IPO for the MissionPoint Parties (as defined herein) and one-year for the non-MissionPoint Party Holders; and

WHEREAS, in connection with the Formation Transactions, the Company has agreed to grant the Holders (as defined herein) the registration rights set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. **Definitions**. In addition to the definitions set forth above, the following terms, as used herein, have the following meanings:

"**Affiliate**" of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreement**" means this Registration Rights Agreement, as it may be amended, supplemented or restated from time to time.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to be closed.

"**Commission**" means the Securities and Exchange Commission.

"**Common OP Units**" has the meaning set forth in the recitals.

"**Common Stock**" has the meaning set forth in the recitals.

"**Demand Notice**" has the meaning set forth in Section 2.1(a).

"**Demand Offering**" means an underwritten offering of Common Stock pursuant to a Demand Registration or Underwritten Offering Demand.

"**Demand Registration**" has the meaning set forth in Section 2.1(a).

"**Demand Registration Statement**" has the meaning set forth in Section 2.1(a).

"**Eligible Assignee**" has the meaning set forth in Section 3.4.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**FINRA**" means the Financial Industry Regulatory Authority or other successor organization.

"**Formation Transactions**" has the meaning set forth in the recitals.

"**Fund I**" means Mission Point HA Parallel Fund I, LLC.

"**Fund II**" means MissionPoint HA Parallel Fund II, LLC.

"**Fund III**" means MissionPoint HA Parallel Fund III, LLC.

"**Holder**" means (i) any Initial Holder for so long as he, she or it holds Registrable Securities directly, (ii) any investor in any of Fund I, Fund II or Fund III to whom Registrable Securities are distributed by a MissionPoint Initial Holder for so long as such investor holds Registrable Securities, or (iii) any Eligible Assignee of Registrable Securities who becomes a party to this Agreement pursuant to Section 3.4 of this Agreement for so long as such Eligible Assignee holds Registrable Securities.

"**Initial Holder**" or "**Initial Holders**" has the meaning set forth in the preamble.

"**Indemnified Party**" has the meaning set forth in Section 2.10.

"**Indemnifying Party**" has the meaning set forth in Section 2.10.

"**IPO**" has the meaning set forth in the preamble.

"**Liabilities**" has the meaning set forth in Section 2.8.

"**LTIP Units**" has the meaning set forth in the Operating Partnership Agreement.

"**Market Value**" means, with respect to the Common Stock, the average of the daily market price for the ten consecutive trading days immediately preceding the determination date. The market price of the Common Stock for each such trading day shall be: (i) if the Common Stock is listed or admitted to trading on any securities exchange or the over-the-counter market, the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day, in either case as reported in the principal consolidated transaction reporting system, (ii) if the Common Stock is not listed or admitted to trading on any securities exchange or the over-the-counter market, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the Company, or (iii) if the Common Stock is not listed or admitted to trading on any securities exchange or the over-the-counter market and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten days prior to the date in question) for which prices have been so reported; **provided that** if there are no bid and asked prices reported during the ten days prior to the date in question, the Market Value of the Common Stock shall be determined by the Board of Directors of the Company acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

"**MissionPoint**" means MissionPoint Capital Partners LLC, an Affiliate of the Initial Holders.

"**MissionPoint Initial Holders**" means Fund I, Fund II and Fund III.

"**MissionPoint Parties**" means the MissionPoint Initial Holders and any Eligible Assignee of Common OP Units initially held by a MissionPoint Initial Holder.

"**Notice and Questionnaire**" has the meaning set forth in Section 2.1(b).

"**Notice and Questionnaire Response Period**" has the meaning set forth in Section 2.1(b).

"**Offering**" means a Demand Offering or Piggyback Offering.

"**Offering Launch Date**" for an Offering means the earliest of (i) the date of the filing a preliminary prospectus (or prospectus supplement) that is intended to be distributed to potential investors in the Offering, (ii) the public announcement of the commencement of the Offering or (iii) if applicable, the entrance into a binding agreement to sell securities being sold in the Offering to the underwriters for the Offering.

"**Offering Notice**" has the meaning set forth in Section 2.4(a).

"**Operating Partnership**" has the meaning set forth in the recitals.

"**Operating Partnership Agreement**" means the Agreement of Limited Partnership of the Operating Partnership, dated as of April 23, 2013, as the same may be amended, modified or restated from time to time.

"**Piggyback Offering**" means an underwritten offering of Common Stock registered under the Securities Act in connection with which the Holders have Piggyback Rights pursuant to this Agreement.

"**Person**" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Piggyback Rights**" has the meaning set forth in Section 2.4(a).

"**Registrable Securities**" means shares of Common Stock (i) received by an Initial Holder in the Formation Transactions, (ii) issued or issuable upon exchange of Common OP Units received by an Initial Holder in the Formation Transactions, (iii) received by a Holder pursuant to an equity award, granted under a Company adopted equity incentive plan, consisting of, or based upon, shares of Common Stock and (iv) any additional shares of Common Stock issued as a dividend or distribution on, in exchange for, or otherwise in respect of, shares that otherwise constitute Registrable Securities (including as a result of combinations, recapitalizations, mergers, consolidations, reorganizations or otherwise), in each case upon original issuance thereof and at all times subsequent thereto, including upon the transfer thereof by the Initial Holder or any subsequent Holder; **provided that** shares of Common Stock shall cease to be Registrable Securities with respect to any Holder at the time such shares have been disposed of pursuant to a registration statement.

"**Registration Statement**" means a Demand Registration Statement or Resale Shelf Registration Statement.

"**Resale Shelf Registration Statement**" shall have the meaning set forth in Section 2.2(a).

"**Rule 144**" means Rule 144 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the Commission.

"**Rule 415**" means Rule 415 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Significant Holder**" means any Holder of Registrable Securities that comprise at least 0.5% of the total outstanding shares of Common Stock on a fully diluted basis.

"**Suspension Notice**" has the meaning set forth in Section 2.13.

"**Suspension Period**" has the meaning set forth in Section 2.13.

"**Underwritten Offering Demand**" has the meaning set forth in Section 2.3(a).

"**Underwritten Offering Demand Notice**" has the meaning set forth in Section 2.3(a).

"**Underwritten Offering Representative**" has the meaning set forth in Section 2.3(a).

ARTICLE II

REGISTRATION AND OFFERING RIGHTS

Section 2.1. **Demand Registration Rights**. (a) No earlier than 30 days following the closing of the Company's IPO and at any time prior to the date on which the Company files a Resale Shelf Registration Statement pursuant to Section 2.2, subject to Section 3.10, any one or more Significant Holder(s) may make a written request to the Company (a "**Demand Notice**") to require the Company to use all commercially reasonable efforts to prepare and file a shelf registration statement on Form S-11 or such other form under the Securities Act then available to the Company (a "**Demand Registration Statement**") registering the offering and resale of Registrable Securities by such Significant Holder(s) on a delayed or continuous basis pursuant to Rule 415 as further provided in Section 2.1(c), which Demand Registration Statement shall include all Registrable Securities of Holders who request such inclusion pursuant to Section 2.1(b) (a "**Demand Registration**").

(b) Within ten Business Days following receipt by the Company of a Demand Notice and subject to Section 3.10, the Company shall provide all Holders (which following the written request of any MissionPoint Initial Holder in the Demand Notice shall include any investor in such MissionPoint Initial Holder to whom Registrable Securities will be distributed by such MissionPoint Initial Holder following the expiration of the lock-up agreements entered into in connection with the Company's IPO) with a form of Notice and Questionnaire (the "**Notice and Questionnaire**") to be completed by each Holder desiring to have any of such Holder's Registrable Securities included in the Demand Registration Statement. Prior to receiving a Demand Notice, the Company will also provide its then current form of Notice and Questionnaire to any Holder upon request. The Notice and Questionnaire shall solicit information from each Holder regarding the number of Registrable Securities such Holder desires to include in the Demand Registration Statement and such other information relating to such Holder as the Company determines is reasonably required in connection with the Demand Registration Statement, including, without limitation, all information relating to such Holder required to be included in the Demand Registration Statement or that may be required in connection with applicable FINRA or other regulatory filings to be made in connection with the Demand Registration Statement. Subject to Section 3.10, the Company will include in the Demand Registration Statement any Registrable Securities requested to be included by any Holder who has delivered a duly completed and executed Notice and Questionnaire within 20 Business Days of the date on which the Company's notice to such Holder was provided (the "**Notice and Questionnaire Response Period**"); **provided that** the Company will use all

commercially reasonable efforts to include the Registrable Securities requested to be included by any Holder that delivers a duly completed and executed Notice and Questionnaire at least ten days prior to the anticipated effectiveness of the Demand Registration Statement. Following the distribution of the Notice and Questionnaire by the Company to all Holders in accordance with Section 2.1(b) and the effective date of the Demand Registration Statement, the Company shall no longer be required to prepare or file a Demand Registration Statement for any Registrable Securities held by a Significant Holder that did not timely and properly complete and return the Notice and Questionnaire requesting its Registrable Securities to be included in the effective Demand Registration Statement; **provided that**, following the effective date of the Demand Registration Statement and the receipt of a Demand Notice from a Significant Holder that did not timely and properly complete and return the Notice and Questionnaire, the Company shall use all commercially reasonable efforts to prepare and file a post-effective amendment to the Demand Registration Statement that includes the Registrable Securities held by such Significant Holder.

(c) Subject to Sections 2.13 and 3.10, the Company shall use all commercially reasonable efforts to file the Demand Registration Statement on or before the date that is the latest of (i) if the filing of the Demand Registration Statement is prohibited by Section 2.1(d), five Business Days following the expiration of the relevant lock-up agreement; (ii) 60 days following the Company's receipt of the Demand Notice; and (iii) ten Business Days following the date on which the Company files its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013; **provided, however, that** if the date on which the Demand Registration Statement must be filed in accordance with the foregoing provision occurs within the ten Business Day period prior to the date on which the Company is required to file a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K with the Commission, the Company shall use all commercially reasonable efforts to file the Demand Registration Statement within ten Business Days following the date on which it files such Quarterly Report on Form 10-Q or Annual Report on Form 10-K with the Commission, which, in each case shall not count as one of the Company's permitted suspensions for purposes of Section 2.13. Subject to Sections 2.13 and 3.10, the Company shall use all commercially reasonable efforts to cause the Demand Registration Statement to become effective as promptly as reasonably practicable after the filing thereof. The Company shall be required to maintain the effectiveness of the Demand Registration Statement and, subject to Sections 2.13 and 3.10, keep such Demand Registration Statement continuously effective until either (i) a Resale Shelf Registration Statement has been declared effective by the Commission, in accordance with Section 2.2, or (ii) none of the shares of Common Stock covered by the Demand Registration Statement are Registrable Securities; **provided, further, that**, notwithstanding the limitations set forth in Section 2.13, the Company shall not be required to maintain the effectiveness of the Demand Registration Statement during the 45-day period beginning on the date on which the Company is required to file its Annual Report on Form 10-K for the year ended December 31, 2013 with the Commission unless the Company receives a written request from a Significant Holder to maintain the effectiveness of the Demand Registration Statement during such period, in which case the Company shall use commercially reasonable efforts to maintain such effectiveness during such period. In the event, that the Company does not maintain the effectiveness pursuant to the terms of the prior sentence, such action shall not count as one of the Company's permitted suspensions for purposes of Section 2.13.

(d) In addition to the provisions set forth in Section 2.13, the Company shall not be obligated to file a Demand Registration Statement during a period when the Holders are prohibited from selling their Registrable Securities or filing a registration statement with respect thereto pursuant to lock-up agreements (including lock-up agreements entered into by Holders in relation to the Company's IPO) entered into (or that were required to be entered into) in connection with any underwritten offering conducted by the Company on its own behalf or on behalf of selling stockholders, unless the Holders have obtained the consent of the counterparties to such lock-up agreements.

(e) At any time following the one-year anniversary of the closing of the Company's IPO and at a time when a Demand Registration Statement, a Resale Shelf Registration Statement (as defined herein) or other registration statement registering the resale of all of a Holder's Registrable Securities is not effective, subject to Section 3.10, any one or more Significant Holder(s) may give a Demand Notice to the Company to require the Company to effect a Demand Registration pursuant to the terms of this Section 2.1. Any Demand Notice must specify (A) the Registrable Securities proposed to be registered and (B) the proposed method of distribution of such Registrable Securities, which may be by means of an underwritten offering. Subject to Section 2.5, the Company will have the right to include shares of Common Stock to be sold for its own account or shares owned by other holders of Common Stock in any Demand Registration Statement.

Section 2.2. **Mandatory Shelf Registration Rights**. (a) As soon as practicable after the date on which the Company first becomes eligible to register the resale of securities of the Company pursuant to Form S-3 under the Securities Act (or a similar or successor form established by the Commission), but in no event later than 45 calendar days thereafter, subject to Section 3.10, the Company shall prepare and file a registration statement registering the offer and resale of the Registrable Securities by all Holders on a delayed or continuous basis pursuant to Rule 415 (the "**Resale Shelf Registration Statement**"). The Company will have the right to include shares of Common Stock or other securities to be sold for its own account or other holders in the Resale Shelf Registration Statement subject to Section 2.5. Subject to Sections 2.13 and 3.10, the Company shall use all commercially reasonable efforts to cause the Resale Shelf Registration Statement to be declared effective by the Commission as promptly as reasonably practicable after the filing thereof, and, subject to Section 2.13, to keep such Resale Shelf Registration Statement (or a successor registration statement filed with respect to the Registrable Securities, which shall be deemed to be included within the definition of Resale Shelf Registration Statement for purposes of this Agreement) continuously effective for a period ending when all shares of Common Stock covered by the Resale Shelf Registration Statement are no longer Registrable Securities.

(b) At least 20 Business Days prior to the Company's anticipated filing of the Resale Shelf Registration Statement, the Company shall provide notice to the Holders of such anticipated filing together with a form of the Notice and Questionnaire to be completed by each Holder desiring to have any of such Holder's Registrable Securities included in the Resale Shelf Registration Statement. The Notice and Questionnaire provided shall solicit information from each Holder regarding the number of Registrable Securities such Holder desires to include in the Resale Shelf Registration Statement and such other information relating to such Holder as the Company determines is reasonably required in connection with the Resale Shelf Registration

Statement, including, without limitation, all information relating to such Holder required to be included in the Resale Shelf Registration Statement or that may be required in connection with applicable FINRA or other regulatory filings to be made in connection with the Resale Shelf Registration Statement. Any Holder that has not delivered a duly completed and executed Notice and Questionnaire within 15 Business Days after the Company provides the notice referred to above will not be entitled to have such Holder's Registrable Securities included in the Resale Shelf Registration Statement; **provided that**, the Company will use all commercially reasonable efforts to include the Registrable Securities requested to be included by any Holder that delivers a duly completed and executed Notice and Questionnaire at least ten days prior to the anticipated effectiveness of the Resale Shelf Registration Statement. While the Resale Shelf Registration Statement is effective, within 90 days following the written request (accompanied by a duly completed and executed Notice and Questionnaire) of a Holder holding Registrable Securities that were not included in the Resale Shelf Registration Statement, the Company will file (and use all commercially reasonable efforts to have become effective promptly thereafter, to the extent applicable) a post-effective amendment, prospectus supplement or additional registration statement registering the offering and sale of such Holder's Registrable Securities on a delayed or continuous basis pursuant to Rule 415 (which, following its effectiveness, shall be deemed to be included within the definition of Resale Shelf Registration Statement for purposes of this Agreement).

(c) After effectiveness of the Resale Shelf Registration Statement, upon the written request of an Eligible Assignee (accompanied by a duly completed and executed Notice and Questionnaire), the Company will promptly either (i) update the applicable information in the existing Resale Shelf Registration Statement by post-effective amendment or prospectus supplement thereto in order to permit such Holder to sell such Holder's Registrable Securities thereunder or (ii) file (and use all commercially reasonable efforts to have become effective promptly thereafter, to the extent applicable) a prospectus supplement or additional registration statement registering the offering and sale of such Holder's Registrable Securities on a delayed or continuous basis pursuant to Rule 415 (which, following its effectiveness, shall be deemed to be included within the definition of Resale Shelf Registration Statement for purposes of this Agreement).

(d) Until such time as the Company is no longer required to keep the Resale Shelf Registration Statement effective pursuant to Section 2.2(a) hereof, the Company shall not amend or supplement the Resale Shelf Registration Statement to remove any shares of Common Stock previously included therein pursuant to Section 2.2 solely because such shares of Common Stock cease to be Registrable Securities as a result of becoming eligible to be sold by the applicable Holder thereof pursuant to Rule 144 without regard to the volume limitations thereof.

Section 2.3. **Underwritten Offering Rights**. (a) At any time while the Resale Shelf Registration Statement is effective, any one or more Holder(s) may make written requests for underwritten offerings (a "**Underwritten Offering Demand Notice**") of Registrable Securities included in the Resale Shelf Registration Statement (each, an "**Underwritten Offering Demand**"); **provided, however, that** an Underwritten Offering Demand may only be made if it relates to Registrable Securities having a Market Value of at least $25 million on the trading day immediately preceding the date that the Underwritten Offering Demand Notice is sent to the Company. The Company shall not be obligated to effect more than one Underwritten Offering

Demand in any consecutive 12 month period. After an Underwritten Offering Demand Notice is received by the Company, the Company shall promptly provide such Underwritten Offering Demand Notice to all other Holders, and the Company will use all commercially reasonable efforts to include in such underwritten offering any Registrable Securities requested to be included by such other Holders by notice to the Company provided within five Business Days of the date on which such notice was provided to such other Holders. Any Underwritten Offering Demand Notice will specify (i) the Registrable Securities proposed to be sold by such Holder(s), (ii) the desired Offering Launch Date for the underwritten offering, which shall not be less than seven (nor more than ten) Business Days following the date on which the Underwritten Offering Demand Notice is provided to the Company and (iii) a single Person who shall serve as the representative of the Holders with respect to the underwritten offering (the "**Underwritten Offering Representative**"). Subject to Section 2.5, the Company will have the right to include shares of Common Stock to be sold for its own account or shares owned by other holders of Common Stock in an offering pursuant to an Underwritten Offering Demand.

(b) Upon receiving an Underwritten Offering Demand Notice, the Company shall use all commercially reasonable efforts to prepare the applicable offering documents and take such other actions as are set forth in Section 2.6 relating to such offering in order to permit the Offering Launch Date for such underwritten offering to occur on the date set forth in the Underwritten Offering Demand Notice. The Demand Offering Representative shall have the right to determine the actual Offering Launch Date; **provided that**, without the Company's consent, the Offering Launch Date may not be more than ten Business Days following the date on which the Underwritten Offering Demand Notice is provided to the Company. The Company will have the right to select the underwriters (and their roles) in the offering; **provided that** such underwriters are reasonably acceptable to the Demand Offering Representative, and (ii) the Demand Offering Representative, on behalf of the Holders, will have the right to determine the structure of the offering and negotiate the terms of any underwriting agreement as they relate to the Holders, including the number of shares to be sold (if not all shares offered can be sold at the highest price offered by the underwriters), the offering price and underwriting discount. The Company will coordinate with the Demand Offering Representative in connection with the fulfillment of its responsibilities pursuant to Section 2.6 and will be entitled to rely on the authority of the Demand Offering Representative to act on behalf of all Holders with respect to the offering.

(c) In addition to the provisions set forth in Section 2.13, the Company shall not be obligated to effect, or take any action to effect, an underwritten offering for which the proposed Offering Launch Date is scheduled to occur during a period when the Holders are prohibited from selling their Registrable Securities pursuant to lock-up agreements entered into (or that were required to be entered into) in connection with any prior underwritten offering conducted by the Company on its own behalf or on behalf of selling stockholders, unless the Holders have obtained the consent of the counterparties to such lock-up agreements. The Demand Offering Representative may revoke an Underwritten Offering Demand Notice at any time by providing written notice of such revocation to the Company and, for purposes of determining the number of Underwritten Offering Demands to which the Holders are entitled, an Underwritten Offering Demand Notice that was revoked will not count as an Underwritten Offering Demand unless such revocation occurs after the Offering Launch Date and the Company does not sell any shares of Common Stock for its own account pursuant to such offering.

Section 2.4. **Underwritten Offering Piggyback Rights**. (a) Subject to the terms and conditions of this Agreement and at any time while a Demand Registration Statement or the Resale Shelf Registration Statement is not effective, at least seven Business Days prior to the Offering Launch Date with respect to a proposed underwritten offering of Common Stock by the Company (other than in connection with the Company's IPO), the Company shall give written notice of the filing of a registration statement to all Holders (the "**Offering Notice**"), which notice shall offer the Holders the opportunity to include such number of shares of Registrable Securities in the offering as each such Holder may request ("**Piggyback Rights**"). Subject to Sections 2.4(b) and 2.5, each Holder will have the right to include in such underwritten offering (and registration statement, if applicable) any Registrable Securities requested to be included by such Holder by notice to the Company provided within five Business Days after the Company provides the Offering Notice. Each Holder agrees that such Holder will treat as confidential the receipt of any Offering Notice and shall not disclose or use the information contained in such Offering Notice without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by a Holder in breach of the terms of this Agreement.

(b) At least seven Business Days prior to filing a registration statement with respect to a proposed underwritten offering of Common Stock by the Company, the Company shall provide notice to the Holders of such anticipated filing together with a form of the Notice and Questionnaire to be completed by each Holder desiring to have any of such Holder's Registrable Securities included in the proposed underwritten offering of Common Stock. The Notice and Questionnaire provided shall solicit information from each Holder regarding the number of Registrable Securities such Holder desires to include in the proposed underwritten offering of Common Stock and such other information relating to such Holder as the Company determines is reasonably required in connection with such offering, including, without limitation, all information relating to such Holder required to be included in the offering or that may be required in connection with applicable FINRA or other regulatory filings to be made in connection with the offering. Any Holder that has not delivered a duly completed and executed Notice and Questionnaire within five Business Days after the Company provides the notice referred to above will not be entitled to have such Holder's Registrable Securities included in the offering.

(c) The Company shall have the right to determine the Offering Launch Date for such offering and the structure of the offering and negotiate the terms of any underwriting agreement (other than those provisions relating to the Holders), including the number of shares to be sold (if not all shares offered can be sold at the highest price offered by the underwriters), the offering price and underwriting discount. The Company will also have the right to determine the underwriters (and their roles) in the offering. The Holders shall be permitted to withdraw any of their Registrable Securities included therein by delivering written notice to the Company at least ten Business Days prior to the Offering Launch Date. The Company will coordinate with the Holders in connection with the fulfillment of its responsibilities pursuant to Section 2.6.

Section 2.5. **Reduction of Offering**. Notwithstanding anything contained herein, if the managing underwriter(s) of an Offering advise(s) the Company and the Holder(s) of the Registrable Securities included in such Offering, in writing, that the aggregate number of shares of Common Stock to be sold by the Company or any other stockholder (other than a Holder), if any, and Registrable Securities requested to be included in the Offering exceeds the amount that they believe could be sold without adversely affecting the Offering, then the aggregate number of shares of Common Stock to be sold by the Company or any other stockholder (other than a Holder), if any, and Registrable Securities will be reduced to the amount recommended by such managing underwriter(s). With respect to an underwritten offering of Common Stock pursuant to an Underwritten Offering Demand, such reduction will be achieved by, first, reducing, or eliminating if necessary, all shares of Common Stock requested or desired to be included in such Offering by the Company for its own account and any other stockholders (other than Holders) seeking to participate in such Offering in the manner agreed to by the Company and such stockholders or, if no agreement exists, *pro rata* based on the number of shares requested or desired to be included by the Company and each such other stockholder and, then, if necessary, reducing the Registrable Securities requested to be included by the Holders *pro rata* based on the number of Registrable Securities requested to be included in such Offering or in such other manner as is agreed to by the Holders. With respect to a Piggyback Offering initiated by the Company, such reduction will be achieved by, first, reducing, or eliminating if necessary, all shares of Common Stock requested to be included in such Offering by any other stockholders (other than Holders) seeking to participate in such Offering in the manner agreed to by such stockholders or, if no agreement exists, *pro rata* based on the number of shares requested to be included by each stockholder and, then, if necessary, reducing the Registrable Securities requested to be included by the Holders *pro rata* based on the number of Registrable Securities requested to be included in such Offering or in such other manner as is agreed to by the Holders.

Section 2.6. **Registration Procedures; Filings; Information**. In connection with a Registration Statement or Offering in which one or more Holders are participating:

(a) Prior to filing a Registration Statement or prospectus or any amendment or supplement thereto which relates to Registrable Securities, the Company will furnish to each Holder holding such Registrable Securities (and, if such filing relates to an underwritten offering, to the managing underwriter(s) for such offering and its counsel, upon request by the Holders holding a majority of the Registrable Securities included in such offering) a copy of such Registration Statement, prospectus or amendment or supplement thereto as proposed to be filed, which shall be subject to review by such parties, and thereafter furnish to each Holder of such Registrable Securities such number of conformed copies of such Registration Statement, prospectus or amendment or supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) as such Holder may reasonably request for such Holder's records or in order to facilitate the disposition of the Registrable Securities owned by such Holder; **provided**, **however**, **that** this Section 2.6(a) shall not apply to (i) an amendment or supplement relating solely to securities other than such Holder's Registrable Securities, and (ii) an amendment or supplement by means of an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, a Proxy Statement on Schedule 14A, a Current Report on Form 8-K or a Registration Statement on Form 8-A or any amendments thereto filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference into a Registration Statement or prospectus. The Company shall not file any registration statement or

prospectus or any amendment or supplement thereto which relates to Registrable Securities if reasonably objected to in writing by, (i) with respect to a Demand Registration Statement or a Resale Shelf Registration Statement, Holders of a majority of the Registrable Securities included therein or (ii) with respect to an Underwritten Offering Demand, the Demand Offering Representative.

(b) After the filing of a Registration Statement, the Company will immediately notify each Holder holding Registrable Securities covered by such Registration Statement of any stop order issued or threatened by the Commission and use all commercially reasonable efforts to prevent the entry of such stop order or to remove it if entered. If a stop order previously in effect with respect to a Registration Statement is removed, the Company will promptly notify each Holder holding Registrable Securities covered by such Registration Statement. Each Holder agrees that it will not dispose of any Registrable Securities pursuant to a Registration Statement while any stop order is in effect with respect to such Registration Statement.

(c) In connection with the filing of a Registration Statement including Registrable Securities or an Offering in which one or more Holders are participating, the Company will use all commercially reasonable efforts to (i) register or qualify the Registrable Securities under such other securities or "blue sky" laws of such jurisdictions in the United States (where an exemption does not apply) as any Holder or managing underwriter(s), if any, reasonably (in light of such Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company; **provided that** the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (c), (B) subject itself to general taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction. The Company will promptly notify each Holder of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities held by such Holder for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose or the lifting of a suspension that was previously in effect. Each Holder agrees that it will not dispose of any Registrable Securities pursuant to a Registration Statement or an Offering in a manner requiring qualification under the securities or "blue sky" laws of any jurisdiction during any period of time while such qualification has been suspended.

(d) The Company will immediately notify each Holder at any time when a prospectus relating to such Holder's Registrable Securities is required to be delivered under the Securities Act of the occurrence of an event (which may include obtaining preliminary information regarding the Company's historical financial results that have not yet been publicly announced) a result of which the Company reasonably concludes a supplement or amendment to such prospectus should be prepared in order to ensure that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Upon the occurrence of such event, the Company will promptly prepare, file and, if applicable, make available to each Holder any such supplement or amendment; **provided that**

any supplement or amendment relating to the historical financial results of the Company need not be prepared, filed or made available prior to the Company's regularly scheduled date for the filing of such results unless a Demand Registration or Underwritten Offering Demand has been made. The Company will promptly notify each Holder when such supplement or amendment has been filed. Each Holder agrees that, upon receipt of any notice from the Company of the occurrence of an event as set forth above, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities until such Holder's receipt of written notice from the Company that a supplement or amendment has been made. Each Holder also agrees that such Holder will treat as confidential the receipt of any notice from the Company of the occurrence of an event as set forth above and shall not disclose or use the information contained in such notice without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by a Holder in breach of the terms of this Agreement.

(e) The Company will use all commercially reasonable efforts to timely file such reports pursuant to the Exchange Act as are necessary in order to make generally available to its securityholders an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the Securities Act.

(f) In the case of an Offering in which one or more Holders are participating, the Company will enter into and perform its obligations under customary agreements (including an underwriting agreement, if any, in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities (including, to the extent reasonably requested by the managing underwriter(s), sending appropriate officers of the Company to attend "road shows" scheduled in reasonable number and at reasonable times in connection with any such Offering, and obtaining customary comfort letters and legal opinions) in connection with such Offering.

(g) The Company will make available for inspection by any Holder, any underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement and any attorney, accountant or other professional retained by any such Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company as shall be required to enable them to exercise customary due diligence in accordance with the Securities Act, and cause the Company's officers, directors and employees to supply all information required by any such Persons in order to exercise customary due diligence in accordance with the Securities Act in connection with the disposition of Registrable Securities pursuant to a Registration Statement, subject to entry by each such Person of a customary confidentiality agreement in a form reasonably acceptable to the Company; **provided, however, that** the Holders, participating underwriters and their representatives, if any, will use all commercially reasonable efforts to coordinate the foregoing inspection and information gathering so as to not materially disrupt the Company's business operations.

(h) The Company will use all commercially reasonable efforts to cause all Registrable Securities covered by any Registration Statement to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(i) In addition to the Notice and Questionnaire, the Company may require each Holder of Registrable Securities to promptly furnish in writing to the Company such information regarding such Holder, the Registrable Securities held by it and the intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such Registration Statement or Offering. Each Holder further agrees to furnish as soon as reasonably practicable to the Company all information required to be disclosed in order to provide that information previously furnished to the Company by such Holder does not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements in any registration statement not misleading in light of the circumstances in which they were made, and the Company agrees to promptly update any Registration Statement to reflect such information.

(j) In the case of an Offering, no Holder may participate unless such Holder (i) agrees to sell the Registrable Securities it desires to have included in the Offering on the basis provided in underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements, as negotiated by the Company (other than those provisions relating to the Holders); **provided that** such Holder shall not be required to make any representations or warranties other than those related to title and ownership of such Holder's shares and as to the accuracy and completeness of statements made in the applicable registration statement, prospectus or other document in reliance upon and in conformity with written information furnished to the Company or the managing underwriter(s) by such Holder for use therein. In addition, in connection with any Piggyback Offering, any Holder participating therein will be required to follow such additional procedures as are reasonably established by the Company and the managing underwriter(s) relating to such Holder's participation in such Offering.

(k) No Holder will offer or sell, without the Company's consent, any Registrable Securities by means of any "free writing prospectus" (as defined in Rule 405 under the Securities Act) that is required to be filed by the Holder with the Commission pursuant to Rule 433 under the Securities Act.

(l) The Company will cooperate with the Holders and the managing underwriter(s) to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing Registrable Securities sold under any Registration Statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter(s) or such Holders may request and cause its transfer agent to cooperate in connection with any transfer of Registrable Securities pursuant to a Registration Statement or Offering.

Section 2.7. **Registration Expenses**. In connection with any Registration Statement or Offering in which one or more Holders are participating, the Company shall pay all customary registration and offering expenses incurred, regardless whether such Registration Statement is declared effective by the Commission or such Offering is completed, including: (a) all registration, filing and stock exchange fees, (b) fees and expenses of compliance with securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with

blue sky qualifications of the Registrable Securities), (c) printing expenses, (d) internal expenses of the Company (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (e) the fees and expenses incurred in connection with the listing of the Registrable Securities, (f) the fees and disbursements of legal counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company, including in connection with the preparation of any Registration Statements, comfort letters, and any custodian, transfer agent and registrar fees, (g) reasonable fees and disbursements of legal counsel to the Holders (not to exceed $25,000) in connection with such Registration Statement and/or Offering; **provided that** the Company will not be responsible for fees and disbursements of more than one firm of attorneys for all Holders and (h) the reasonable fees and expenses of any special experts retained by the Company in connection with such Registration Statement and/or Offering. The Company shall have no obligation to pay any transfer taxes or underwriting, brokerage or other similar fees, discounts or commissions attributable to the sale of Registrable Securities or expenses borne by the underwriters.

Section 2.8. **Indemnification by the Company**. The Company agrees to indemnify and hold harmless each Holder of Registrable Securities, its officers, directors, agents, partners, members, trustees, executors, employees, managers, advisors, attorneys, representatives and Affiliates, and each Person, if any, who controls such Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against, as incurred, any and all losses, claims, damages, judgments and liabilities (or actions in respect thereof) (the "**Liabilities**") that arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement, preliminary prospectus, prospectus, or free writing prospectus (including all document incorporated therein by reference) relating to the Registrable Securities (in each case, as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or that arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, (with respect to any preliminary prospectus, prospectus or free writing prospectus, in light of the circumstances under which they were made), not misleading, except insofar as such Liabilities arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission included in reliance upon and in conformity with information furnished in writing to the Company by such Holder or on such Holder's behalf expressly for inclusion in a Registration Statement (or any amendment thereto) or any prospectus (or any amendment or supplement thereto).

Section 2.9. **Indemnification by Holders of Registrable Securities**. Each Holder agrees, severally but not jointly or jointly and severally, to indemnify and hold harmless the Company, its officers, directors, agents, partners, members, trustees, executors, employees, managers, advisors, attorneys, representatives and Affiliates, and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Holder, but only with respect to information relating to such Holder included in reliance upon and in conformity with information furnished in writing by such Holder or on such Holder's behalf expressly for use in any registration statement, preliminary prospectus, prospectus or free writing prospectus relating to the Registrable Securities, or any amendment or supplement thereto; **provided that** the liability of each Holder shall be limited to the net proceeds (after

deducting underwriting commissions and discounts, if any) received by such Holder from the sale of its Registrable Securities pursuant to any such registration statement. In case any action or proceeding shall be brought against the Company or its officers, directors, agents, employees, attorneys, representatives or Affiliates or any such controlling person, in respect of which indemnity may be sought against such Holder, such Holder shall have the rights and duties given to the Company, and the Company or its officers, directors, agents, employees, attorneys, representatives or Affiliates or such controlling person shall have the rights and duties given to such Holder, by Section 2.10.

Section 2.10. **Conduct of Indemnification Proceedings**. In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 2.8 or 2.9, such Person (an "**Indemnified Party**") shall promptly notify the Person against whom such indemnity may be sought (an "**Indemnifying Party**") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses; **provided that** the failure of any Indemnified Party to give such notice will not relieve such Indemnifying Party of any obligations under Section 2.8 or 2.9, except to the extent such Indemnifying Party is materially prejudiced by such failure; **provided further**, **that** the failure to notify an Indemnifying Party shall not relieve it from any liability that it may have to an Indemnified Party otherwise under Section 2.8 or 2.9. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) representation of the Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnifying Party and the Indemnified Party. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by (i) in the case of Persons indemnified pursuant to Section 2.8 hereof, the Holders which owned a majority of the Registrable Securities sold under the applicable registration statement and (ii) in the case of Persons indemnified pursuant to Section 2.9, the Company, in each case, subject to the written consent of the Indemnifying Party (such consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent (such consent shall not be unreasonably withheld, conditioned or delayed), but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding without any admission of liability by such Indemnified Party.

Section 2.11. **Contribution**. If the indemnification provided for in Section 2.8 or 2.9 hereof is held by a court of competent jurisdiction to be unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities that otherwise would have been covered by Section 2.8 or 2.9 hereof, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and of each such Indemnified Party, on the other hand, in connection with such statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party on the one hand and of each Indemnified Party on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.11 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.11, the liability of each Holder shall be limited to the net proceeds (after deducting underwriting commissions and discounts, if any) received by such Holder from the sale of its Registrable Securities pursuant to any such registration statement. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holder's obligations to contribute pursuant to this Section 2.11, if any, are several in proportion to the proceeds of the offering actually received by such Holder (after deducting underwriting commissions and discounts, if any) bears to the total proceeds of the offering received by all the Holders and not joint.

For purposes of this Section 2.11, each Person, if any who controls a Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as a Holder, and each director of the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

Section 2.12. **Rule 144**. The Company covenants that it will use all commercially reasonable efforts to make and keep current public information regarding the Company available as those terms are defined in Rule 144 and file in a timely manner any reports and documents required to be filed by it under the Securities Act and the Exchange Act. Upon the request of any Holder, (a) the Company shall furnish to any Holder (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time more than 90 days after the effective date of the registration statement for the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), and (ii) a copy of the most recent annual or quarterly report of the Company and

such other reports and documents so filed by the Company, and (b) the Company shall use all commercially reasonable efforts to take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

Section 2.13. **Suspension of Use of Registration Statement**. The Company shall have the right, in limited circumstances, to postpone its obligations in connection with a Demand Registration or Underwritten Offering Demand and/or suspend the use of any Registration Statement that has become effective for up to 30 consecutive days (except as a result of a refusal by the Commission to declare a post-effective amendment to a Registration Statement effective after the Company has used all commercially reasonable efforts to cause the post-effective amendment to be declared effective by the Commission, in which case, the Company must terminate the black-out period immediately following the effective date of the post-effective amendment) and not more than twice in any consecutive 12-month period (a "**Suspension Period**") if: a majority of the Board of Directors of the Company determines in good faith (A) that any such action would interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other material transaction involving the Company; (B) that any such action would require premature disclosure of material non-public information that the Company has a bona fide business purpose for preserving as confidential; (C) that any such action would render the Company unable to comply with requirements under the Securities Act or Exchange Act; or (D) that it is required by law, rule or regulation to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to ensure that the prospectus (1) contains the information required under Section 10(a)(3) of the Securities Act, (2) discloses any facts or events arising after the effective date of the Registration Statement (or of the most recent post-effective amendment) that, individually or in the aggregate, represents a fundamental change in the information set forth therein or (3) discloses any material information with respect to the plan of distribution that was not disclosed in the Registration Statement or any material change to such information; **provided that** the Company notifies the applicable Holders in writing of its determination to this effect (a '**Suspension Notice**"). Upon the occurrence of any such suspension, the Company shall use all commercially reasonable efforts to cause the Registration Statement to become effective or to promptly amend or supplement such Registration Statement on a post effective basis or to take such action as is necessary to make resumed use of the Registration Statement as soon as practicable. Each Holder agrees that such Holder shall not dispose of any Registrable Securities pursuant to a Registration Statement during any Suspension Period, shall treat as confidential the receipt of such Suspension Notice and shall not disclose or use the information contained in such Suspension Notice without the prior written consent of the Company until the earlier of such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by a Holder in breach of the terms of this Agreement, or the end of the applicable Suspension Period. The Company agrees to notify the Holders in writing as promptly as practicable following the end of a Suspension Period and the Holders may thereafter recommence effecting sales of the Registrable Securities pursuant to the Registration Statement (or such filings).

Section 2.14. **Lock-Ups**. In connection with any underwritten offering of Common Stock by a Holder pursuant to this Agreement or by the Company, the Company and each

Significant Holder agree to enter into customary lock-up agreements, as negotiated by the Company, restricting, among other things, future sales of Common Stock by such Persons; **provided that** the length of the restrictions contained in the lock-up agreement required to be signed by the Holders shall not extend beyond the duration of the similar restrictions agreed to by the Company, with respect to the Company's or its directors' and executive officers' activity (whichever period is shorter), in connection with such offering.

ARTICLE III

MISCELLANEOUS

Section 3.1. **Remedies**. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, the Holders shall be entitled to specific performance of the rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

Section 3.2. **Amendments and Waivers**. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, in each case without the written consent of (i) the Company; and (ii) Holders that hold a majority of the Registrable Securities; **provided, however, that** the provisions of this Agreement may not be amended, modified or supplemented and the observance of any term hereof may not be waived with respect to any Holder without the written consent of such Holder, unless such amendment, termination, or waiver applies to all Holders in the same fashion. No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 3.3. **Notices**. All notices and other communications in connection with this Agreement shall be made in writing by hand delivery or courier guaranteeing overnight delivery, by facsimile transmission or such other means as are agreed to by the parties hereto:

(a) if to any Holder, initially to the address indicated in such Holder's Notice and Questionnaire or, if no Notice and Questionnaire has been delivered, to the address or facsimile number provided by the Initial Holder set forth on the signature page hereto; and

(b) if to the Company, initially at Hannon Armstrong Sustainable Infrastructure Capital, Inc., 1906 Towne Centre Boulevard, Suite 370, Annapolis, Maryland 21401, Attention: Office of the General Counsel, facsimile: (410) 571-6199 or to such other address as the Company may hereafter specify in writing.

All such notices and communications shall be deemed to have been duly given, delivered, sent, received and provided for purposes of this Agreement: at the time delivered by hand, if personally delivered; and on the next Business Day, if timely delivered to a courier guaranteeing overnight delivery.

Section 3.4. **Successors and Assigns; Assignment of Registration Rights**. Each (i) MissionPoint Initial Holder may transfer its rights under this Agreement with respect to its Registrable Securities to any investor in Fund I, Fund II or Fund III and (ii) Holder may transfer its rights under this Agreement with respect to its Registrable Securities to any Person with the prior written consent of the Company (each, an "**Eligible Assignee**"). Any Eligible Assignee must agree in writing to be bound by the provisions of this Agreement (and execute a counterpart signature page or joinder agreement hereto setting forth such obligations) in order to become a party to this Agreement. Except as set forth in this Section 3.4, the rights under this Agreement are not transferable.

Section 3.5. **Counterparts**. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 3.6. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without regard to the choice of law or conflict of law provisions thereof.

Section 3.7. **Severability**. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

Section 3.8. **Entire Agreement**. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, including the Registration Rights Agreement, dated as of May 31, 2007, entered into by Hannon Armstrong Capital LLC, MissionPoint HA Parallel Fund, L.P. and the other registerable holders party thereto. This Agreement will control in all respects a Registration Statement filed pursuant to this Agreement, or any other matter covered hereby, with respect to Registrable Securities.

Section 3.9. **Headings**. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.10. **Termination**. Notwithstanding any other provision of this Agreement, the obligations of the parties under this Agreement shall cease when all shares of Common Stock that comprise Registrable Securities have been disposed of pursuant to a registration statement or may be sold pursuant to Rule 144 without regard to the volume limitations thereof, except, in each case, for any obligations under Sections 2.7, 2.8, 2.9, 2.10 and 2.11.

Section 3.11. **Waiver of Jury Trial**. The parties hereto (including any Initial Holder and any subsequent Holder) irrevocably waive any right to trial by jury.

Section 3.12. **Subsequent Registration Rights**. The Company may grant registration rights in the future, provided they are not inconsistent with the provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

INITIAL HOLDERS

By: /s/ Jeffrey W. Eckel
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ John J. Christmas
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Steven L. Chuslo
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ David K. Watson
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Daniel K. McMahon
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Nathaniel J. Rose
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: /s/ Nathaniel J. Rose 410-571-6199

INITIAL HOLDERS

By: /s/ Scott J. Foster
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Lisa A. Hale
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Brian J. Harenza
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Michael J. Hester
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Marvin R. Wooten, Jr.
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ J. Brendan Herron, Jr.
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ G. Michael Bruce
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Cielo P. Carranza
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Amanda S. Cimaglia
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Jody Clark
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Jonelle G. Clarke
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Katherine M. Dent
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Patrick M. Fox
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Polly Ortlieb
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

INITIAL HOLDERS

By: /s/ Joshua J. Mersfelder
Name:
Title:

Address: 1906 Towne Centre Blvd, Suite 370, Annapolis, Maryland 21401

Fax No.: 410-571-6199

MISSIONPOINT HA PARALLEL FUND, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND II, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND III, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

SCHEDULE I

[Intentionally left blank]

Exhibit 10.7

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") is dated as of April 23, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and Jeffrey Eckel, residing at the address set forth in the Company's records (the "Executive").

WHEREAS, Hannon Armstrong Capital, LLC, the entity through which the Company was operating its business ("Hannon Armstrong"), and the Executive have previously entered into that certain Employment Agreement dated May 31, 2007, under which the Executive was employed as President and Chief Executive Officer (the "Prior Employment Agreement"); and

WHEREAS, in connection with the initial public offering of the Company (the "Company's IPO"), the Company will engage in a series of transactions that will enable the Company to qualify as a real estate investment trust for U.S. federal income tax purposes and will result in Hannon Armstrong becoming a subsidiary of the Company (collectively, the "Formation Transactions"); and

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below, to be effective as of the completion of the Company's IPO and the Formation Transactions, at which time the Prior Employment Agreement will automatically terminate and this Agreement will become in effect; and

WHEREAS, the Company and the Executive are entering into an Indemnification Agreement (the "Indemnification Agreement") simultaneously herewith.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing as of the date on which the Company's IPO and the Formation Transactions are consummated (the "Commencement Date") and continuing for a four-year

period (the "Initial Term"), unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to automatically continue following the Initial Term for additional successive one-year periods (each, a "Subsequent Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party in writing of its intention not to continue such employment at least 90 days prior to the expiration of the Initial Term or any Subsequent Term, as applicable (the Initial Term, together with all Subsequent Terms hereunder, shall hereinafter be referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as President and Chief Executive Officer of the Company, which shall be the senior-most executive officer of the Company, and, as such, the Executive shall have such responsibilities and authority as are customary for a President and Chief Executive Officer of a company of similar size and nature as the Company and shall faithfully perform for the Company the duties of each such office and shall report directly to the Board of Directors of the Company (the "Board"). During the Term, the Company shall nominate the Executive to serve as a member of the Board and its Chairman. The Executive shall devote substantially all of his business time and effort to the performance of his duties hereunder; provided, however, that the Executive shall be permitted to continue service as set forth in Exhibit A and, subject to the approval of the Board, that the Executive may serve on the boards of directors or trustees of any business corporations or charitable organizations and such service shall not be a violation of this Agreement, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the minimum rate of $495,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time. The Compensation Committee of the Board (the "Compensation Committee") shall review the Executive's Annual Salary in good faith on an annual basis and may provide for increases therein as it may in its sole discretion deem appropriate (such annual salary, as increased, the "Annual Salary"). Once increased, the Annual Salary shall not thereafter be decreased.

3.2 Bonus. For the Company's 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to 100% of his Annual Salary (the "2013 Bonus"), subject to satisfaction of Company performance measures as determined in the sole discretion of the Compensation Committee. For each fiscal year during the Term following the 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to at least 150% of his Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "Annual Bonus"). The Compensation Committee may award the Executive a cash bonus in excess of the target amount if warranted under the applicable performance metrics. The 2013 Bonus and Annual Bonuses shall be paid in the fiscal year following the fiscal year for which such bonuses are awarded, but in all events shall be paid no later than March 15 of such following fiscal year.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization or disability insurance plans, health programs, equity incentive plans, long-term incentive programs, 401(k) and other retirement plans, fringe benefit programs and similar benefits that may be available (currently or in the future) to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Specific Benefits. Without limiting the generality of Section 3.3, the Executive shall be entitled to paid vacation of not less than the greater of (a) 20 business days per year or (b) the number of paid business vacation days provided to other senior executives of the Company (to be taken at reasonable times in accordance with the Company's policies). Any accrued vacation not taken during any year may be carried forward to subsequent years; provided, that the Executive may not accrue more than ten business days of unused vacation in any one year. During the Term (and, if Executive's employment is terminated during the Term due to his Disability or death, for the period after such termination of

employment due to Disability or death as is necessary for Executive's Disability or death to be covered by the applicable policy) (i) a long-term disability insurance policy for the Executive which would provide benefits to the Executive in an annual amount not less than 300% of the Executive's Annual Salary (the "L-T Disability Policy"); and (ii) a term life insurance policy in the amount of $5,000,000 on the life of the Executive (the "Term Life Insurance Policy"). The Executive shall be entitled to designate the beneficiaries of the L-T Disability Policy and the Term Life Insurance Policy; provided, that in each case the insurance policies are available and can be procured on reasonable commercial terms. The Executive acknowledges and agrees that the benefits provided under both the L-T Disability Policy and the Term Life Insurance Policy will be offset by any similar insurance benefits provided under Sections 3.3, 4 or 5.

3.5 Equity Incentive Compensation. On the Commencement Date, the Executive shall be granted an award consisting of 265,524 shares of restricted stock under the Company's 2013 equity incentive plan (the "Equity Incentive Plan") and the respective award agreement (the "Award Agreement"). The restricted stock granted on the Commencement Date will vest based on continued service in four equal annual installments following the Commencement Date, with the final tranche vesting on the 4th anniversary of the Commencement Date. Dividends will be paid to Executive on vested and unvested shares of restricted stock if and when dividends are paid to holders of Company common stock generally. Following the Company's 2013 Fiscal Year, the Executive shall be eligible for regular annual grants of restricted stock, stock options or other awards under the Equity Incentive Plan on such terms and in such amounts (if any) as may be determined by the Compensation Committee in its sole discretion. All (a) stock option, restricted stock and other stock-settled equity-based awards granted to Executive shall provide to Executive the right to direct the Company or an affiliate to satisfy the minimum statutory tax withholding obligations arising with respect to such awards by withholding from the shares that would otherwise be delivered such number of shares having a fair market value equal to such minimum statutory tax withholding obligation and (b) stock options granted to Executive shall permit the Executive to "net exercise" the stock options by directing the Company to withhold from the number of shares that would otherwise be issued upon exercise of the stock option such number of shares having a fair market value as of the date of exercise equal to the exercise price of the option (or portion thereof that the Executive has elected to net exercise).

3.6 Expenses. The Company shall promptly pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive documents such expenses with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and/or programs. The Company shall also promptly reimburse the Executive for all attorneys' fees and expenses incurred by Executive in connection with the Company's IPO (including, without limitation, the negotiation of this Agreement, the Indemnification Agreement, the agreements related to the Formation Transactions, the Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P., dated as of April 23, 2013 (the "Limited Partnership Agreement"), the Registration Rights Agreement, dated as of April 23, 2013, by and among the Company and the parties listed on Schedule I thereto ("Registration Rights Agreement"), the Award Agreements and any other documents or agreements contemplated hereby or thereby) in an aggregate amount not to exceed $50,000.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Term shall terminate as of the date of death. If there is a good faith determination by the Board that the Executive has become physically or mentally incapable of performing his duties under the Agreement and such disability has disabled the Executive for a cumulative period of 180 days within any 12-month period (a "Disability"), the Company shall have the right, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive. Upon termination of employment due to death or Disability, (i) the Executive (or the Executive's estate or beneficiaries in the case of the death of the Executive) shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment: (x) Annual Salary, Annual Bonus and other benefits earned and accrued under this Agreement but not yet paid prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of

termination) (the "Accrued Benefits") and (y) a pro rata (based on the number of days employed in the fiscal year of termination) target Annual Bonus for the fiscal year in which his termination occurs; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and/or the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); and (iii) all outstanding equity (or equity-based) incentives and awards held by Executive (or, in the case of his death, his estate and beneficiaries) shall vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the first anniversary of the date of termination.

5. Certain Terminations of Employment.

5.1 Termination by the Company for Cause; Termination by the Executive without Good Reason

(a) For purposes of this Agreement, "Cause" shall mean, the Executive's:

(i) conviction of, or plea of *nolo contendere* to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations) that is injurious to the business or reputation of the Company;

(ii) willful and material misconduct in connection with the performance of his duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company;

(iii) failure to adhere to the lawful directions of the Board, or to devote substantially all of the Executive's business time and efforts to the Company, in either event, which continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or

(iv) material breach of (x) any covenant contained in Section 6 of this Agreement; or (y) the other terms and provisions of this Agreement and, in each case, failure to cure such breach within 10 days following written notice from the Company specifying such breach;

provided, that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time within 30 days following the occurrence of any of the events described above (or, if later, the Company's knowledge thereof). Notwithstanding anything herein to the contrary, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board at a meeting of the Board called and held for such purposes (after reasonable notice to the Executive and an opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board after reasonable investigation that the Executive has engaged in acts or omissions constituting Cause.

(b) The Company may terminate the Executive's employment hereunder for Cause on at least 10 days' notice, and the Executive may terminate his employment on at least 30 days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates his employment and the termination by the Executive is not covered by Section 4 or 5.2, the Executive shall receive the Accrued Benefits in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal by the Company

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any change in job title or material diminution in the Executive's roles and responsibilities from those set forth in this Agreement (including, without limitation, the Executive no longer being the Chairman of the Board and the senior-most executive of the Company or assignment of duties inconsistent with such position);

(ii) a reduction in the Executive's Annual Salary or Annual Bonus potential or failure to promptly pay such amounts when due;

(iii) a relocation of the Company's headquarters outside a 30 mile radius of Annapolis, MD or moving of the Executive's office or place of performance from the Company's headquarters;

(iv) a material breach by the Company of this Agreement or any other material agreement between the Executive and the Company; or

(v) there shall have occurred a Change in Control.

Notwithstanding the foregoing, (x) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Executive no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Executive's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason (pursuant to Section 5.2(a)(i), Section 5.2(a)(ii) or Section 5.2(a)(iv)), the Company shall have 30 days from the date written notice of such a termination is given by the Executive to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason under this Section 5.2. If (x) the Company terminates the Executive's employment and the termination is not covered by Section 4 or 5.1, (y) the Executive terminates his employment for Good Reason, or (z) the Executive's termination of employment results from the Company's notice of non-renewal following the Initial Term or any Subsequent Term in accordance with Section 1, (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) on the 30th day following the Executive's termination of employment, (A) the Accrued Benefits, (B) an amount equal to three times the sum of (x) the Executive's Annual Salary and (y) an amount equal to the greater of (1) the Executive's average Annual Bonus actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which Executive received an Annual Bonus) prior to the year of termination and (2) the Executive's target Annual Bonus for the fiscal year in which such termination of employment occurs and (C) a pro-rata

(based on the maximum Annual Bonus that the Executive could have earned for the fiscal year in which his termination occurs and the number of days employed in the fiscal year of termination) Annual Bonus; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive would have received under this Agreement (and at such costs to the Executive) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); (iii) all outstanding equity (or equity-based) incentives and awards held by the Executive shall thereupon vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the first anniversary after the date of termination (or, in the case of a Change in Control, on the third anniversary of the Change in Control); and (iv) for a period of 24 months after termination of employment, the Company will continue to provide on a fully subsidized basis the L-T Disability Policy and the Term Life Insurance Policy.

(c) Notwithstanding clause 5.2(b)(ii), (i) nothing herein shall restrict the ability of the Company to amend or terminate the health and welfare plans and programs referred to in such clause 5.2(b)(ii) from time to time in its sole discretion, provided that any such amendments or termination are made applicable generally on the same terms to all actively employed senior executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive compared with any other officers of the Company, but the Company may not reduce benefits already earned and accrued by, but not yet paid to, the Executive and (ii) the Company shall in no event be required to provide any benefits otherwise required by such clause 5.2(b)(ii) after such time as the Executive becomes entitled to receive benefits of the same type and at least as favorable to the Executive from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(d) Notwithstanding any other provision of this Agreement, the Company shall not be required to make the payments and provide the benefits provided for under Section 5.2(b) unless the Executive executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination; provided that the Company shall have provided the Executive with such waiver and release within 10 business days following the Executive's termination of employment.

(e) For purposes of this Agreement, "Change in Control" shall have the same meaning as prescribed in the Equity Incentive Plan.

(f) No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the period commencing on the date hereof and ending 12 months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates (the "Restricted Period"), he shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its affiliates in the Business or (ii) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Executive renders to the Company; provided, however, that, notwithstanding the foregoing, (A) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Executive is not a controlling person of, or a member of a group which controls, such entity, and (z) the Executive does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (B) the Executive may continue to serve on any board of directors on which the Executive was serving as of the date of the Executive's termination of employment; and (C) the Executive may be employed by or provide services for a company (a "Conglomerate") with multiple lines of businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive with the Company (the "Competitive Division"), (x) the Executive is employed by or provides services to a line of business of Conglomerate that is not competitive with the Company; and (y) the Executive does not perform services for the Competitive Division; and (z) the Executive (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 6.

For purposes of this Agreement, the "Restricted Territory" shall mean any (i) state in the United States and (ii) foreign country or jurisdiction, in the case of clause (i) or (ii), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except in the course of his duties as President and Chief Executive Officer or with the Board's express written consent and except for Confidential Company Information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Executive without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Executive may disclose Confidential Company Information where the Executive is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Executive first (i) promptly notifies the Company, (ii) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (iii) reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

(c) During the Restricted Period, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other

service of the Company or any of its subsidiaries, any person or entity who is or was during the six-month period preceding the Executive's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Executive shall not, whether for his own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the six month period preceding the Executive's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Executive possessed prior to his business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) At no time during the Executive's employment by the Company or at any time thereafter shall the Executive, on one hand, or the Company or any of its subsidiaries, on the other hand, publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The parties hereto acknowledge and agree that any breach of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively, the "Restrictive Covenants") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if the either party breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should his employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) he has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in Maryland in accordance with Maryland law and the employment arbitration rules and procedures of the American Arbitration Association, before an

arbitrator experienced in employment disputes who is licensed to practice law in the State of Maryland. The determination of the arbitrator shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration shall be held in Annapolis, Maryland.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, or overnight courier, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

Hannon Armstrong Sustainable Infrastructure Capital, Inc.
1906 Towne Centre Blvd
Suite 370
Annapolis, Maryland 21401
Attention: General Counsel

with a copy to:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019-6131
Attention: Jay Bernstein

(ii) If to the Executive, to the address in the records of the Company

with a copy to:

Morrison & Foerster LLP
1650 Tysons Boulevard, Suite 400
McLean, Virginia 22102
Attention: Lawrence T. Yanowitch

Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement, together with the Indemnification Agreement and the Award Agreements contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, including, without limitation, the Prior Employment Agreement.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. Except as expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.**

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. Except as otherwise provided by operation of law, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 4, 5, 6, and 7, shall survive any termination of the Executive's employment hereunder and continue in full force until performance of the obligations thereunder, if any, in accordance with their respective terms.

7.13 Existing Agreements. The Executive represents to the Company that he is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding (excluding the Prior Employment Agreement) which might prohibit him from executing this Agreement or limit his ability to fulfill his responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachute Payments. If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (such excise tax, together with any interest or penalties incurred by the Executive with respect to such excise tax, the "Excise Tax"), then the Executive will receive the greatest of the following, whichever gives the Executive the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes non-qualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur

in the manner the Executive elects in writing prior to the date of payment. If any Payment constitutes non-qualified deferred compensation or if the Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to the Executive, until the reduction is achieved. All determinations required to be made under this Section 7.15, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Executive.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code are intended to comply with the requirements of Section 409A and this Agreement shall be interpreted accordingly. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within 10 days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid

deferred amount shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. For purposes of Section 409A, the Executive's right to receive installment payments pursuant to this Agreement including, without limitation, each COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation reimbursement shall be treated as a right to receive a series of separate and distinct payments. The Executive will be deemed to have a date of termination for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Section 409A. Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, any right to reimbursement or in kind benefits will not be subject to liquidation or exchange for another benefit, and the amount of the expenses eligible for reimbursement during any taxable year will not affect the amount of expenses eligible for reimbursement in any other taxable year. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

The parties agree to consider any amendments or modifications to this Agreement or any other compensation arrangement between the parties, as reasonably requested by the other party, that is necessary to cause such agreement or arrangement to comply with Section 409A (or an exception thereto), provided that such proposed amendment or modification does not change the economics of the agreement or arrangement and does not provide for any additional cost to either party. Notwithstanding the foregoing, the parties will not be obligated to make any amendment or modification and the Company makes no representation or warranty with respect to compliance with Section 409A and shall have no liability to the Executive or any other person if any provision of this Agreement or such other arrangement are determined to constitute deferred compensation subject to Section 409A that does not satisfy an exemption from, or the conditions of, such Section.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Steven L. Chuslo

Name: Steven L. Chuslo

Title: General Counsel

JEFFREY ECKEL

/s/ Jeffrey Eckel

EXHIBIT A

[Intentionally left blank]

EXHIBIT B

Form of Waiver and Release

This Waiver and General Release of all Claims (this "Agreement") is entered into by Jeffrey Eckel (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "Effective Date").

In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [ ], 2013 (the "Employment Agreement"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement and after consultation with counsel, the Executive (or his estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or his estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or his estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or his estate, as applicable) may have to enforce this Agreement,

the Award Agreements or the Employment Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or his estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with his termination to consult with an attorney of his choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of his choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that he has seven days following the date on which he signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of his revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive (or his estate, as applicable) represents and warrants that he has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive (or his estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or his estate, as applicable) has waived any relief available to him/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 2. Therefore the Executive (or his estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or his estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved in accordance with Section 7.3 of the Employment Agreement.

7. Notices. All notices or communications hereunder shall be made in accordance with Section 7.4 of the Employment Agreement.

THE EXECUTIVE (OR HIS ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE/IT FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/IT HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/ITS OWN FREE WILL.

JEFFREY W. ECKEL

By: /s/ Jeffrey W. Eckel

Date: April 17, 2013

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Steven Chuslo
Name: Steven Chuslo
Title: General Counsel

Exhibit 10.8

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") is dated as of April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and J. Brendan Herron, Jr., residing at the address set forth in the Company's records (the "Executive").

WHEREAS, Hannon Armstrong Capital, LLC, the entity through which the Company was operating its business ("Hannon Armstrong"), and the Executive have previously entered into that certain Employment Agreement dated September 1, 2011, under which the Executive was employed as Executive Vice President and Chief Financial Officer (the "Prior Employment Agreement"); and

WHEREAS, in connection with the initial public offering of the Company (the "Company's IPO"), the Company will engage in a series of transactions that will enable the Company to qualify as a real estate investment trust for U.S. federal income tax purposes and will result in Hannon Armstrong becoming a subsidiary of the Company (collectively, the "Formation Transactions"); and

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below, to be effective as of the completion of the Company's IPO and the Formation Transactions, at which time the Prior Employment Agreement will automatically terminate and this Agreement will become in effect; and

WHEREAS, the Company and the Executive are entering into an Indemnification Agreement (the "Indemnification Agreement") simultaneously herewith.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing as of the date on which the Company's IPO and the Formation Transactions are consummated (the "Commencement Date") and continuing for a four-year

period (the "Initial Term"), unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to automatically continue following the Initial Term for additional successive one-year periods (each, a "Subsequent Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party in writing of its intention not to continue such employment at least 90 days prior to the expiration of the Initial Term or any Subsequent Term, as applicable (the Initial Term, together with all Subsequent Terms hereunder, shall hereinafter be referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Executive Vice President and Chief Financial Officer of the Company, and, as such, the Executive shall faithfully perform for the Company the duties of such office and shall have such responsibilities and authority as are customary for an Executive Vice President and Chief Financial Officer employed by a public company of similar size and nature and shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall devote substantially all of the Executive's business time and effort to the performance of the Executive's duties hereunder; provided, however, that the Executive shall be permitted to continue service as set forth in Exhibit A and, subject to the approval of the Board of Directors of the Company (the 'Board"), the Executive may serve on the board of directors or trustees of any business corporation or charitable organization and such service shall not be a violation of this Agreement, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the minimum rate of $295,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time. The CEO shall make recommendations to the Compensation Committee of the Board (the "Compensation Committee") with respect to Executive's Annual Salary on an annual basis and the Compensation Committee shall review such recommendation 3 and provide for any increase as it shall determine in its sole discretion (such annual salary, the "Annual Salary"). Once increased, the Annual Salary shall not thereafter be decreased.

3.2 Bonus. For the Company's 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to 70% of Executive's Annual Salary (the "2013 Bonus"), subject to satisfaction of Company performance measures as determined in the sole discretion of the Compensation Committee. For each fiscal year during the Term following the 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to at least 125% of Executive's Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "Annual Bonus"). The 2013 Bonus and Annual Bonuses shall be paid in the fiscal year following the fiscal year for which such bonuses are awarded, but in all events shall be paid no later than March 15 of such following fiscal year.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization and disability insurance plans, health programs, equity incentive plans, long-term incentive programs, 401(k) and other retirement plans, fringe benefit programs and similar benefits that may be available (currently or in the future) to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Vacation. Without limiting the generality of Section 3.3, the Executive shall be entitled to paid vacation of 20 business days per year (to be taken at reasonable times in accordance with the Company's policies).

3.5 Equity Incentive Compensation.

(a) On the Commencement Date, the Executive shall be granted an award (the "Initial Award") consisting of 58,286 shares of restricted stock under the Company's 2013 equity incentive plan (the "Equity

Incentive Plan") and the respective award agreement (the "Award Agreement"). The restricted stock granted on the Commencement Date will vest based on continued service in four (4) equal annual installments following the Commencement Date, with the final tranche 4 vesting on the 4th anniversary of the Commencement Date. Dividends will be paid to Executive on vested and unvested shares of restricted stock if and when dividends are paid to holders of Company common stock generally. Following the Company's 2013 Fiscal Year, the Executive shall be eligible for regular annual grants of restricted stock, stock options or other awards under the Equity Incentive Plan on such terms and in such amounts (if any) as may be determined by the Compensation Committee in its sole discretion. All (x) stock option, restricted stock and other stock-settled equity-based awards granted to Executive shall provide to Executive the right to direct the Company or an affiliate to satisfy the minimum statutory tax withholding obligations arising with respect to such awards by withholding from the shares that would otherwise be delivered such number of shares having a fair market value equal to such minimum statutory tax withholding obligation and (y) stock options granted to Executive shall permit the Executive to "net exercise" the stock options by directing the Company to withhold from the number of shares that would otherwise be issued upon exercise of the stock option such number of shares having a fair market value as of the date of exercise equal to the exercise price of the option (or portion thereof that the Executive has elected to net exercise).

(b) Upon the effective date of a Change in Control (as defined below), all of the Executive's outstanding shares of restricted stock or other stock-based compensation shall vest in full and become free of restrictions.

3.6 Expenses. The Company shall promptly pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive documents such expenses with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and programs.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Executive's employment shall terminate effective as of the date of death. If there is a good faith determination by the Board that the Executive has become physically or mentally incapable of performing 5 the Executive's duties under this Agreement and such disability has disabled the Executive for a cumulative period of 180 days within any 12-month period (a "Disability"), the Company shall have the right after such determination and passage of time, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive.

4.1 Compensation due to Death. Upon the effective date of termination of employment due to death , (i) the Executive's estate or beneficiaries shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) Annual Salary, Annual Bonus, and other benefits earned and accrued under this Agreement but not yet paid prior to the effective date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination) (the "Accrued Benefits") and (y) a pro rata (based on the number of days employed up to the effective date of termination in the applicable fiscal year) target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized

coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); (iii) the Executive's estate or beneficiaries shall be entitled to receive the death benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding 6 unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until death over 365) of any shares that would have vested for the year of Executive's death shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

4.2 Compensation due to Disability. Upon the effective date of termination of employment due to Disability (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) the Accrued Benefits and (y) the target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof;

(ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on

the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); (iii) the Executive, or the Executive's estate or beneficiaries shall be entitled to receive the disability benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until Disability over 365) of any shares that would have vested for the year of Disability shall vest and become free of restrictions and 7 be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

5. Certain Terminations of Employment.

5.1 Termination by the Company for Cause; Termination by the Executive without Good Reason

(a) For purposes of this Agreement, "Cause" shall mean, the Executive's:

(i) commission of, and indictment for or formal admission to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations);

(ii) willful and material misconduct or gross misconduct in connection with the performance of the Executive's duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company;

(iii) failure to adhere to the lawful directions of the CEO, to adhere to the Company's policies and practices or, as required in Section 2 hereof, to devote substantially all of the Executive's business time and efforts to the Company, which failure continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or

(iv) material breach of (x) any covenant contained in Section 6 of this Agreement; or

(y) the other terms and provisions of this Agreement and, in each case, failure to cure such breach within 10 days following written notice from the Company specifying such breach;

provided, that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time within 30 days following the occurrence of any of the events described above (or, if later, the Company's knowledge thereof).

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate the Executive's employment on at least 30 days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates the Executive's employment and the termination by the Executive is not covered by Section 4 or 5.2, the Executive shall receive the Accrued Benefits in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal by the Company 8

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any change in job title or material diminution in the Executive's roles and responsibilities from those set forth in this Agreement (including, without limitation, the assignment of duties materially inconsistent with Executive's position) that cause a reduction in the Executive's Annual Salary or Annual Bonus potential;

(ii) a material reduction in the Executive's Annual Salary or Annual Bonus potential;

(iii) a relocation of the Company's headquarters outside a 30 mile radius of Annapolis, MD or moving of the Executive's office or place of performance from the Company's headquarters; or

(iv) a material breach by the Company of this Agreement or any other material agreement between the Executive and the Company. Notwithstanding the foregoing, following a Change in Control, the definition of "Good Reason" as set forth above shall be modified to delete all references to the term "material" (namely, in Section 5.2(a)(i), Section 5.2(a)(ii) and Section 5.2(a)(iv)), and the definition of "Good Reason" shall otherwise remain in effect as provided herein. Furthermore, (x) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Executive no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Executive's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason (pursuant to Section 5.2(a)(i), Section 5.2(a)(ii) or Section 5.2(a)(iv), the Company shall have 30 days from the date written notice of such a termination is given by the Executive to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason. If (x) the Company terminates the Executive's employment and the termination is not covered by Section 4 or 5.1, (y) the Executive terminates the Executive's employment for Good Reason, or (z) the Executive's termination of employment results from the Company's notice of non-renewal following the Initial Term or any Subsequent Term in accordance 9 with Section 1, then (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) on the 30th day following the Executive's termination of employment, (A) the Accrued Benefits, and (B) an amount equal to two times the sum of (x) the Executive's Annual Salary and (y) an amount equal to the greater of (1) the Executive's average Annual Bonus actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which Executive

received an Annual Bonus) prior to the year of termination and (2) the Executive's target Annual Bonus for the fiscal year in which such termination of employment occurs; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive would have received under this Agreement (and at such costs to the Executive) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); and (iii) all outstanding equity (or equity-based) incentives and awards held by the Executive shall thereupon immediately vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the earlier of the term of such stock option and the first anniversary after the date of termination (or, in the case of a Change in Control, the earlier of the term of stock option and the third anniversary of the Change in Control).

(c) Notwithstanding clause 5.2(b)(ii), (i) nothing herein shall restrict the ability of the Company to amend or terminate the insurance, health and welfare plans and programs referred to in such clause 5.2(b)(ii) from time to time in its sole discretion, provided that any such amendments or termination are made applicable generally on the same terms to all actively employed senior executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive compared with any other officers of the Company, but the Company may not reduce benefits 10 already earned and accrued by, but not yet paid to, the Executive and (ii) the Company shall in no event be required to provide any benefits otherwise required by such clause 5.2(b)(ii) after such time as the Executive becomes entitled to receive benefits of the same type and at least as favorable to the Executive from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(d) Notwithstanding any other provision of this Agreement, the Company shall not be required to make the payments and provide the benefits provided for under Section 5.2(b) unless the Executive executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination; provided, that the Company shall have provided the Executive with such waiver and release within 10 business days following the Executive's termination of employment.

(e) For purposes of this Agreement, "Change in Control" shall have the same meaning as prescribed in the Equity Incentive Plan.

(f) No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has 11 given and will continue to give him access to the confidential affairs and proprietary information of the

Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the period commencing on the date hereof and ending 12 months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates (the "Restricted Period"), the Executive shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its subsidiaries in the Business or (ii) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Executive renders to the Company; provided, however, that, notwithstanding the foregoing, (A) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Executive is not a controlling person of, or a member of a group which controls, such entity, and (z) the Executive does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (B) the Executive may continue to serve on any board of directors on which the Executive was serving as of the date of the Executive's termination of employment; and (C) the Executive may be employed by or provide services for a company (a "Conglomerate") with multiple lines of businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive

with the Company (the "Competitive Division"), (x) the Executive is employed by or provides services to 12 a line of business of Conglomerate that is not competitive with the Company; and (y) the Executive does not perform services for the Competitive Division; and (z) the Executive (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 6.

For purposes of this Agreement, the "Restricted Territory" shall mean any (i) state in the United States and (ii) foreign country or jurisdiction, in the case of clause (i) or (ii), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for the Executive's benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except in the course of the Executive's duties or with the CEO's express written consent. Confidential Company Information does not include information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Executive on the Executive's own time without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Executive may disclose Confidential Company Information where the Executive is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Executive, so long as

legally permitted to do so, first (i) promptly notifies the Company, (ii) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (iii) 13 reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

(c) During the Restricted Period, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company or any of its subsidiaries, any person or entity who is or was during the 6-month period preceding the Executive's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Executive shall not, whether for the Executive's own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the 6-month period preceding the Executive's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Executive possessed prior to the Executive's business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) At no time during the Executive's employment by the Company or at any time thereafter shall the Executive or any representative of the Company publish any statement or make any 14 statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The parties hereto acknowledge and agree that any breach of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively, the "Restrictive Covenants") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if either party breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to seek an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should the Executive's employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) the Executive has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive 15 Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to

each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies 16 referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in Maryland in accordance with Maryland law and the employment arbitration rules and procedures of the American Arbitration Association, before an arbitrator experienced in employment disputes who is licensed to practice law in the State of Maryland. The determination of the arbitrator shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration shall be held in Annapolis, Maryland.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, or overnight courier, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

Hannon Armstrong Sustainable Infrastructure Capital, Inc. 1906 Towne Centre Blvd Suite 370 Annapolis, Maryland 21401 Attention: General Counsel

(ii) If to the Executive, to the address in the records of the Company.

Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement, together with the Indemnification Agreement and the Award Agreements contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, including, without limitation, the Prior Employment Agreement.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed 17 by the parties or, in the case of a waiver, by the party waiving compliance. Except as expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.**

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. Except as otherwise provided by operation of law, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto. 18

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 4, 5, 6, and 7, shall survive any termination of the Executive's employment hereunder and continue in full force until performance of the obligations thereunder, if any, in accordance with their respective terms.

7.13 Existing Agreements. The Executive represents to the Company that the Executive is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit the Executive from executing this Agreement or limit the Executive's ability to fulfill the Executive's responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachute Payments. If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (such excise tax, together with any interest or penalties incurred by the Executive with respect to such excise tax, the "Excise Tax"), then the Executive will receive the greatest of the following, whichever gives the Executive the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe

Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes non-qualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner the Executive elects in writing prior to the date of payment. If any Payment constitutes non-qualified deferred compensation or if the Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have 19 been made to the Executive, until the reduction is achieved. All determinations required to be made under this Section 7.15, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Executive.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code are intended to comply with the requirements of Section 409A and this Agreement shall be interpreted accordingly. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last

until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within 10 days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. For purposes of Section 409A, the Executive's right to receive installment payments pursuant to this Agreement including, without limitation, each COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation reimbursement shall be treated as a right 20 to receive a series of separate and distinct payments. The Executive will be deemed to have a date of termination for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Section 409A. Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, any right to reimbursement or in kind benefits will not be subject to liquidation or exchange for another benefit, and the amount of the expenses eligible for reimbursement during any taxable year will not affect the amount of expenses eligible for reimbursement in any other taxable year. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

The parties agree to consider any amendments or modifications to this Agreement or any other compensation arrangement between the parties, as reasonably requested by the other party, that is necessary to cause such agreement or arrangement to comply with Section 409A (or an exception thereto), provided that such proposed amendment or modification does not change the economics of the agreement or arrangement and does not provide for any additional cost to either party. Notwithstanding

the foregoing, the parties will not be obligated to make any amendment or modification and the Company makes no representation or warranty with respect to compliance with Section 409A and shall have no liability to the Executive or any other person if any provision of this Agreement or such other arrangement are determined to constitute deferred compensation subject to Section 409A that does not satisfy an exemption from, or the conditions of, such Section.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Officer

J. BRENDAN HERRON JR.

/s/ J. Brendan Herron Jr.

[remainder of the page left purposefully blank]

EXHIBIT A

[Intentionally left blank]

EXHIBIT B

Form of Waiver and Release

This Waiver and General Release of all Claims (this "Agreement") is entered into by [ ] (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "Effective Date").

In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [ ], 2013 (the "Employment Agreement"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement and after consultation with counsel, the Executive (or the Executive's estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or the Executive's estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or the Executive's estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or the Executive's estate, as applicable) may have to enforce this Agreement, the Award Agreements or the Employment

Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or the Executive's estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's termination to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive (or the Executive's estate, as applicable) represents and warrants that the Executive (or the Executive's estate, as applicable) has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive (or the Executive's estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or the Executive's estate, as applicable) has waived any relief available to him/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 2. Therefore the Executive (or the Executive's estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or the Executive's estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved in accordance with Section 7.3 of the Employment Agreement.

7. Notices. All notices or communications hereunder shall be made in accordance with Section 7.4 of the Employment Agreement.

THE EXECUTIVE (OR HIS ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE/it FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/it HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/its OWN FREE WILL.

J. BRENDAN HERRON JR.

/s/ J. Brendan Herron Jr.

Date: April 17, 2013

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.9

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") is dated as of April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and Steven L. Chuslo, residing at the address set forth in the Company's records (the "Executive").

WHEREAS, Hannon Armstrong Capital, LLC, the entity through which the Company was operating its business ("Hannon Armstrong"), and the Executive have previously entered into that certain Employment Agreement dated April 1, 2008, under which the Executive was employed as Executive Vice President, Secretary and General Counsel (the "Prior Employment Agreement"); and

WHEREAS, in connection with the initial public offering of the Company (the "Company's IPO"), the Company will engage in a series of transactions that will enable the Company to qualify as a real estate investment trust for U.S. federal income tax purposes and will result in Hannon Armstrong becoming a subsidiary of the Company (collectively, the "Formation Transactions"); and

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below, to be effective as of the completion of the Company's IPO and the Formation Transactions, at which time the Prior Employment Agreement will automatically terminate and this Agreement will become in effect; and

WHEREAS, the Company and the Executive are entering into an Indemnification Agreement (the "Indemnification Agreement") simultaneously herewith.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing as of the date on which the Company's IPO and the Formation Transactions are consummated (the "Commencement Date") and continuing for a four-year

period (the "Initial Term"), unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to automatically continue following the Initial Term for additional successive one-year periods (each, a "Subsequent Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party in writing of its intention not to continue such employment at least 90 days prior to the expiration of the Initial Term or any Subsequent Term, as applicable (the Initial Term, together with all Subsequent Terms hereunder, shall hereinafter be referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Executive Vice President and General Counsel of the Company, and, as such, the Executive shall faithfully perform for the Company the duties of such office and shall have such responsibilities and authority as are customary for an Executive Vice President and General Counsel employed by a public company of similar size and nature and shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall devote substantially all of the Executive's business time and effort to the performance of the Executive's duties hereunder; provided, however, that the Executive shall be permitted to continue service as set forth in Exhibit A and, subject to the approval of the Board of Directors of the Company (the "Board"), the Executive may serve on the board of directors or trustees of any business corporation or charitable organization and such service shall not be a violation of this Agreement, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the minimum rate of $300,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time. The CEO shall make recommendations to the Compensation Committee of the Board (the "Compensation Committee") with respect to Executive's Annual Salary on an annual basis and the Compensation Committee shall review such recommendation and provide for any increase as it shall determine in its sole discretion (such annual salary, the "Annual Salary"). Once increased, the Annual Salary shall not thereafter be decreased.

3.2 Bonus. For the Company's 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to 70% of Executive's Annual Salary (the "2013 Bonus"), subject to satisfaction of Company performance measures as determined in the sole discretion of the Compensation Committee. For each fiscal year during the Term following the 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to at least 125% of Executive's Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "Annual Bonus"). The 2013 Bonus and Annual Bonuses shall be paid in the fiscal year following the fiscal year for which such bonuses are awarded, but in all events shall be paid no later than March 15 of such following fiscal year.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization and disability insurance plans, health programs, equity incentive plans, longterm incentive programs, 401(k) and other retirement plans, fringe benefit programs and similar benefits that may be available (currently or in the future) to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Vacation. Without limiting the generality of Section 3.3, the Executive shall be entitled to paid vacation of 20 business days per year (to be taken at reasonable times in accordance with the Company's policies).

3.5 Equity Incentive Compensation. (a) On the Commencement Date, the Executive shall be granted an award (the "Initial Award") consisting of 43,714 shares of restricted stock under the Company's 2013 equity incentive plan (the "Equity Incentive Plan") and the respective award agreement (the "Award Agreement"). The restricted stock granted on the Commencement Date will vest based on continued service in four (4) equal annual installments following the Commencement Date, with the final

tranche vesting on the 4th anniversary of the Commencement Date. Dividends will be paid to Executive on vested and unvested shares of restricted stock if and when dividends are paid to holders of Company common stock generally. Following the Company's 2013 Fiscal Year, the Executive shall be eligible for regular annual grants of restricted stock, stock options or other awards under the Equity Incentive Plan on such terms and in such amounts (if any) as may be determined by the Compensation Committee in its sole discretion. All (x) stock option, restricted stock and other stock-settled equity-based awards granted to Executive shall provide to Executive the right to direct the Company or an affiliate to satisfy the minimum statutory tax withholding obligations arising with respect to such awards by withholding from the shares that would otherwise be delivered such number of shares having a fair market value equal to such minimum statutory tax withholding obligation and (y) stock options granted to Executive shall permit the Executive to "net exercise" the stock options by directing the Company to withhold from the number of shares that would otherwise be issued upon exercise of the stock option such number of shares having a fair market value as of the date of exercise equal to the exercise price of the option (or portion thereof that the Executive has elected to net exercise). (b) Upon the effective date of a Change in Control (as defined below), all of the Executive's outstanding shares of restricted stock or other stock-based compensation shall vest in full and become free of restriction.

3.6 Expenses. The Company shall promptly pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive documents such expenses with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and programs.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Executive's employment shall terminate effective as of the date of death. If there is a good faith determination by the Board that the Executive has become physically or mentally incapable of performing the Executive's duties under this Agreement and such disability has disabled the Executive for a

cumulative period of 180 days within any 12-month period (a "Disability"), the Company shall have the right after such determination and passage of time, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive. 4.1 Compensation due to Death. Upon the effective date of termination of employment due to death , (i) the Executive's estate or beneficiaries shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) Annual Salary, Annual Bonus, and other benefits earned and accrued under this Agreement but not yet paid prior to the effective date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination) (the "Accrued Benefits") and (y) a pro rata (based on the number of days employed up to the effective date of termination in the applicable fiscal year) target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); (iii) the Executive's estate or beneficiaries shall be entitled to receive the death benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until death over 365) of any shares that would

have vested for the year of Executive's death shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company. 4.2 Compensation due to Disability. Upon the effective date of termination of employment due to Disability (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) the Accrued Benefits and (y) the target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); (iii) the Executive, or the Executive's estate or beneficiaries shall be entitled to receive the disability benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until Disability over 365) of any shares that would have vested for the year of Disability shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

5. Certain Terminations of Employment.

5.1 Termination by the Company for Cause; Termination by the Executive without Good Reason

(a) For purposes of this Agreement, "Cause" shall mean, the Executive's:

(i) commission of, and indictment for or formal admission to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations);

(ii) willful and material misconduct or gross misconduct in connection with the performance of the Executive's duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company;

(iii) failure to adhere to the lawful directions of the CEO, to adhere to the Company's policies and practices or, as required in Section 2 hereof, to devote substantially all of the Executive's business time and efforts to the Company, which failure continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or (iv) material breach of (x) any covenant contained in Section 6 of this Agreement; or (y) the other terms and provisions of this Agreement and, in each case, failure to cure such breach within 10 days following written notice from the Company specifying such breach;

provided, that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time within 30 days following the occurrence of any of the events described above (or, if later, the Company's knowledge thereof).

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate the Executive's employment on at least 30 days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates the Executive's employment and the termination by the Executive is not covered by Section 4 or 5.2, the Executive shall receive the Accrued Benefits in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal by the Company

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any change in job title or material diminution in the Executive's roles and responsibilities from those set forth in this Agreement (including, without limitation, the assignment of duties materially inconsistent with Executive's position) that cause a reduction in the Executive's Annual Salary or Annual Bonus potential;

(ii) a material reduction in the Executive's Annual Salary or Annual Bonus potential;

(iii) a relocation of the Company's headquarters outside a 30 mile radius of Annapolis, MD or moving of the Executive's office or place of performance from the Company's headquarters; or (iv) a material breach by the Company of this Agreement or any other material agreement between the Executive and the Company. Notwithstanding the foregoing, following a Change in Control, the definition of "Good Reason" as set forth above shall be modified to delete all references to the term "material" (namely, in Section 5.2(a)(i), Section 5.2(a)(ii) and Section 5.2(a)(iv)), and the definition of "Good Reason" shall otherwise remain in effect as provided herein. Furthermore , (x) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Executive no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Executive's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason (pursuant to Section 5.2(a)(i), Section 5.2(a)(ii) or Section 5.2(a)(iv), the Company shall have 30 days from the date written notice of such a termination is given by the Executive to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason. If (x) the Company terminates the Executive's employment and the termination is not covered by Section 4 or 5.1, (y) the Executive terminates the Executive's employment for Good Reason, or (z) the Executive's termination of employment results from the Company's notice of non-renewal following the Initial Term or any Subsequent Term in accordance with Section 1, then (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement)

on the 30th day following the Executive's termination of employment, (A) the Accrued Benefits, and (B) an amount equal to two times the sum of (x) the Executive's Annual Salary and (y) an amount equal to the greater of (1) the Executive's average Annual Bonus actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which Executive received an Annual Bonus) prior to the year of termination and (2) the Executive's target Annual Bonus for the fiscal year in which such termination of employment occurs; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive would have received under this Agreement (and at such costs to the Executive) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); and (iii) all outstanding equity (or equity-based) incentives and awards held by the Executive shall thereupon immediately vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the earlier of the term of such stock option and the first anniversary after the date of termination (or, in the case of a Change in Control, the earlier of the term of stock option and the third anniversary of the Change in Control).

(c) Notwithstanding clause 5.2(b)(ii), (i) nothing herein shall restrict the ability of the Company to amend or terminate the insurance, health and welfare plans and programs referred to in such clause 5.2(b)(ii) from time to time in its sole discretion, provided that any such amendments or termination are made applicable generally on the same terms to all actively employed senior executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive compared with any other officers of the Company, but the Company may not reduce benefits already earned and accrued by, but not yet paid to, the Executive and (ii) the Company shall in no event

be required to provide any benefits otherwise required by such clause 5.2(b)(ii) after such time as the Executive becomes entitled to receive benefits of the same type and at least as favorable to the Executive from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(d) Notwithstanding any other provision of this Agreement, the Company shall not be required to make the payments and provide the benefits provided for under Section 5.2(b) unless the Executive executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination; provided, that the Company shall have provided the Executive with such waiver and release within 10 business days following the Executive's termination of employment. (e) For purposes of this Agreement, "Change in Control" shall have the same meaning as prescribed in the Equity Incentive Plan.

(e) No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has

given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the period commencing on the date hereof and ending 12 months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates (the "Restricted Period"), the Executive shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its subsidiaries in the Business or (ii) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Executive renders to the Company; provided, however, that, notwithstanding the foregoing, (A) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Executive is not a controlling person of, or a member of a group which controls, such entity, and (z) the Executive does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (B) the Executive may continue to serve on any board of directors on which the Executive was serving as of the date of the Executive's termination of employment; and (C) the Executive may be employed by or provide services for a company (a "Conglomerate") with multiple lines of

businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive with the Company (the "Competitive Division"), (x) the Executive is employed by or provides services to a line of business of Conglomerate that is not competitive with the Company; and (y) the Executive does not perform services for the Competitive Division; and (z) the Executive (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 6.

For purposes of this Agreement, the "Restricted Territory" shall mean any (i) state in the United States and (ii) foreign country or jurisdiction, in the case of clause (i) or (ii), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for the Executive's benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except in the course of the Executive's duties or with the CEO's express written consent. Confidential Company Information does not include information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Executive on the Executive's own time without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Executive may disclose Confidential Company Information where the Executive is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Executive, so long as

legally permitted to do so, first (i) promptly notifies the Company, (ii) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (iii) reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

(c) During the Restricted Period, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company or any of its subsidiaries, any person or entity who is or was during the 6-month period preceding the Executive's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Executive shall not, whether for the Executive's own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the 6-month period preceding the Executive's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Executive possessed prior to the Executive's business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) At no time during the Executive's employment by the Company or at any time thereafter shall the Executive or any representative of the Company publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The parties hereto acknowledge and agree that any breach of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively, the "Restrictive Covenants") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if either party breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to seek an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should the Executive's employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) the Executive has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in Maryland in accordance with Maryland law and the employment arbitration rules and procedures of the American Arbitration Association, before an arbitrator experienced in employment disputes who is licensed to practice law in the State of Maryland. The determination of the arbitrator shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration shall be held in Annapolis, Maryland.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, or overnight courier, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to: Hannon Armstrong Sustainable Infrastructure Capital, Inc. 1906 Towne Centre Blvd Suite 370 Annapolis, Maryland 21401 Attention: General Counsel

(ii) If to the Executive, to the address in the records of the Company. Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement, together with the Indemnification Agreement and the Award Agreements contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, including, without limitation, the Prior Employment Agreement.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. Except as expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.**

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. Except as otherwise provided by operation of law, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 4, 5, 6, and 7, shall survive any termination of the Executive's employment hereunder and continue in full force until performance of the obligations thereunder, if any, in accordance with their respective terms. 7.13 Existing Agreements. The Executive represents to the Company that the Executive is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit the Executive from executing this Agreement or limit the Executive's ability to fulfill the Executive's responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachute Payments. If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (such excise tax, together with any interest or penalties incurred by the Executive with respect to such excise tax, the "Excise Tax"), then the Executive will receive the greatest of the following, whichever gives the Executive the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes non-qualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner the Executive elects in writing prior to the date of payment. If any Payment constitutes non-qualified deferred compensation or if the Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Executive and, to the

extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to the Executive, until the reduction is achieved. All determinations required to be made under this Section 7.15, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Executive.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code are intended to comply with the requirements of Section 409A and this Agreement shall be interpreted accordingly. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within 10 days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. For purposes of Section 409A, the Executive's right to receive installment payments pursuant to this Agreement including, without limitation, each COBRA

(Consolidated Omnibus Budget Reconciliation Act) continuation reimbursement shall be treated as a right to receive a series of separate and distinct payments. The Executive will be deemed to have a date of termination for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Section 409A. Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, any right to reimbursement or in kind benefits will not be subject to liquidation or exchange for another benefit, and the amount of the expenses eligible for reimbursement during any taxable year will not affect the amount of expenses eligible for reimbursement in any other taxable year. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

The parties agree to consider any amendments or modifications to this Agreement or any other compensation arrangement between the parties, as reasonably requested by the other party, that is necessary to cause such agreement or arrangement to comply with Section 409A (or an exception thereto), provided that such proposed amendment or modification does not change the economics of the agreement or arrangement and does not provide for any additional cost to either party. Notwithstanding the foregoing, the parties will not be obligated to make any amendment or modification and the Company makes no representation or warranty with respect to compliance with Section 409A and shall have no liability to the Executive or any other person if any provision of this Agreement or such other arrangement are determined to constitute deferred compensation subject to Section 409A that does not satisfy an exemption from, or the conditions of, such Section.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Officer

STEVEN L. CHUSLO

/s/ Steven L. Chuslo

EXHIBIT A

[Intentionally left blank]

EXHIBIT B

Form of Waiver and Release This Waiver and General Release of all Claims (this "Agreement") is entered into by [ ] (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "Effective Date"). In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [ ], 2013 (the "Employment Agreement"), the Executive and the Company agree as follows: 1. General Releases and Waivers of Claims. (a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement and after consultation with counsel, the Executive (or the Executive's estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or the Executive's estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or the Executive's estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or the Executive's estate, as applicable) may have to enforce this Agreement, the Award Agreements or the Employment Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or

other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or the Executive's estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable. (b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's termination to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph. (c) No Assignment. The Executive (or the Executive's estate, as applicable) represents and warrants that the Executive (or the Executive's estate, as applicable) has not assigned any of the Claims being released under this Agreement. 2. Waiver of Relief. The Executive (or the Executive's estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or the Executive's estate, as

applicable) has waived any relief available to him/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 2. Therefore the Executive (or the Executive's estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or the Executive's estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law. 3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative. 4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive. 5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State. 6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved in accordance with Section 7.3 of the Employment Agreement.

7. Notices. All notices or communications hereunder shall be made in accordance with Section 7.4 of the Employment Agreement.

THE EXECUTIVE (OR THE EXECUTIVE'S ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT AND THAT HE/IT FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/IT HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/ITS OWN FREE WILL.

Steven Chuslo

/s/ Steven Chuslo
Date: April 17, 2013

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.10

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") is dated as of April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and Nathaniel J. Rose, residing at the address set forth in the Company's records (the "Executive"). WHEREAS, in connection with the initial public offering of the Company (the "Company's IPO"), the Company will engage in a series of transactions that will enable the Company to qualify as a real estate investment trust for U.S. federal income tax purposes and will result in Hannon Armstrong becoming a subsidiary of the Company (collectively, the "Formation Transactions"); and

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below, to be effective as of the completion of the Company's IPO and the Formation Transactions, at which time this Agreement will become in effect; and

WHEREAS, the Company and the Executive are entering into an Indemnification Agreement (the "Indemnification Agreement") simultaneously herewith.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing as of the date on which the Company's IPO and the Formation Transactions are consummated (the "Commencement Date") and continuing for a four-year period (the "Initial Term"), unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to automatically continue following the Initial Term for additional successive one-year periods (each, a "Subsequent Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party in writing of its intention not to continue such employment at least 90 days prior to the expiration of the Initial Term or any Subsequent Term, as applicable (the Initial Term, together with all Subsequent Terms hereunder, shall hereinafter be referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Senior Vice President and Chief Investment Officer of the Company, and, as such, the Executive shall faithfully perform for the Company the duties of such office and shall have such responsibilities and authority as are customary for a Chief Investment Officer employed by a public company of similar size and nature and shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall devote substantially all of the Executive's business time and effort to the performance of the Executive's duties hereunder; provided, however, that the Executive shall be permitted to continue service as set forth in Exhibit A and, subject to the approval of the Board of Directors of the Company (the "Board"), the Executive may serve on the board of directors or trustees of any business corporation or charitable organization and such service shall not be a violation of this Agreement, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the minimum rate of $275,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time. The CEO shall make recommendations to the Compensation Committee of the Board (the "Compensation Committee") with respect to Executive's Annual Salary on an annual basis and the Compensation Committee shall review such recommendation and provide for any increase as it shall determine in its sole discretion (such annual salary, the "Annual Salary"). Once increased, the Annual Salary shall not thereafter be decreased.

3.2 Bonus. For the Company's 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to 60% of Executive's Annual Salary (the "2013 Bonus"), subject to satisfaction of Company performance measures as determined in the sole discretion of the Compensation Committee. For each fiscal year during the Term following the 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to at least 100% of

Executive's Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "Annual Bonus"). The 2013 Bonus and Annual Bonuses shall be paid in the fiscal year following the fiscal year for which such bonuses are awarded, but in all events shall be paid no later than March 15 of such following fiscal year.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization and disability insurance plans, health programs, equity incentive plans, longterm incentive programs, 401(k) and other retirement plans, fringe benefit programs and similar benefits that may be available (currently or in the future) to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Vacation. Without limiting the generality of Section 3.3, the Executive shall be entitled to paid vacation of 20 business days per year (to be taken at reasonable times in accordance with the Company's policies).

3.5 Equity Incentive Compensation.

(a) On the Commencement Date, the Executive shall be granted an award (the "Initial Award") consisting of 43,714 shares of restricted stock under the Company's 2013 equity incentive plan (the "Equity Incentive Plan") and the respective award agreement (the "Award Agreement"). The restricted stock granted on the Commencement Date will vest based on continued service in four (4) equal annual installments following the Commencement Date, with the final tranche vesting on the 4th anniversary of the Commencement Date. Dividends will be paid to Executive on vested and unvested shares of restricted stock if and when dividends are paid to holders of Company common stock generally. Following the Company's 2013 Fiscal Year, the Executive shall be eligible for regular annual grants of restricted stock, stock options or other awards under the Equity Incentive Plan on such terms and in such amounts (if any) as may be determined by the Compensation Committee in its sole discretion. All (x) stock option, restricted stock and other stock-settled equity-based awards granted to Executive shall

provide to Executive the right to direct the Company or an affiliate to satisfy the minimum statutory tax withholding obligations arising with respect to such awards by withholding from the shares that would otherwise be delivered such number of shares having a fair market value equal to such minimum statutory tax withholding obligation and (y) stock options granted to Executive shall permit the Executive to "net exercise" the stock options by directing the Company to withhold from the number of shares that would otherwise be issued upon exercise of the stock option such number of shares having a fair market value as of the date of exercise equal to the exercise price of the option (or portion thereof that the Executive has elected to net exercise).

(b) Upon the effective date of a Change in Control (as defined below), all of the Executive's outstanding shares of restricted stock or other stock-based compensation shall vest in full and become free of restrictions.

3.6 Expenses. The Company shall promptly pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive documents such expenses with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and programs.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Executive's employment shall terminate effective as of the date of death. If there is a good faith determination by the Board that the Executive has become physically or mentally incapable of performing the Executive's duties under this Agreement and such disability has disabled the Executive for a cumulative period of 180 days within any 12-month period (a "Disability"), the Company shall have the right after such determination and passage of time, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive.

4.1 Compensation due to Death. Upon the effective date of termination of employment due to death , (i) the Executive's estate or beneficiaries shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) Annual Salary, Annual Bonus, and other benefits earned and accrued under this Agreement but not yet paid prior to the effective date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination) (the "Accrued Benefits") and (y) a pro rata (based on the number of days employed up to the effective date of termination in the applicable fiscal year) target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the

Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); (iii) the Executive's estate or beneficiaries shall be entitled to receive the death benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until death over 365) of any shares that would have vested for the year of Executive's death shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

4.2 Compensation due to Disability. Upon the effective date of termination of employment due to Disability (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) the Accrued Benefits and (y) the target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); (iii) the Executive, or the Executive's estate or beneficiaries shall be entitled to receive the disability benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial

Award, a pro rata portion (based on the number of days until Disability over 365) of any shares that would have vested for the year of Disability shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

5. Certain Terminations of Employment.

5.1 Termination by the Company for Cause; Termination by the Executive without Good Reason

(a) For purposes of this Agreement, "Cause" shall mean, the Executive's:

(i) commission of, and indictment for or formal admission to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations);

(ii) willful and material misconduct or gross misconduct in connection with the performance of the Executive's duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company;

(iii) failure to adhere to the lawful directions of the CEO, to adhere to the Company's policies and practices or, as required in Section 2 hereof, to devote substantially all of the Executive's business time and efforts to the Company, which failure continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or (iv) material breach of (x) any covenant contained in Section 6 of this Agreement; or (y) the other terms and provisions of this Agreement and, in each case, failure to cure such breach within 10 days following written notice from the Company specifying such breach;

provided, that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time within 30 days following the occurrence of any of the events described above (or, if later, the Company's knowledge thereof).

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate the Executive's employment on at least 30 days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates the Executive's employment and the termination by the Executive is not covered by Section 4 or 5.2, the Executive shall receive the Accrued Benefits in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal by the Company

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any change in job title or material diminution in the Executive's roles and responsibilities from those set forth in this Agreement (including, without limitation, the assignment of duties materially inconsistent with Executive's position) that cause a reduction in the Executive's Annual Salary or Annual Bonus potential;

(ii) a material reduction in the Executive's Annual Salary or Annual Bonus potential;

(iii) a relocation of the Company's headquarters outside a 30 mile radius of Annapolis, MD or moving of the Executive's office or place of performance from the Company's headquarters; or

(iv) a material breach by the Company of this Agreement or any other material agreement between the Executive and the Company. Notwithstanding the foregoing, following a Change in Control, the definition of "Good Reason" as set forth above shall be modified to delete all references to the term "material" (namely, in Section 5.2(a)(i), Section 5.2(a)(ii) and Section 5.2(a)

(iv)), and the definition of "Good Reason" shall otherwise remain in effect as provided herein. Furthermore, (x) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Executive no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Executive's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason (pursuant to Section 5.2(a)(i), Section 5.2(a)(ii) or Section 5.2(a)(iv), the Company shall have 30 days from the date written notice of such a termination is given by the Executive to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason. If (x) the Company terminates the Executive's employment and the termination is not covered by Section 4 or 5.1, (y) the Executive terminates the Executive's employment for Good Reason, or (z) the Executive's termination of employment results from

the Company's notice of non-renewal following the Initial Term or any Subsequent Term in accordance with Section 1, then (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) on the 30th day following the Executive's termination of employment, (A) the Accrued Benefits, and (B) an amount equal to one and one-half times the sum of (x) the Executive's Annual Salary and (y) an amount equal to the greater of (1) the Executive's average Annual Bonus actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which Executive received an Annual Bonus) prior to the year of termination and (2) the Executive's target Annual Bonus for the fiscal year in which such termination of employment occurs; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive would have received under this Agreement (and at such costs to the Executive) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); and (iii) all outstanding equity (or equity-based) incentives and awards held by the Executive shall thereupon immediately vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the earlier of the term of such stock option and the first anniversary after the date of termination (or, in the case of a Change in Control, the earlier of the term of stock option and the third anniversary of the Change in Control).

(c) Notwithstanding clause 5.2(b)(ii), (i) nothing herein shall restrict the ability of the Company to amend or terminate the insurance, health and welfare plans and programs referred to in such clause 5.2(b)(ii) from time to time in its sole discretion, provided that any such amendments or termination are made applicable generally on the same terms to all actively employed senior executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive

compared with any other officers of the Company, but the Company may not reduce benefits already earned and accrued by, but not yet paid to, the Executive and (ii) the Company shall in no event be required to provide any benefits otherwise required by such clause 5.2(b)(ii) after such time as the Executive becomes entitled to receive benefits of the same type and at least as favorable to the Executive from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(d) Notwithstanding any other provision of this Agreement, the Company shall not be required to make the payments and provide the benefits provided for under Section 5.2(b) unless the Executive executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination; provided, that the Company shall have provided the Executive with such waiver and release within 10 business days following the Executive's termination of employment.

(e) For purposes of this Agreement, "Change in Control" shall have the same meaning as prescribed in the Equity Incentive Plan.

(f) No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a

business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the period commencing on the date hereof and ending 12 months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates (the "Restricted Period"), the Executive shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its subsidiaries in the Business or (ii) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Executive renders to the Company; provided, however, that, notwithstanding the foregoing, (A) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Executive is not a controlling person of, or a member of a group which controls, such entity, and (z) the Executive does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (B) the Executive may continue to serve on any board of directors on which the Executive was serving as of the date of the Executive's termination of employment; and (C) the Executive may be employed by or provide services for a company (a "Conglomerate") with multiple lines of businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive

with the Company (the "Competitive Division"), (x) the Executive is employed by or provides services to a line of business of Conglomerate that is not competitive with the Company; and (y) the Executive does not perform services for the Competitive Division; and (z) the Executive (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 6. For purposes of this Agreement, the "Restricted Territory" shall mean any (i) state in the United States and (ii) foreign country or jurisdiction, in the case of clause (i) or (ii), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for the Executive's benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except in the course of the Executive's duties or with the CEO's express written consent. Confidential Company Information does not include information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Executive on the Executive's own time without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Executive may disclose Confidential Company Information where the Executive is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Executive, so long as legally permitted to do so, first (i) promptly notifies the Company, (ii) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (iii) reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

(c) During the Restricted Period, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company or any of its subsidiaries, any person or entity who is or was during the 6-month period preceding the Executive's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Executive shall not, whether for the Executive's own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the 6-month period preceding the Executive's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Executive possessed prior to the Executive's business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) At no time during the Executive's employment by the Company or at any time thereafter shall the Executive or any representative of the Company publish any statement or make any

statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The parties hereto acknowledge and agree that any breach of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively, the "Restrictive Covenants") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if either party breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to seek an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should the Executive's employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) the Executive has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive

Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies

referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in Maryland in accordance with Maryland law and the employment arbitration rules and procedures of the American Arbitration Association, before an arbitrator experienced in employment disputes who is licensed to practice law in the State of Maryland. The determination of the arbitrator shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration shall be held in Annapolis, Maryland.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, or overnight courier, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

Hannon Armstrong Sustainable Infrastructure Capital, Inc.
1906 Towne Centre Blvd
Suite 370
Annapolis, Maryland 21401
Attention: General Counsel

(ii) If to the Executive, to the address in the records of the Company. Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement, together with the Indemnification Agreement and the Award Agreements contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. Except as expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall

operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.**

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. Except as otherwise provided by operation of law, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 4, 5, 6, and 7, shall survive any termination of the Executive's employment hereunder and continue in full force until performance of the obligations thereunder, if any, in accordance with their respective terms.

7.13 Existing Agreements. The Executive represents to the Company that the Executive is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit the Executive from executing this Agreement or limit the Executive's ability to fulfill the Executive's responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachute Payments. If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (such excise tax, together with any interest or penalties incurred by the Executive with respect to such excise tax, the "Excise Tax"), then the Executive will receive the greatest of the following, whichever gives the Executive the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes non-qualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner the Executive elects in writing prior to the date of payment. If any Payment constitutes non-qualified deferred compensation or if the Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to the Executive, until the reduction is achieved. All determinations required to be made under this Section 7.15, including whether and when the Safe Harbor Amount is required and the amount

of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Executive.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code are intended to comply with the requirements of Section 409A and this Agreement shall be interpreted accordingly. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within 10 days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. For purposes of Section 409A, the Executive's right to receive installment payments pursuant to this Agreement including, without limitation, each COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation reimbursement shall be treated as a right to receive a series of separate and distinct payments. The Executive will be deemed to have a date of termination for purposes of determining the timing of any payments or benefits hereunder that are

classified as deferred compensation only upon a "separation from service" within the meaning of Section 409A. Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, any right to reimbursement or in kind benefits will not be subject to liquidation or exchange for another benefit, and the amount of the expenses eligible for reimbursement during any taxable year will not affect the amount of expenses eligible for reimbursement in any other taxable year. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

The parties agree to consider any amendments or modifications to this Agreement or any other compensation arrangement between the parties, as reasonably requested by the other party, that is necessary to cause such agreement or arrangement to comply with Section 409A (or an exception thereto), provided that such proposed amendment or modification does not change the economics of the agreement or arrangement and does not provide for any additional cost to either party. Notwithstanding the foregoing, the parties will not be obligated to make any amendment or modification and the Company makes no representation or warranty with respect to compliance with Section 409A and shall have no liability to the Executive or any other person if any provision of this Agreement or such other arrangement are determined to constitute deferred compensation subject to Section 409A that does not satisfy an exemption from, or the conditions of, such Section.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Officer

NATHANIEL J. ROSE.

/s/ Nathaniel J. Rose

EXHIBIT A

[Intentionally left blank]

EXHIBIT B
Form of Waiver and Release

This Waiver and General Release of all Claims (this "Agreement") is entered into by [ ] (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "Effective Date").

In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [ ], 2013 (the "Employment Agreement"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement and after consultation with counsel, the Executive (or the Executive's estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or the Executive's estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or the Executive's estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or the Executive's

estate, as applicable) may have to enforce this Agreement, the Award Agreements or the Employment Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or the Executive's estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's termination to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive (or the Executive's estate, as applicable) represents and warrants that the Executive (or the Executive's estate, as applicable) has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive (or the Executive's estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or the Executive's estate, as applicable) has waived any relief available to him/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 2. Therefore the Executive (or the Executive's estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or the Executive's estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved in accordance with Section 7.3 of the Employment Agreement.

7. Notices. All notices or communications hereunder shall be made in accordance with Section 7.4 of the Employment Agreement.

THE EXECUTIVE (OR THE EXECUTIVE'S ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT AND THAT HE/IT FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/IT HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/ITS OWN FREE WILL.

NATHANIEL J. ROSE

/s/ Nathaniel J. Rose

Date: April 17, 2013

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.11

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") is dated as of April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), and Marvin R. Wooten, residing at the address set forth in the Company's records (the "Executive").

WHEREAS, Hannon Armstrong Capital, LLC, the entity through which the Company was operating its business ("Hannon Armstrong"), and the Executive have previously entered into that certain Employment Agreement dated October 1, 2010, under which the Executive was employed as Managing Director (the "Prior Employment Agreement"); and

WHEREAS, in connection with the initial public offering of the Company (the "Company's IPO"), the Company will engage in a series of transactions that will enable the Company to qualify as a real estate investment trust for U.S. federal income tax purposes and will result in Hannon Armstrong becoming a subsidiary of the Company (collectively, the "Formation Transactions"); and

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below, to be effective as of the completion of the Company's IPO and the Formation Transactions, at which time the Prior Employment Agreement will automatically terminate and this Agreement will become in effect; and

WHEREAS, the Company and the Executive are entering into an Indemnification Agreement (the "Indemnification Agreement") simultaneously herewith.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing as of the date on which the Company's IPO and the Formation Transactions are consummated (the "Commencement Date") and continuing for a four-year

period (the "Initial Term"), unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to automatically continue following the Initial Term for additional successive one-year periods (each, a "Subsequent Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party in writing of its intention not to continue such employment at least 90 days prior to the expiration of the Initial Term or any Subsequent Term, as applicable (the Initial Term, together with all Subsequent Terms hereunder, shall hereinafter be referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Executive Vice President of the Company, and, as such, The Executive shall faithfully perform for the Company the duties of such office and shall have such responsibilities and authority as are customary for an Executive Vice President employed by a public company of similar size and nature and shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall devote substantially all of the Executive's business time and effort to the performance of the Executive's duties hereunder; provided, however, that the Executive shall be permitted to continue service as set forth in Exhibit A and, subject to the approval of the Board of Directors of the Company (the "Board"), the Executive may serve on the board of directors or trustees of any business corporation or charitable organization and such service shall not be a violation of this Agreement, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the minimum rate of $285,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time. The CEO shall make recommendations to the Compensation Committee of the Board (the "Compensation Committee") with respect to Executive's Annual Salary on an annual basis and the Compensation Committee shall review such recommendation and provide for any increase as it shall determine in its sole discretion (such annual salary, the "Annual Salary"). Once increased, the Annual Salary shall not thereafter be decreased.

3.2 Bonus. For the Company's 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to 70% of Executive's Annual Salary (the "2013 Bonus"), subject to satisfaction of Company performance measures as determined in the sole discretion of the Compensation Committee. For each fiscal year during the Term following the 2013 fiscal year, the Executive shall be eligible to receive a cash bonus with a target amount equal to at least 125% of Executive's Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "Annual Bonus"). The 2013 Bonus and Annual Bonuses shall be paid in the fiscal year following the fiscal year for which such bonuses are awarded, but in all events shall be paid no later than March 15 of such following fiscal year.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization and disability insurance plans, health programs, equity incentive plans, longterm incentive programs, 401(k) and other retirement plans, fringe benefit programs and similar benefits that may be available (currently or in the future) to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Vacation. Without limiting the generality of Section 3.3, the Executive shall be entitled to paid vacation of 20 business days per year (to be taken at reasonable times in accordance with the Company's policies).

3.5 Equity Incentive Compensation. (a) On the Commencement Date, the Executive shall be granted an award (the "Initial Award") consisting of 43,714 shares of restricted stock under the Company's 2013 equity incentive plan (the "Equity Incentive Plan") and the respective award agreement (the "Award Agreement"). The restricted stock granted on the Commencement Date will vest based on continued service in four (4) equal annual installments following the Commencement Date, with the final tranche vesting on the 4th anniversary of the Commencement Date. Dividends will be paid to Executive on vested and unvested shares of restricted stock if and when dividends are paid to holders of Company common stock generally. Following the Company's 2013 Fiscal Year, the Executive shall be

eligible for regular annual grants of restricted stock, stock options or other awards under the Equity Incentive Plan on such terms and in such amounts (if any) as may be determined by the Compensation Committee in its sole discretion. All (x) stock option, restricted stock and other stock-settled equity-based awards granted to Executive shall provide to Executive the right to direct the Company or an affiliate to satisfy the minimum statutory tax withholding obligations arising with respect to such awards by withholding from the shares that would otherwise be delivered such number of shares having a fair market value equal to such minimum statutory tax withholding obligation and (y) stock options granted to Executive shall permit the Executive to "net exercise" the stock options by directing the Company to withhold from the number of shares that would otherwise be issued upon exercise of the stock option such number of shares having a fair market value as of the date of exercise equal to the exercise price of the option (or portion thereof that the Executive has elected to net exercise). (b) Upon the effective date of a Change in Control (as defined below), all of the Executive's outstanding shares of restricted stock or other stock-based compensation shall vest in full and become free of restrictions.

3.6 Expenses. The Company shall promptly pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive documents such expenses with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and programs.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Executive's employment shall terminate effective as of the date of death. If there is a good faith determination by the Board that the Executive has become physically or mentally incapable of performing the Executive's duties under this Agreement and such disability has disabled the Executive for a cumulative period of 180 days within any 12-month period (a "Disability"), the Company shall have the right after such determination and passage of time, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive.

4.1 Compensation due to Death. Upon the effective date of termination of employment due to death, (i) the Executive's estate or

beneficiaries shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) Annual Salary, Annual Bonus, and other benefits earned and accrued under this Agreement but not yet paid prior to the effective date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination) (the "Accrued Benefits") and (y) a pro rata (based on the number of days employed up to the effective date of termination in the applicable fiscal year) target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium he is required to pay to continue the coverage); (iii) the Executive's estate or beneficiaries shall be entitled to receive the death benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until death over 365) of any shares that would have vested for the year of Executive's death shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

4.2 Compensation due to Disability. Upon the effective date of termination of employment due to Disability (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following the effective date of Executive's termination of employment equal to: (x) the Accrued Benefits and (y) the target Annual Bonus for the fiscal year in which Executive's termination occurs, calculated based on actual results for such fiscal year, paid at the time that the Annual Bonus would otherwise be paid in accordance with Section 3.2 hereof; (ii) for a period of 24 months after the effective date of termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive and the Executive's eligible beneficiaries would have received under this Agreement (and at such costs to the Executive or the Executive's estate, as applicable) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such termination and that may have favorably affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); (iii) the Executive, or the Executive's estate or beneficiaries shall be entitled to receive the disability benefits provided under any group insurance plan offered by the Company; and (iv) with respect to (x) the Initial Award, all outstanding shares of restricted stock shall vest and become free of restrictions and (y) with respect to any outstanding unvested equity-based awards other than the Initial Award, a pro rata portion (based on the number of days until Disability over 365) of any shares that would have vested for the year of Disability shall vest and become free of restrictions and be exercisable in accordance with their terms, and any remaining portion of such awards shall be forfeited unless otherwise provided in an applicable award agreement, or as otherwise agreed by the Company.

5. Certain Terminations of Employment.

5.1 Termination by the Company for Cause; Termination by the Executive without Good Reason

(a) For purposes of this Agreement, "Cause" shall mean, the Executive's:

(i) commission of, and indictment for or formal admission to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations); (ii) willful and material misconduct or gross misconduct in connection with the performance of the Executive's duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company; (iii) failure to adhere to the lawful directions of the CEO, to adhere to the Company's policies and practices or, as required in Section 2 hereof, to devote substantially all of the Executive's business time and efforts to the Company, which failure continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or (iv) material breach of (x) any covenant contained in Section 6 of this Agreement; or (y) the other terms and provisions of this Agreement and, in each case, failure to cure such breach within 10 days following written notice from the Company specifying such breach;

provided, that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time within 30 days following the occurrence of any of the events described above (or, if later, the Company's knowledge thereof).

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate the Executive's employment on at least 30 days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates the Executive's employment and the termination by the Executive is not covered by Section 4 or 5.2, the Executive shall receive the Accrued Benefits in a lump sum payment (subject to Section 7.16 of this Agreement) within 30 days following Executive's termination of employment.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal by the Company

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any change in job title or material diminution in the Executive's roles and responsibilities from those set forth in this Agreement (including, without limitation, the assignment of duties materially inconsistent with Executive's position) that cause a reduction in the Executive's Annual Salary or Annual Bonus potential;

(ii) a material reduction in the Executive's Annual Salary or Annual Bonus potential;

(iii) a relocation of the Company's headquarters outside a 30 mile radius of Annapolis, MD or moving of the Executive's office or place of performance from the Company's headquarters; or

(iv) a material breach by the Company of this Agreement or any other material agreement between the Executive and the Company. Notwithstanding the foregoing, following a Change in Control, the definition of "Good Reason" as set forth above shall be modified to delete all references to

the term "material" (namely, in Section 5.2(a)(i), Section 5.2(a)(ii) and Section 5.2(a)(iv)), and the definition of "Good Reason" shall otherwise remain in effect as provided herein. Furthermore, (x) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Executive no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Executive's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason (pursuant to Section 5.2(a)(i), Section 5.2(a)(ii) or Section 5.2(a)(iv), the Company shall have 30 days from the date written notice of such a termination is given by the Executive to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason. If (x) the Company terminates the Executive's employment and the termination is not covered by Section 4 or 5.1, (y) the Executive terminates the Executive's employment for Good Reason, or (z) the Executive's termination of employment results from the Company's notice of non-renewal following the Initial Term or any Subsequent Term in accordance with Section 1, then (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) on the 30th day following the Executive's termination of employment, (A) the Accrued Benefits, and (B) an amount equal to two times the sum of (x) the Executive's Annual Salary and (y) an amount equal to the greater of (1) the Executive's average Annual Bonus actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which Executive received an Annual Bonus) prior to the year of termination and (2) the Executive's target Annual Bonus for the fiscal year in which such termination of employment occurs; (ii) for a period of 24 months after termination of employment, such continuing medical benefits under the Company's health plans and programs applicable to senior executives of the Company generally as the Executive would have received under this Agreement (and at such costs to the Executive) in the absence of such termination (but not taking into account any post-termination increases in Annual Salary that may otherwise have occurred without regard to such

termination and that may have affected such benefits) (or, if such continuation of subsidized coverage would violate Section 105(h) of the Code, the Company will make monthly payments to the Executive in an amount so that after payment of taxes on the payments, the Executive retains an amount equal to the monthly premium that the Executive is required to pay to continue the coverage); and (iii) all outstanding equity (or equity-based) incentives and awards held by the Executive shall thereupon immediately vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the earlier of the term of such stock option and the first anniversary after the date of termination (or, in the case of a Change in Control, the earlier of the term of stock option and the third anniversary of the Change in Control).

(c) Notwithstanding clause 5.2(b)(ii), (i) nothing herein shall restrict the ability of the Company to amend or terminate the insurance, health and welfare plans and programs referred to in such clause 5.2(b)(ii) from time to time in its sole discretion, provided that any such amendments or termination are made applicable generally on the same terms to all actively employed senior executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive compared with any other officers of the Company, but the Company may not reduce benefits already earned and accrued by, but not yet paid to, the Executive and (ii) the Company shall in no event be required to provide any benefits otherwise required by such clause 5.2(b)(ii) after such time as the Executive becomes entitled to receive benefits of the same type and at least as favorable to the Executive from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(d) Notwithstanding any other provision of this Agreement, the Company shall not be required to make the payments and provide the benefits provided for under Section 5.2(b) unless the Executive executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination; provided, that the Company shall have provided the Executive with such waiver and release within 10 business days following the Executive's termination of employment.

(e) For purposes of this Agreement, "Change in Control" shall have the same meaning as prescribed in the Equity Incentive Plan.

(f) No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the period commencing on the date hereof and ending 12 months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates (the "Restricted Period"), the Executive shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in the Business (other than for the Company or its affiliates) or

otherwise compete with the Company or its subsidiaries in the Business or (ii) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Executive renders to the Company; provided, however, that, notwithstanding the foregoing, (A) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Executive is not a controlling person of, or a member of a group which controls, such entity, and (z) the Executive does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (B) the Executive may continue to serve on any board of directors on which the Executive was serving as of the date of the Executive's termination of employment; and (C) the Executive may be employed by or provide services for a company (a "Conglomerate") with multiple lines of businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive with the Company (the "Competitive Division"), (x) the Executive is employed by or provides services to a line of business of Conglomerate that is not competitive with the Company; and (y) the Executive does not perform services for the Competitive Division; and (z) the Executive (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 6. For purposes of this Agreement, the "Restricted Territory" shall mean any (i) state in the United States and (ii) foreign country or jurisdiction, in the case of clause (i) or (ii), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for the Executive's benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside

of the Company except in the course of the Executive's duties or with the CEO's express written consent. Confidential Company Information does not include information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Executive on the Executive's own time without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Executive may disclose Confidential Company Information where the Executive is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Executive, so long as legally permitted to do so, first (i) promptly notifies the Company, (ii) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (iii) reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

(c) During the Restricted Period, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company or any of its subsidiaries, any person or entity who is or was during the 6-month period preceding the Executive's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Executive shall not, whether for the Executive's own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the 6-month period preceding the Executive's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Executive possessed prior to the Executive's business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) At no time during the Executive's employment by the Company or at any time thereafter shall the Executive or any representative of the Company publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The parties hereto acknowledge and agree that any breach of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively, the "Restrictive Covenants") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if either party breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to seek an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should the Executive's employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) the Executive has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions

hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in Maryland in accordance with Maryland law and the employment arbitration rules and procedures of the American Arbitration Association, before an arbitrator experienced in employment disputes who is licensed to practice law in the State of Maryland. The determination of the arbitrator shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration shall be held in Annapolis, Maryland.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, or overnight courier, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

Hannon Armstrong Sustainable Infrastructure Capital, Inc.
1906 Towne Centre Blvd
Suite 370
Annapolis, Maryland 21401
Attention: General Counsel

(ii) If to the Executive, to the address in the records of the Company. Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement, together with the Indemnification Agreement and the Award Agreements contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, including, without limitation, the Prior Employment Agreement.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. Except as expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.**

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. Except as otherwise provided by operation of law, in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 4, 5, 6, and 7, shall survive any termination of the Executive's employment hereunder and continue in full force until performance of the obligations thereunder, if any, in accordance with their respective terms.

7.13 Existing Agreements. The Executive represents to the Company that the Executive is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit the Executive from executing this Agreement or limit the Executive's ability to fulfill the Executive's responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachute Payments. If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (such excise tax, together with any interest or penalties incurred by the Executive with respect to such excise tax, the "Excise Tax"), then the Executive will receive the greatest of the following, whichever gives the Executive the highest net after-tax amount (after taking into account federal, state, local and social

security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes non-qualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner the Executive elects in writing prior to the date of payment. If any Payment constitutes non-qualified deferred compensation or if the Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to the Executive, until the reduction is achieved. All determinations required to be made under this Section 7.15, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Executive.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code are intended to comply with the requirements of Section 409A and this Agreement shall be interpreted accordingly. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last

until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within 10 days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. For purposes of Section 409A, the Executive's right to receive installment payments pursuant to this Agreement including, without limitation, each COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation reimbursement shall be treated as a right to receive a series of separate and distinct payments. The Executive will be deemed to have a date of termination for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Section 409A. Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, any right to reimbursement or in kind benefits will not be subject to liquidation or exchange for another benefit, and the amount of the expenses eligible for reimbursement during any taxable year will not affect the amount of expenses eligible for reimbursement in any other taxable year. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

The parties agree to consider any amendments or modifications to this Agreement or any other compensation arrangement between the parties, as reasonably requested by the other party, that is necessary to cause such agreement or arrangement to comply with Section 409A (or an exception thereto), provided that such proposed amendment or modification does not change the economics of the agreement or arrangement and does not provide for any additional cost to either party. Notwithstanding the foregoing, the parties will not be obligated to make any amendment or modification and the Company makes no representation or warranty with respect to compliance with Section 409A and shall have no liability to the Executive or any other person if any provision of this Agreement or such other arrangement are determined to constitute deferred compensation subject to Section 409A that does not satisfy an exemption from, or the conditions of, such Section.

[*remainder of the page left purposefully blank*]

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Officer

MARVIN R. WOOTEN

/s/ Marvin R. Wooten

EXHIBIT A

[Purposefully Left Blank]

EXHIBIT B Form of Waiver and Release

This Waiver and General Release of all Claims (this "Agreement") is entered into by [ ] (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "Effective Date").

In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [ ], 2013 (the "Employment Agreement"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement and after consultation with counsel, the Executive (or the Executive's estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or the Executive's estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or the Executive's estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or the Executive's

estate, as applicable) may have to enforce this Agreement, the Award Agreements or the Employment Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or the Executive's estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 5.2(b) of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's termination to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive (or the Executive's estate, as applicable) represents and warrants that the Executive (or the Executive's estate, as applicable) has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive (or the Executive's estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or the Executive's estate, as applicable) has waived any relief available to him/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 2. Therefore the Executive (or the Executive's estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or the Executive's estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved in accordance with Section 7.3 of the Employment Agreement.

7. Notices. All notices or communications hereunder shall be made in accordance with Section 7.4 of the Employment Agreement.

THE EXECUTIVE (OR THE EXECUTIVE'S ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT AND THAT HE/IT FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/IT HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/ITS OWN FREE WILL.

MARVIN R. WOOTEN

/s/ Marvin R. Wooten

Date: April 17, 2013

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.12

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.,

HA MERGER SUB I LLC,

HA MERGER SUB III LLC,

MISSIONPOINT HA PARALLEL FUND, LLC,

MISSIONPOINT ES PARALLEL FUND I, L.P.,

MISSIONPOINT HA PARALLEL FUND I CORP.

AND

MISSIONPOINT HA PARALLEL FUND, L.P.

AGREEMENT AND PLAN OF MERGER

CONTENTS

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of April 15, 2013, by and among **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.**, a Maryland corporation (the "**Parent**"), **HA MERGER SUB I LLC**, a Delaware limited liability company and a wholly owned subsidiary of the Parent (the "**Merger Sub I**"), **HA MERGER SUB III LLC**, a Maryland limited liability company and a wholly owned subsidiary of the Parent (the "**Upstream Merger Sub**" and, together with the Merger Sub I, the "**Merger Subs**"), **MISSIONPOINT HA PARALLEL FUND, LLC**, a Delaware limited liability company (the "**Owner**"), **MISSIONPOINT ES PARALLEL FUND I, L.P.,** a Delaware limited liability partnership (the "**ES Partnership**"), **MISSIONPOINT HA PARALLEL FUND I CORP.**, a Delaware corporation (the "**Merging Entity**"), and **MISSIONPOINT HA PARALLEL FUND, L.P.,** a Delaware limited liability partnership (the "**Splitter Partnership**").

W I T N E S S E T H:

WHEREAS, prior to the Closing Date (as defined herein), the Merging Entity owned a certain number of Series A Participating Preferred Units and/or Class A Common Units (collectively, the "**LLC Equity Interests**") of Hannon Armstrong Capital LLC, a Maryland limited liability company ("**Hannon LLC**") indirectly through its limited partner interest in the Splitter Partnership;

WHEREAS, the Owner indirectly holds outstanding equity interests of ES Partnership, which directly holds equity interests in HA ES Development LLC ("**Energysource**"), as a result of the distribution of such interests out of Hannon LLC in December 2012 (such distribution, the "**Energysource Distribution**");

WHEREAS, prior to the Closing Date, the Splitter Partnership shall distribute the LLC Equity Interests to the Merging Entity;

WHEREAS, the parties to this Agreement intend that Merger Sub I be merged with and into the Merging Entity, with the Merging Entity surviving that merger, as a wholly owned subsidiary of the Parent, on the terms and subject to the conditions set forth herein (the "**First Merger**"), immediately followed by a merger of the Merging Entity into Upstream Merger Sub, with Upstream Merger Sub surviving that merger, as a wholly owned subsidiary of the Parent, on the terms and subject to the conditions set forth herein (the "**Second Merger**" and, together with the First Merger, the "**Mergers**");

WHEREAS, in the First Merger, upon the terms and subject to the conditions of this Agreement, all of the outstanding shares of stock of the Merging Entity (the "**Merging Entity Equity Interests**") will be cancelled and converted into the right to receive, without interest, 381,893 shares of the Parent's common stock, $0.01 par value per share (the "**Common Stock**"), adjusted proportionally for any stock dividends, stock splits, reverse stock splits or similar transactions entered into or made by the Parent between the date of this Agreement and the Closing Date (as defined herein) (the "**Merger Consideration**"), with the understanding that no fractional shares will be issued and no cash will be paid in lieu of fractional shares;

WHEREAS, the board of directors of the Merging Entity has (a) determined that it is in the best interests of the Merging Entity, and declared it advisable, to enter into this Agreement; (b) directed that this Agreement and the Mergers be submitted to the stockholders of the Merging Entity for consideration; and (c) approved the Mergers and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers;

WHEREAS, the stockholder of the Merging Entity has approved this Agreement and the Mergers;

WHEREAS, following the closing of the Mergers, the Parent intends to contribute its ownership interest in Upstream Merger Sub to Hannon Armstrong Sustainable Infrastructure, L.P., a Delaware limited liability partnership (the "**Operating Partnership**"), in exchange for a certain number of operating partnership units in the Operating Partnership and Fund III (as defined herein) will contribute its interest in Hannon LLC to the Operating Partnership pursuant to the Contribution Agreement (as defined herein);

WHEREAS, following the closing of the Mergers, Upstream Merger Sub intends to adopt and approve an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement (as defined herein).

WHEREAS, the board of directors of the Parent has, on the terms and subject to the conditions set forth in this Agreement, approved the Mergers, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, the Parent, in its capacity as the sole member of Merger Sub I, has, on the terms and subject to the conditions set forth in this Agreement, approved the First Merger, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, the Parent, in its capacity as the sole member of Upstream Merger Sub, has, on the terms and subject to the conditions set forth in this Agreement, approved the Second Merger, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, each of the parties hereto has been advised by the other parties and acknowledges that such other parties would not be entering into this Agreement without the representations, warranties and covenants which are being made and agreed to herein by each party hereto and that such parties are entering into this Agreement in reliance on such representations, warranties and other covenants; and

NOW, THEREFORE, in consideration for the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions**. The following terms as used in this Agreement shall have the meanings attributed to them as set forth below unless the context clearly requires another meaning. Other capitalized terms used herein shall, unless the context otherwise requires, have the meanings assigned to such terms herein.

"**Accredited Investor**" means, for purposes of this Agreement, a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act and who affirmatively certifies as such on Exhibit A to this Agreement as to the basis for such certification.

"**Affiliate**" means, with respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, owns, Controls, is Controlled by or is under common Control with a specified Person or (b) is a family member of a specified Person; **provided**, **however**, that neither the Parent nor either of the Merger Subs shall be deemed to be an Affiliate of the Merging Entity or any of its subsidiaries or other Affiliates.

"**Agreement**" has the meaning set forth in the preamble.

"**Authority**" means a governmental body or agency having jurisdiction over such Person.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in the State of Maryland are authorized or required by law to close.

"**Closing**" and "**Closing Date**" have the meanings set forth in Section 2.02.

"**Code**" means the Internal Revenue Code of 1986, as in effect from time to time.

"**Common Stock**" has the meaning set forth in the recitals.

"**Contribution Agreement**" means that certain Contribution Agreement, dated as of the date hereof, by and between the Operating Partnership, the Parent and Fund III.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, with respect to a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Energysource**" has the meaning set forth in the recitals.

"**Energysource Distribution**" has the meaning set forth in the recitals.

"**ES Partnership**" has the meaning set forth in the recitals.

"**Existing Agreements**" has the meaning set forth in Section 4.01(e).

"**Existing LLC Agreement**" means Hannon LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended.

"**Existing Registration Rights Agreement**" means that certain Registration Rights Agreement, dated as of May 31, 2007, as amended, by and among Hannon LLC and the other parties thereto.

"**First Merger**" has the meaning set forth in the recitals.

"**Fund II**" means MissionPoint HA Parallel Fund II, LLC.

"**Fund III**" means MissionPoint HA Parallel Fund III, LLC.

"**Governmental Authority**" means any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"**Hannon LLC**" has the meaning set forth in the recitals.

"**Indemnified Parties**" means the Parent, the Merger Subs and each of their subsidiaries, equity holders, affiliates, directors, officers, employees, successors and assigns.

"**Indemnifying Party**" means the Owner.

"**Investor Rights Agreement**" means the Investor Rights Agreement, dated as of May 31, 2007, by and among Hannon LLC, the Splitter Partnership, Jeffrey W. Eckel and the other investors party thereto, as amended.

"**Laws**" means laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

"**Liabilities**" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"**Liens**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest or any preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement), and any obligations under capital leases having substantially the same economic effect as any of the foregoing.

"**LLC Equity Interests**" has the meaning set forth in the recitals.

"**Loss**" or "**Losses**" means any and all direct claims, losses, damages, costs, liabilities, fines, penalties, deficiencies, diminution of value, causes of action and expenses, including, without limitation, attorney's fees and disbursements, and exclusive of all contingent or consequential items.

"**Maryland LLC Act**" has the meaning set forth in Section 2.01(b).

"**Merger Consideration**" has the meaning set forth in the recitals.

"**Merger Sub I**" has the meaning set forth in the preamble.

"**Merger Subs**" has the meaning set forth in the preamble.

"Merger Sub Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of Merger Sub I and its subsidiaries taken together.

"**Mergers**" has the meaning set forth in the recitals.

"**Merging Entity**" has the meaning set forth in the preamble.

"**Merging Entity Equity Interests**" has the meaning set forth in the recitals.

"Merging Entity Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Merging Entity and its subsidiaries taken together.

"**Operating Partnership**" has the meaning set forth in the recitals.

"**Organizational Documents**" means (i) the charter, articles of organization, certificate of formation or certificate of limited partnership for such Person, (ii) the bylaws, operating agreement, limited liability company agreement, or limited partnership agreement for such Person and (iii) any certificate of qualification or foreign entity registration for such Person (together with all supplements, amendments, modifications, consents and waivers related to any of the foregoing).

"**Owner**" has the meaning set forth in the preamble.

"**Parallel Fund II Merger Agreement**" means that certain Agreement and Plan of Merger, dated as of the date hereof, by and between the Parent, HA Merger Sub II LLC, Upstream Merger Sub, Fund II, MissionPoint ES Parallel Fund II, L.P., MissionPoint HA Parallel Fund II Corp. and MissionPoint HA Parallel Fund, L.P.

"**Parent**" has the meaning set forth in the preamble.

"Parent Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Parent and its subsidiaries taken together.

"**Person**" means an individual, partnership, corporation (including a business trust, statutory trust or real estate investment trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date.

"**Registration Rights Agreement**" means that certain Registration Rights Agreement, effective as of the Closing Date, by and among the Parent and the persons listed on Schedule I thereto.

"**Second Merger**" has the meaning set forth in the recitals.

"**Securities Act**" means the Securities Act of 1933, as in effect from time to time, and applicable rules and regulations thereunder. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

"**Splitter Partnership**" has the meaning set forth in the preamble.

"**Straddle Period**" means any Tax period beginning, but not ending, on or before the Closing Date.

"**Surviving Merging Entity Shares**" has the meaning set forth in Section 2.03(b)(i).

"**Tax**" means any and all U.S. federal, state, county, local, non-U.S. or other income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind or any charge of any kind in the nature of (or similar to) taxes whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"**Tax Authority**" means any Governmental Authority responsible for the collection, operation or administration of Taxes.

"**Tax Group**" means any affiliated, consolidated, combined or other group of which the Merging Entity is or has been a member prior to the Closing Date for purposes of any Tax.

"**Tax Return**" means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Upstream Merger Sub**" has the meaning set forth in the preamble.

"**Voting Interests**" means, with respect to any Person, ownership interests, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to vote has been suspended by the happening of such a contingency.

"**Waiver Letter**" means that certain ownership waiver letter, effective as of the Closing Date, executed by the Parent for the benefit of the Owner.

Section 1.02. **Rules of Application**. The definitions in Section 1.01 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II

THE MERGERS

Section 2.01. **Effect of the Mergers**.

(a) On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law and the Delaware Limited Liability Company Act, on the Closing Date, (i) Merger Sub I shall merge with and into the Merging Entity and (ii) the separate existence of Merger Sub I shall cease and the Merging Entity shall continue its existence as the surviving entity in the First Merger and as a wholly owned subsidiary of the Parent under the Delaware General Corporation Law. Without limiting the generality of the foregoing, and subject thereto, from and after the Closing Date, subject to Section 2.01(b), all property, rights, privileges, immunities, powers, franchises, licenses and authority of Merger Sub I shall vest in the Merging Entity, and all debts, liabilities, obligations, restrictions and duties of Merger Sub I shall become the debts, liabilities, obligations, restrictions and duties of the Merging Entity.

(b) On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law and the Maryland Limited Liability Company Act (the "**Maryland LLC Act**"), on the Closing Date and immediately after the steps set forth in Section 2.01(a), (i) the Merging Entity shall merge with and into Upstream Merger Sub and (ii) the separate existence of the Merging Entity shall cease and Upstream Merger Sub shall continue its existence under the Maryland LLC Act as the surviving entity in the Second Merger and as a wholly owned subsidiary of the Parent under the Maryland LLC Act. Without limiting the generality of the foregoing, and subject thereto, from and after the Closing Date, all property, rights, privileges, immunities, powers, franchises, licenses and authority of the Merging Entity shall vest in Upstream Merger Sub, and all debts, liabilities, obligations, restrictions and duties of the Merging Entity shall become the debts, liabilities, obligations, restrictions and duties of Upstream Merger Sub.

Section 2.02. **Closing Date**. Unless this Agreement is sooner terminated or extended pursuant to its terms or unless otherwise agreed to in writing by the parties hereto, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall become effective at such time as (i) the certificate of merger relating to the First Merger is duly filed with the Secretary of State of the State of Delaware, (ii) the certificate of merger relating to the Second Merger is duly filed with the Secretary of State of the State of Delaware and (iii) the articles of merger relating to the Second Merger are accepted for record by the State Department of Assessments and Taxation of Maryland, or, in each case, such later date and time, not more than 30 days thereafter, as the parties hereto may otherwise agree (the "**Closing Date**").

Section 2.03. **Effects of the Mergers on Merging Entity Equity Interests and Merger Sub Membership Interests**.

(a) On the terms and subject to the conditions set forth in this Agreement, the Owner is irrevocably bound to accept and entitled to receive, as a result of and upon consummation of the First Merger, the Merger Consideration.

(b) On the Closing Date:

(i) by virtue of the First Merger and without any action on the part of the Parent, Merger Sub I or the Merging Entity, (x) each outstanding Merging Entity Equity Interest shall be cancelled and retired and shall cease to exist and shall be converted into the right to receive the Merger Consideration in accordance with Section 2.04, which the Parent shall issue and deliver to the Owner immediately upon Closing and each holder (other than the Parent) of a Merging Entity Equity Interest shall no longer have any rights with respect thereto, except the Owner's right to receive the Merger Consideration in accordance with this Agreement and (y) the membership interests in Merger Sub I held by the Parent prior to the First Merger shall be converted into and become, in the aggregate, 100 fully paid and nonassessable shares of common stock of the Merging Entity, representing 100% of the issued and outstanding shares of the surviving corporation (the "**Surviving Merging Entity Shares**"); and

(ii) upon the consummation of the First Merger, by virtue of the Second Merger and without any action on the part of the Parent, the Merging Entity or Upstream Merger Sub, (x) each outstanding Surviving Merging Entity Share shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor; and (y) the membership interests in the Upstream Merger Sub shall remain outstanding without any change or effect and the Parent shall remain as the sole member of Upstream Merger Sub.

Section 2.04. **Merger Consideration**. On the Closing Date, the Parent shall issue and deliver the Merger Consideration to the Owner in electronic book-entry form through the Parent's transfer agent in accordance with the terms and conditions of this Agreement.

Section 2.05. **Termination**. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated at any time prior to the Closing, as follows:

(a) by mutual consent of all the parties;

(b) by the Parent, the Merger Subs, the Owner or the Merging Entity if the Closing has not occurred by December 31, 2013;

(c) by the Parent or the Merger Subs if any of the conditions set forth in Section 3.01 have not been satisfied or waived by the Parent and the Merger Subs; or

(d) by the Parent or the Merger Subs pursuant to Article V.

If any party elects to terminate this Agreement pursuant to this Section, then such party shall provide written notice to the other parties of such election and the reason for terminating this Agreement and the termination of this Agreement shall be effective upon the non-issuing parties' receipt of the termination notice.

Section 2.06. **Tax Treatment**. The parties intend and agree that, taken together, the Mergers, for U.S. federal income tax purposes, shall, consistent with IRS Revenue Ruling 2001-46, constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code and shall not maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith.

Section 2.07. **Tax Withholding**. Notwithstanding anything in this Agreement to the contrary, the Parent shall be entitled to deduct and withhold from the Merger Consideration or any other payment made by it under this Agreement such amounts that it reasonably determines, after consultation with the Owner, that it is required to deduct and withhold under applicable law, and any amounts so deducted and withheld shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.08. **Officers and Directors**. Unless otherwise determined by the Parent, the managers, directors and officers, if any, of Upstream Merger Sub in office or position immediately prior to the Closing shall remain in such office or position following the Closing, in each case until their respective successors are duly elected or appointed or until their earlier death, resignation or removal.

ARTICLE III

CONDITIONS AND COVENANTS

Section 3.01. **Conditions to the Obligations of the Parent and the Merger Subs**. The obligation of the Parent and the Merger Subs to consummate the Mergers shall be subject to the satisfaction or waiver by the Parent and the Merger Subs of each of the conditions set forth below and the performance by the Owner and the Merging Entity of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Owner contained in Section 4.01 shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Owner Compliance**. The Owner shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(c) **Merging Entity Compliance**. The Merging Entity shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(d) **Splitter Partnership Compliance**. The Splitter Partnership shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(e) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived; and

(f) **Certification of Non-Foreign Status**. Prior to the Closing, the Owner shall have provided to the Parent a certification in the form contained in Section 1.1445-2(b)(2)(iv) of the Treasury Regulations to the effect that the Owner is not a "foreign person."

If any of the foregoing conditions have not been satisfied (or waived by the Parent and the Merger Subs) as of the Closing Date, the Parent and the Merger Subs shall have the right, in accordance with Section 2.05, to terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

Section 3.02. **Conditions to the Obligations of the Merging Entity and the Owner**. The obligation of the Merging Entity and the Owner to consummate the First Merger shall be subject to the satisfaction or waiver by the Owner of each of the conditions set forth below and the performance by the Parent and the Merger Sub I of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Parent and Merger Sub I contained in Sections 4.02 and 4.03, respectively, shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Registration Rights Agreement**. The Parent shall have entered into the Registration Rights Agreement;

(c) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived other than those in the control of the Owner or the Merging Entity;

(d) **Waiver Letter**. The Parent shall have executed the Waiver Letter; and

(e) **Tax Election**. The Parent shall have made an election to treat Merger Sub I as an association taxable as a corporation for U.S. federal income tax purposes.

Section 3.03. **Covenants of the Owner**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the First Merger, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. The Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. The Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the termination of the Investor Rights Agreement.

(d) **Initial Public Offering**. The Owner hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(e) **Tax Matters**. Without the prior written consent of the Parent, neither the Owner nor the Merging Entity shall, with respect to the Merging Entity, make or change (or permit to be made or changed) any Tax election, change (or permit to be changed) any annual Tax accounting period, adopt or change any method of Tax accounting, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would be reasonably likely to have the effect of materially increasing the Tax liability of the Merging Entity, any Merger Sub, the Parent, or any Affiliate of the Parent. Prior to the Closing, the Merging Entity shall not make any payment of, or in respect of, any Tax to any person or any Tax Authority, except to the extent such payment is in respect of a Tax that is due or payable or has been properly estimated in accordance with applicable law as applied in a manner consistent with past practice.

(f) **Tax Cooperation**. Upon the request of the Parent, the Owner shall cause the Merging Entity and its officers and authorized signatories to cooperate in the making of an

election on IRS Form 8875 to treat each of the Merging Entity and Merger Sub I as a taxable REIT subsidiary of the Parent, pursuant to Section 856(l) of the Code, effective as of the effective time of the First Merger.

Section 3.04. **Covenants of the Merging Entity**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Merging Entity shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Mergers, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. Effective upon the Closing, the Merging Entity hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the Merger Consideration issued and delivered to the Owner and (iii) consents to the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. Upon the Closing, the Merging Entity hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement.

(d) **Initial Public Offering**. The Merging Entity hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(e) **Ownership**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Merging Entity shall not transfer (or permit to be transferred) its equity interests, and shall not issue additional equity interests. The Merging Entity will not have any outstanding warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire any of its equity interests.

(f) **Liabilities**. As a result of the transactions contemplated by this Agreement, the Merger Subs will not assume any liability of the Owner, and will not acquire equity interests in the Merging Entity subject to any liability.

(g) **Other Transactions**. Prior to the consummation of the First Merger, the Merging Entity will not (i) pay any dividends or make any other distributions with respect to its stock, except for the Energysource Distribution, (ii) sell, encumber, transfer or dispose of any of its assets, (iii) incur, create or assume any indebtedness, or (iv) take any action that would cause a diminution in the value of its equity interests.

Section 3.05. **Covenants of the Splitter Partnership**.

(a) **Hannon LLC Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the Merger Consideration issued and delivered to the Owner and (iii) consents to the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(b) **Investor Rights Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement and the Existing Registration Rights Agreement.

(c) **Initial Public Offering**. The Splitter Partnership hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(d) **LLC Equity Interests**. Between the date of this Agreement and the Closing Date, the Splitter Partnership shall transfer all of its ownership interest in the LLC Equity Interests to the Merging Entity.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. **Representations and Warranties of the Owner**. The Owner hereby represents and warrants to the Parent and the Merger Subs, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Merging Entity has been duly formed and validly exists as a corporation under the laws of the State of Delaware. The Merging Entity has all power and authority to enter into this Agreement, and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement. The Owner owns all of the outstanding equity interests in the Merging Entity.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Merging Entity and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Merging Entity, enforceable against the Merging Entity in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or

result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Merging Entity is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Merging Entity, or (iii) any law applicable to the Merging Entity. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and the requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers that have been obtained, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, shareholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Merging Entity to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Injunction.** The Merging Entity is not subject to any order, writ, judgment, decree, injunction or settlement that could reasonably prohibit the transactions contemplated hereby.

(d) **No Consents.** Except for the filing of articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by the Merging Entity in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Merging Entity Material Adverse Effect.

(e) **Ownership of the LLC Equity Interests**. As of the Closing Date, the LLC Equity Interests held by the Merging Entity (i) have been, since the Merging Entity's date of formation, and are the only assets owned by the Merging Entity other than its interests in the Splitter Partnership, Hannon LLC, MissionPoint HA ES Development Corp. and MissionPoint ES Parallel Fund, L.P. and (ii) except for the Existing LLC Agreement, the Investor Rights Agreement, the Existing Registration Rights Agreement and the Splitter Partnership Agreement of Limited Partnership (collectively, the "**Existing Agreements**") and the obligations pursuant to the Energysource Distribution, are owned free and clear of all Liens, charges, security interests, mortgages, pledges, options, preemptive rights, rights of first refusal or first offer, proxies, levies, voting trusts or agreements, or other adverse claims or restrictions on title or transfer of any nature whatsoever. Except in connection with the Energysource Distribution that was completed in December 2012, the Merging Entity has not conducted since it was formed, does not currently conduct, and will not commence conducting, any business operations other than with respect to the continuing direct ownership of its LLC Equity Interests and consummating the transactions contemplated hereby, including the First Merger.

(f) **Liabilities**. Except for the Existing Agreements and the Energysource Distribution, since its organization, the Merging Entity has not had any Liabilities and the Merging Entity does not currently have any Liabilities (including as transferee of distributions from the Splitter Partnership).

(g) **Contracts**. Except in connection with the Energysource Distribution, since its organization, the Merging Entity has not become a party to, entered into or became bound by, any contract or other arrangement or understanding except for the Existing Agreements.

(h) **Tax Matters**.

(i) The Merging Entity has been, since its date of formation, and is, treated for U.S. federal income tax purposes as a C corporation, and is a "United States person" (as defined in Section 7701(a)(30) of the Code).

(ii) All Tax Returns required to be filed with any Tax Authority by or on behalf of the Merging Entity (including, for the avoidance of doubt, any Tax Return required to be filed with respect to a Tax Group) have been timely filed in accordance with applicable law, and all such Tax Returns were correct and complete. All Taxes of the Merging Entity (whether or not shown as due and payable on such Tax Returns) have been timely paid to the appropriate Tax Authority.

(iii) The Splitter Partnership has been, from the date of its formation to the date of its termination, treated as a partnership for U.S. federal, state, and local income tax purposes, and does not have any tax liabilities.

(iv) The Splitter Partnership never, directly or indirectly, held any asset or interest in an entity other than its direct or indirect equity interests in Hannon LLC, Energysource or MissionPoint ES Parallel Fund, L.P. All Tax Returns of the Splitter Partnership have been filed in a manner consistent with IRS Form 1065 Schedules K-1 and other Tax information the Splitter Partnership has received from Hannon LLC and Energysource Holdings.

(v) No claim has been made in writing by a Tax Authority that the Merging Entity may be subject to taxation in a jurisdiction where Tax Returns are not filed by or on behalf of the Merging Entity.

(vi) No audit or other administrative proceeding is pending or has been threatened in writing, and no judicial proceeding is pending or has been threatened in writing, that involves any Tax or Tax Return filed or paid by or on behalf of the Merging Entity. No closing agreements or Tax rulings have been requested or received from any Tax Authority with respect to the Merging Entity.

(vii) The Merging Entity has not been a member of a Tax Group and is not obligated to pay the Taxes of another person by contract, as a transferee, as a successor or otherwise, including as a result of being a member of a Tax Group.

(viii) The Merging Entity has never, directly or indirectly, (a) realized or derived any item of income or gain or incurred any item of loss or expense other than through direct or indirect equity interests in Hannon LLC or Energysource or the Energysource Distribution, (b) held any asset or interest in an entity other than its direct or indirect equity interests in Hannon LLC, Energysource, the Splitter Partnership, MissionPoint ES Parallel Fund, L.P. or MissionPoint HA ES Development I Corp. or (c) incurred any indebtedness or other liability other than its share of the liabilities of Hannon LLC and Energysource. All Tax Returns of the Merging Entity have been filed in a manner consistent with IRS Form 1065 Schedules K-1 and other Tax information the Splitter Partnership has received from Hannon LLC and Energysource Holdings.

(ix) The Merging Entity has not undergone an ownership change for purposes of Section 382 of the Code, and no net operating loss of the Merging Entity is currently subject to a limitation under Section 382 of the Code or similar provisions of state or local law.

(x) The Merging Entity's shares of common stock represent the only currently outstanding equity interests in the Merging Entity.

(i) **Accredited Investor**. The Owner qualifies as an Accredited Investor and has affirmatively certified as such and indicated on Exhibit A attached hereto the basis for such certification and understands the risks of, and other considerations relating to, the First Merger. The Owner, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained to represent or advise the Owner:

(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Owner is capable of evaluating the merits and risks of an investment in the Parent and of making an informed investment decision;

(ii) is capable of protecting the Owner's own interest or has engaged representatives or advisors to assist it in protecting such interests;

(iii) is capable of bearing the economic risk of such investment; and

(iv) in making the Owner's decision to enter into this Agreement has conducted its own due diligence, has been represented by competent counsel and financial advisors and has not relied on oral or written advice from the Parent, the Merger Subs or their Affiliates, representatives, or agents or on representations or warranties of the Parent and the Merger Subs other than those set forth in this Agreement.

(j) **Investment For Own Account**. The Merger Consideration will be acquired for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein in violation of the securities laws.

(k) **Access to Information**. The Owner has been afforded:

(i) the opportunity to ask such questions as the Owner has deemed necessary of, and to receive answers from, representatives of the Parent concerning the terms and conditions of the issuance and/or delivery of the Merger Consideration; and

(ii) access to information about the Parent and its financial condition and results of operations sufficient to evaluate the Owner's investment in, or receipt of, the Merger Consideration.

(l) **Unregistered Securities**. The Owner understands that:

(i) the Merger Consideration to be received as contemplated hereunder has not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws;

(ii) the Parent's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Owner contained herein;

(iii) the Merger Consideration cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) there may be no public market for the Merger Consideration;

(v) because of the restrictions on transfer or assignment of the Merger Consideration to be issued hereunder, the economic risk of the Merger Consideration issued hereby may need to be borne for an indefinite period of time; and

(vi) certificates (if any) representing the Merger Consideration will bear a legend substantially similar to the following:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 4.02. **Representations and Warranties of the Parent**. The Parent hereby represents and warrants to the Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Parent has been duly formed and validly exists as a corporation under the laws of the State of Maryland. The Parent has all power and authority to

enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Parent and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Parent, enforceable against the Parent in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Parent is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Parent, or (iii) any law applicable to the Parent. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be take in connection therewith, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Parent to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be taken in connection therewith, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Parent in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(d) **Merger Consideration**. The Merger Consideration to be issued hereunder has been duly authorized for issuance and, upon such issuance, will be validly issued, fully paid and nonassessable.

Section 4.03. **Representations and Warranties of Merger Sub I**. Merger Sub I hereby represents and warrants to the Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. Merger Sub I has been duly formed and validly exists as a limited liability company under the laws of the State of Delaware. Merger Sub I has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by Merger Sub I and the performance of its obligations hereunder have been duly authorized by all requisite limited liability company action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of Merger Sub I, enforceable against Merger Sub I in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which Merger Sub I is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of Merger Sub I, or (iii) any law applicable to Merger Sub I. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for Merger Sub I to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Merger Sub I in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Merger Sub Material Adverse Effect.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. **Default by the Merging Entity, the Owner or the Splitter Partnership** If the Closing is not consummated because of a default by the Merging Entity, the Owner or the Splitter Partnership under this Agreement, then the Parent and the Merger Subs may either (i) seek specific performance of this Agreement by requiring the Merging Entity to assign the LLC Equity Interests to Upstream Merger Sub and in connection therewith the Owner shall reimburse the Parent

and the Merger Subs for the actual out-of-pocket expenses incurred by the Parent or the Merger Subs in connection with seeking such specific performance, or (ii) terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

ARTICLE VI

TAX MATTERS

Section 6.01. **Tax Returns**. The Owner shall prepare in accordance with applicable law and timely file any Tax Returns of the Merging Entity with respect to Pre-Closing Tax Periods. The Owner will provide a copy of any such Tax Return to the Parent for its review and comment at least 15 days prior to filing such Tax Return. In the case of any Tax Return for a Pre-Closing Tax Period, the Owners shall pay to the relevant Tax Authority the amount of Tax shown as due on such Tax Return no later than 5 days prior to the time such Tax Return is due.

Section 6.02. **Tax Sharing**. Any and all Tax sharing agreements or arrangements to which the Merger Entity is a party shall be terminated as of the Closing Date. After the Closing Date, the Merging Entity shall not have any further rights or liabilities thereunder.

Section 6.03. **Cooperation on Tax Matters**. The Parent and the Owner shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Return and any audit or other proceeding with respect to Taxes. Such cooperation shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Parent and the Owner agree that for each taxable period first ending after the Closing Date and for all prior taxable periods until the later of (i) the expiration of the period of limitations for the assessment of Taxes applicable to the relevant taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods (or, if longer, as required by any record retention agreements entered into with any Tax Authority), or (ii) eight years following the due date (without extension) for such Tax Returns, not to destroy or otherwise dispose of (and to cause their respective Affiliates not to destroy or otherwise dispose of) any books or records with respect to Tax matters pertinent to the Merging Entity, unless they shall first offer in writing to surrender such books and records to such other party and such other party does not agree in writing to take possession thereof during the 45 day period after such offer is made.

Section 6.04. **Special Tax Indemnity**.

(a) Subject to Section 6.05, from and after the Closing Date, ES Partnership shall indemnify the Indemnified Parties and hold them harmless from and against all liability for any Taxes imposed on or payable by or with respect to the Merging Entity for any Pre-Closing Tax Periods in connection with or as a result of the Energysource Distribution, and any Losses, liabilities, costs and expenses, including reasonable attorneys' fees, incurred or arising in connection with or in respect of the assessment, assertion, contest or imposition of a Tax described in this Section 6.04(a)

(collectively, a "**Special Tax Loss**"). ES Partnership's indemnification obligation pursuant to this Section 6.04 shall be secured by a pledge of its equity interests in Energysource in accordance with the terms and conditions of a pledge agreement to be entered into between the Parent and ES Partnership. Such pledge agreement shall include mutually acceptable provisions providing for the termination of both the pledge and ES Partnership's indemnification obligations under this Agreement upon the Owner or one of its Affiliates agreeing to indemnify the Indemnified Parties in a manner consistent with this section including providing alternative collateral or other reasonably satisfactory arrangements securing such indemnification obligation.

(b) Not later than 30 days after receipt by the Owner of written notice from the Parent stating that any Special Tax Loss has been incurred by any of the Persons specified in Section 6.04(a) and the amount thereof, ES Partnership shall discharge its indemnification obligation with respect to such Special Tax Loss by paying to the Parent an amount equal to the amount of such Special Tax Loss. The payment by the Parent or any of the other Persons specified in Section 6.04(a) of any Special Tax Loss shall not relieve ES Partnership of its obligation under this Section 6.04.

(c) The Parent agrees to give prompt notice to the Owner, with respect to the Merging Entity, of any Special Tax Loss or the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under this Section 6.04 or Section 7.01 (solely with respect to a breach of a representation or warranty in Section 4.01(h)) (a "**Tax Proceeding**") and will give the Owner such information with respect thereto as the Owner may reasonably request. The Owner may assume the defense of any such suit, action or proceeding (including any Tax audit) that relates to a Pre-Closing Tax Period; provided that (x) the Owner shall thereafter consult with the Parent upon the Parent's reasonable request for such consultation from time to time with respect to such suit, action or proceeding (including any Tax audit) and (y) the Owner shall not, without the Parent's consent, agree to any settlement with respect to any Tax if such settlement could adversely affect the Tax liability of any Indemnified Party (including, effective upon the Closing, the Merging Entity). If the Owner assumes such defense, (i) the Parent shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Owner and (ii) the Owner shall not assert that the Special Tax Loss, or any portion thereof, with respect to which the Parent seeks indemnification is not within the ambit of this Section 6.04. For avoidance of doubt, unless and until the Owner notifies the Parent in writing of the Owner's decision to exercise the control and participation rights described in this Section 6.04(d), the Parent shall be entitled to take such actions as it decides are reasonable with respect to such suit, action or proceeding, including paying, compromising or contesting the Tax at issue. Whether or not the Owner chooses to defend or prosecute any claim, all of the parties hereto shall cooperate in the defense or prosecution thereof.

(d) Notwithstanding anything to the contrary in this Agreement, Section 6.04 and not Sections 7.01 and 7.02 shall govern indemnification of the Indemnified Parties in respect of Special Tax Losses and the conduct of Tax Proceedings resulting therefrom.

Section 6.05. **Survival**. This Article VI shall survive until three calendar years after the Owner's filing of the Merging Entity's U.S. federal income tax return for the taxable year that includes the Energysource Distribution.

ARTICLE VII

INDEMNIFICATION

Section 7.01. **Indemnification**. Subject to the limitations provided below, from and after the Closing Date, the Owner agrees to indemnify, defend and hold harmless each of the Indemnified Parties from and against all Losses that are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) the breach of any of the representations or warranties of the Owner or the Merging Entity under this Agreement or (ii) any breach by the Owner of its obligations under this Agreement; **provided, however**, that the maximum aggregate liability of the Indemnifying Party under this Section 7.01, the Parallel Fund II Merger Agreement and the Contribution Agreement shall not exceed $1,000,000. The Owner's indemnification obligation pursuant to this Section 7.01 shall be secured by a pledge of the Merger Consideration in accordance with the terms and conditions of a pledge agreement to be entered into between the Parent and the Owner.

Section 7.02. **Method of Asserting Claims**. All claims for indemnification by any Indemnified Party under this Article VII shall be asserted and resolved as follows:

(a) If an Indemnified Party intends to seek indemnification under this Article VII, it shall promptly notify the Owner in writing of such claim. The failure to provide such notice will not affect any rights hereunder except to the extent the Owner is materially prejudiced thereby.

(b) If such claim involves a claim by a third-party against the Indemnified Party, the Owner shall, within ten days after receipt of such notice and upon notice to the Indemnified Party, assume, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of the Owner, the settlement or defense thereof (in which case any Loss associated therewith shall be the sole responsibility of the Owner), provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it. If the Indemnified Party determines in good faith that representation by the Owner's counsel of (i) the Indemnifying Party and (ii) the Indemnified Party may present such counsel with a conflict of interest, then the Owner shall pay the reasonable fees and expenses of the Indemnified Party's counsel. Notwithstanding the foregoing, (i) the Indemnified Party may, at the sole cost and expense of the Owner, at any time prior to the delivery of the notice referred to in the first sentence of this Section 7.02(b) by the Owner, file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests, (ii) the Indemnified Party may take over the control of the defense or settlement of a third-party claim at any time if it irrevocably waives its right to indemnity under this Article VII with respect to such claim and (iii) the Owner may not, without the consent of the Indemnified Party, settle or compromise any action or consent to the entry of any judgment. So long as the Owner is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without the Owner's

consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, if the compromise or settlement of a third-party claim could reasonably be expected to adversely affect the status of the Parent as a real estate investment trust within the meaning of Section 856 of the Code, then the Parent shall make such decision to compromise or settle the third-party claim without the need to obtain the other party's consent. If the Owner is not entitled to assume the defense of the claim pursuant to the foregoing provisions or is entitled but does not contest such claim in good faith (including if the Owner does not notify the Indemnified Party of its assumption of the defense of such claim within the ten-day period set forth above), then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Owner, the settlement or defense thereof, and the Owner shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Owner of any obligation it may have hereunder. Any defense costs required to be paid by the Owner shall be paid as incurred, promptly against delivery of invoices therefor. Notwithstanding the foregoing, any indemnification chosen by a third-party with respect to any breach of a representation or warranty in Section 4.01(h) shall be governed by Section 6.04(c).

Section 7.03. **Survival**. This Article VII shall survive until six months following the Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement. Except as provided otherwise in this Agreement, all representations and warranties contained in this Agreement shall survive the Closing for a period of one-year and shall not be deemed to be merged into or waived by the instruments of the Closing.

Section 7.04. **Waiver of Claims**. Deliverance of the Merger Consideration provided in this Agreement shall serve to waive all claims against the Parent, the Operating Partnership, the Merger Subs and Hannon LLC.

Section 7.05. **Character of Indemnity Payments**. The parties agree that any indemnification payments made with respect to this Agreement shall be treated for all Tax purposes as an adjustment to the Merger Consideration, unless otherwise required by law (including by a determination of a Tax Authority that, under applicable law, is not subject to further review or appeal). If an indemnification payment by law cannot be treated as an adjustment to the Merger Consideration, the Indemnifying Party will pay an amount to the Indemnified Party that reflects the hypothetical Tax consequences of the receipt or accrual of such indemnification payment, using the maximum applicable statutory rate (or, in the case of an item that affects more than one Tax, rates) of Tax and reflecting, for example, the effect of deductions available for Taxes such as state and local income Taxes.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. **Marketing**. Neither the Owner nor the Merging Entity shall market the LLC Equity Interests for sale or entertain or discuss any offer to purchase or acquire the LLC Equity Interests with any Person other than the Parent, the Merger Subs and their Affiliates unless this Agreement is terminated in accordance with the terms set forth in Section 2.05.

Section 8.02. **Entire Agreement; No Amendment**. This Agreement and the Registration Rights Agreement represents the entire agreement among each of the parties hereto with respect to the subject matter hereof. It is expressly understood that no representations, warranties, guarantees or other statements shall be valid or binding upon a party unless expressly set forth in this Agreement or the Registration Rights Agreement. It is further understood that any prior agreements or understandings between the parties with respect to the subject matter hereof have merged in this Agreement and the Registration Rights Agreement which fully expresses the entire agreement of the parties hereto as to the subject matter hereof and supersedes all such prior agreements and understandings. This Agreement may not be amended, modified or otherwise altered except by a written agreement signed by the party hereto against whom enforcement is sought.

Section 8.03. **Certain Expenses**. Except as otherwise agreed by the parties herein, each party hereto will pay all of its own expenses incurred in connection with this Agreement and the transactions contemplated hereby (whether or not the Closing shall take place), including, without limitation, all costs and expenses herein stated to be borne by such party and all of its respective accounting, legal, investigatory and appraisal fees.

Section 8.04. **Transfer Taxes**. All transfer, registration, stamp, documentary, sales, use and similar Taxes (including all applicable real estate transfer or gains Taxes and transfer Taxes), any penalties, interest and additions to Tax, and fees incurred in connection with the Mergers shall be the responsibility of and be timely paid 50% by the Owner, on one hand, and 50% by the Parent, on the other hand. The Owner and the Parent shall cooperate in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

Section 8.05. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time delivered), or sent by United States certified mail, return receipt requested, postage prepaid (any notice or communication so sent being deemed to have been received two Business Days after mailing in the United States), with failure or refusal to accept delivery to constitute delivery for all purposes of this Agreement, addressed to the respective parties as follows:

If to the Owner, Merging Entity or the Splitter Partnership, to the address listed on the
Owner, Merging Entity and Splitter
Partnership's signature page to this Agreement.

If to the Parent or any Merger Sub, to:
Hannon Armstrong Sustainable Infrastructure Capital, Inc.
Attention: Office of the General Counsel
1906 Towne Centre Blvd
Suite 370
Annapolis, MD 21401

with a copy to:
Jay L. Bernstein
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

Section 8.06. **No Assignment**. Except as provided in this Section below, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties.

Section 8.07. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland without giving effect to any choice or conflict of law provision or rule (whether of the State of Maryland or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Maryland.

Section 8.08. **Multiple Counterparts**. This Agreement may be executed in multiple counterparts. If so executed, all of such counterparts shall constitute but one agreement, and, in proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile or electronic mail PDF copies of counterparts of the signature pages.

Section 8.09. **Further Assurances**. From and after the date of this Agreement and after the Closing, the parties hereto shall take such further actions and execute and deliver such further documents and instruments as may be reasonably requested by the other parties and are reasonably necessary to provide to the respective parties hereto the benefits intended to be afforded hereby, including, without limitation, all books and records relating to the LLC Equity Interests.

Section 8.10. **Miscellaneous**. Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender when appropriate. The headings of the Articles and the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words “hereof” and “herein” refer to this entire Agreement and not merely the Section in which such words appear. If the last day for performance of any obligation hereunder is not a Business Day, then the deadline for such performance or the expiration of the applicable period or date shall be extended to the next Business Day. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The Exhibits attached hereto are hereby incorporated herein and shall be deemed a part of this Agreement.

Section 8.11. **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 8.12. **Attorneys' Fees**. If this Agreement or the transactions contemplated herein give rise to a lawsuit, arbitration or other legal proceeding between the parties hereto, the prevailing party shall be entitled to recover its costs and reasonable attorney fees in addition to any other judgment of the court or arbitrator(s).

Section 8.13. **Waiver of Jury Trial**. To the fullest extent permitted by applicable law, the parties hereto waive trial by jury in any action, proceeding or counterclaim brought by any party(ies) against any other party(ies) on any matter arising out of or in any way connected with this Agreement or the relationship of the parties created hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HA MERGER SUB I LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HA MERGER SUB III LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

MISSIONPOINT HA PARALLEL FUND, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND I CORP.

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: President

MISSIONPOINT ES PARALLEL FUND I, L.P.

By: MPCP I GP, LLC, its General Partner
By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND, L.P.

By: MPCP I GP, LLC, its General Partner
By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

EXHIBIT A

ACCREDITED INVESTOR QUESTIONNAIRE

I am an Accredited Investor (as defined in Rule 501 of Regulation D promulgated under the Securities Act) because I hereby certify that (check all appropriate descriptions that apply):

☐ a bank, as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in an individual or a fiduciary capacity.

☐ a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

☐ an insurance company, as defined in Section 2(13) of the Securities Act.

☐ an investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that act.

☐ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ a plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if the plan has total assets in excess of $5 million.

☐ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is being made by a plan fiduciary, as defined in Section 3(21) of such act, and the plan fiduciary is either a bank, an insurance company, or a registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million.

☐ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

☐ a corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that was not formed for the specific purpose of acquiring the Securities, and that has total assets in excess of $5 million.

☐ a trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

☐ an entity in which all of the equity owners are accredited investors and meet the criteria listed above.

EXHIBIT B

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF HANNON ARMSTRONG CAPITAL LLC

This Amended and Restated Limited Liability Company Agreement ("**Agreement**") of Hannon Armstrong Capital LLC (the "**LLC**"), effective as of April 23, 2013 (the "**Effective Date**"), is entered into by HA Merger Sub III LLC, as the sole member of the LLC (the "**Member**").

WHEREAS, the LLC was formed as a limited liability company on August 7, 2000 by filing Articles of Organization with the State Department of Assessments and Taxation of Maryland pursuant to and in accordance with the Maryland Limited Liability Company Act, as amended from time to time (the "**Act**");

WHEREAS, the Member, being the sole Member of the LLC, has determined that it is in the best interests of the LLC to amend and restate the LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended, and that the membership in and management of the LLC shall now and hereafter be governed by the terms set forth herein.

NOW, THEREFORE, the Member agrees as follows:

1. **Name**. The name of the LLC is Hannon Armstrong Capital LLC.

2. **Purpose**. The purpose of the LLC is to engage in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto.

3. **Principal Office; Resident Agent**.

(a) **Principal Office**. The location of the principal office of the LLC in the State of Maryland shall be 1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401, or such other location as the Member may from time to time designate.

(b) **Resident Agent**. The name of the resident agent of the LLC in the State of Maryland is CSC-Lawyers Incorporating Service Company, located at 7 St. Paul Street, Suite 1660, Baltimore, MD 21202, or such other resident agent as the Member may from time to time designate.

4. **Members**.

(a) **Member**. The name and the business, residence or mailing address of the Member are as follows:

Name	Address
Hannon Armstrong Sustainable Infrastructure, L.P.	1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401

(b) **Additional Members**. One or more additional members may be admitted to the LLC with the consent of the Member. Prior to the admission of any such additional members to the LLC, the Member shall amend this Agreement to make such changes as the Member shall determine to reflect the fact that the LLC shall have such additional members. Each additional member shall execute and deliver a supplement or counterpart to this Agreement, as necessary.

(c) **Membership Interests; Certificates**. To the extent permitted by the Act, notwithstanding any showing that distributions under a charging order upon any economic interest of the LLC will not pay the amount owed to the creditor within a reasonable time, no economic interest in the LLC shall be subject to foreclosure. The LLC will not issue any certificates to evidence ownership of the membership interests.

5. **Management**.

(a) **Authority and Powers of the Member**. The Member shall have exclusive and complete authority and discretion to manage the operations and affairs of the LLC and to make all decisions regarding the business of the LLC. Any action taken by the Member shall constitute the act of and serve to bind the LLC. The Member shall have all rights and powers of a member under the Act, and shall have such authority, rights and powers in the management of the LLC to do any and all other acts and things necessary, proper, convenient or advisable to effectuate the purposes of this Agreement.

(b) **Duties and Obligations of Member**. To the maximum extent permitted under the Act, the only duties of the Member in its capacity as a member of the LLC, fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement in accordance with the duties of care and loyalty as set forth in this Section 5(b). Such duties are owed by the Member to the LLC and its members and shall not be enforceable otherwise than by the LLC or a member of the LLC. To the maximum extent permitted under the Act, the Member shall have no duties in its capacity as a member of the LLC, fiduciary or otherwise, to any individual or entity (each such individual or entity and the heirs, personal representatives, successors and assigns of such individual or entity, a "**Person**") other than the LLC and its members (including any creditor of the LLC or any such member, or any assignee of any interest in the LLC). No director, officer, member, manager, affiliate or agent of the Member shall have any duties directly to the LLC or any member of the LLC, or to any other Person (including any creditor of the LLC or any Member, or any assignee of any interest in the LLC).

(i) Duty of Care. The Member's duty of care is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violation of law in the discharge of its contractual obligations as expressly set forth in this Agreement. None of the Member or its agents or affiliates shall be expected to devote his, her or its full time to the performance of such duties.

(ii) Duty of Loyalty. The Member's duty of loyalty is limited to refraining from appropriating the property or assets of the LLC to the benefit of any other Person and without benefit to the LLC. An action of the Member, in its capacity as such, does not violate the Member's duty of loyalty solely because the Member's conduct also furthers the Member's own interests.

(c) **Election of Officers; Delegation of Authority**. The Member may, from time to time, designate one or more officers with such titles as may be designated by the Member to act in the name of the LLC with such authority as may be delegated to such officers by the Member (each such designated person, an "**Officer**"). Any such Officer shall act pursuant to such delegated authority until such Officer is removed by the Member. Any action taken by an Officer designated by the Member pursuant to authority delegated to such Officer shall constitute the act of and serve to bind the LLC. Persons dealing with the LLC are entitled to rely conclusively on the power and authority of any officer set forth in this Agreement and any instrument designating such officer and the authority delegated to him, her or it.

6. **Liability of Member; Indemnification**.

(a) **Liability of Member**. To the fullest extent permitted under the Act, the Member, whether acting as the Member, in its capacity as the manager of the LLC, or in any other capacity, shall not be liable for any debts, obligations or liabilities of the LLC or each other, whether arising in tort, contract or otherwise, solely by reason of being a Member.

(b) **Indemnification**. To the fullest extent permitted under the Act, the Member, its officers, its directors and any person acting on behalf of the Member (irrespective of the capacity in which it acts) shall be entitled to indemnification and advancement of expenses from the LLC for and against any loss, damage, claim or expense (including attorneys' fees) whatsoever incurred by the Member relating to or arising out of any act or omission or alleged acts or omissions (whether or not constituting negligence or gross negligence) performed or omitted by the Member on behalf of the LLC; **provided**, **however**, that any indemnity under this Section 6(b) shall be provided out of and to the extent of LLC assets only, and neither the Member nor any other person shall have any personal liability on account thereof.

7. **Term**. The term of the LLC shall be perpetual unless the LLC is dissolved and terminated in accordance with Section 11.

8. **Capital Contributions**. The Member shall not be required to contribute any additional capital to the LLC, and except as set forth in the Act, no Member shall have any personal liability for any obligations of the LLC. No Member shall be paid interest on its capital contributions.

9. **Tax Status; Income and Deductions**.

(a) **Tax Status**. As long as the LLC has only one member, it is the intention of the LLC and the Member that the LLC be treated as a disregarded entity for federal and all relevant state tax purposes and neither the LLC nor the Member shall take any action or make any election which is inconsistent with such tax treatment. All provisions of this Agreement are to be construed so as to preserve the LLC's tax status as a disregarded entity.

(b) **Income and Deductions**. All items of income, gain, loss, deduction and credit of the LLC (including, without limitation, items not subject to federal or state income tax) shall be treated for federal and all relevant state income tax purposes as items of income, gain, loss, deduction and credit of the Member.

10. **Distributions**. Distributions shall be made to the Member at the times and in the amounts determined by the Member.

11. **Dissolution; Liquidation**.

(a) The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member or (ii) any other event or circumstance giving rise to the dissolution of the LLC under the Act, unless the LLC's existence is continued pursuant to the Act.

(b) Upon dissolution of the LLC, the LLC shall immediately commence to wind up its affairs and the Member shall promptly liquidate the business of the LLC. During the period of the winding up of the affairs of the LLC, the rights and obligations of the Member under this Agreement shall continue.

(c) In the event of dissolution, the LLC shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the LLC in an orderly manner), and the assets of the LLC shall be applied as follows: (i) first, to creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the LLC (whether by payment or the making of reasonable provision for payment thereof); and (ii) thereafter, to the Member.

(d) Upon the completion of the winding up of the LLC, the Member shall file Articles of Dissolution in accordance with the Act.

12. **Miscellaneous**.

(a) **Amendments**. Amendments to this Agreement may be made only with the consent of the Member.

(b) **Governing Law**. This Agreement shall be governed by the laws of the State of Maryland.

(c) **Severability**. In the event that any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such provision shall survive to the extent it is not so declared, and the validity, legality and enforceability of the other provisions hereof shall not in any way be affected or impaired thereby, unless such action would substantially impair the benefits to any party of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first above written.

HA MERGER SUB III LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.13

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.,

HA MERGER SUB II LLC,

HA MERGER SUB III LLC,

MISSIONPOINT HA PARALLEL FUND II, LLC,

MISSIONPOINT ES PARALLEL FUND II, L.P.,

MISSIONPOINT HA PARALLEL FUND II CORP.

AND

MISSIONPOINT HA PARALLEL FUND, L.P.

AGREEMENT AND PLAN OF MERGER

CONTENTS

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of April 15, 2013, by and among **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.**, a Maryland corporation (the "**Parent**"), **HA MERGER SUB II LLC**, a Delaware limited liability company and a wholly owned subsidiary of the Parent (the "**Merger Sub II**"), **HA MERGER SUB III LLC**, a Maryland limited liability company and a wholly owned subsidiary of the Parent (the "**Upstream Merger Sub**" and, together with the Merger Sub II, the "**Merger Subs**"), **MISSIONPOINT HA PARALLEL FUND II, LLC**, a Delaware limited liability company (the "**Owner**"), **MISSIONPOINT ES PARALLEL FUND II, L.P.,** a Delaware limited liability partnership (the "**ES Partnership**"), **MISSIONPOINT HA PARALLEL FUND II CORP.**, a Delaware corporation (the "**Merging Entity**"), and **MISSIONPOINT HA PARALLEL FUND, L.P.,** a Delaware limited liability partnership (the "**Splitter Partnership**").

W I T N E S S E T H:

WHEREAS, prior to the Closing Date (as defined herein), the Merging Entity owned a certain number of Series A Participating Preferred Units and/or Class A Common Units (collectively, the "**LLC Equity Interests**") of Hannon Armstrong Capital LLC, a Maryland limited liability company ("**Hannon LLC**") indirectly through its limited partner interest in the Splitter Partnership;

WHEREAS, the Owner indirectly holds outstanding equity interests of ES Partnership, which directly holds equity interests in HA ES Development LLC ("**Energysource**"), as a result of the distribution of such interests out of Hannon LLC in December 2012 (such distribution, the "**Energysource Distribution**");

WHEREAS, prior to the Closing Date, the Splitter Partnership shall distribute the LLC Equity Interests to the Merging Entity;

WHEREAS, the parties to this Agreement intend that Merger Sub II be merged with and into the Merging Entity, with the Merging Entity surviving that merger, as a wholly owned subsidiary of the Parent, on the terms and subject to the conditions set forth herein (the "**First Merger**"), immediately followed by a merger of the Merging Entity into Upstream Merger Sub, with Upstream Merger Sub surviving that merger, as a wholly owned subsidiary of the Parent, on the terms and subject to the conditions set forth herein (the "**Second Merger**" and, together with the First Merger, the "**Mergers**");

WHEREAS, in the First Merger, upon the terms and subject to the conditions of this Agreement, all of the outstanding shares of stock of the Merging Entity (the "**Merging Entity Equity Interests**") will be cancelled and converted into the right to receive, without interest, 537,798 shares of the Parent's common stock, $0.01 par value per share (the "**Common Stock**"), adjusted proportionally for any stock dividends, stock splits, reverse stock splits or similar transactions entered into or made by the Parent between the date of this Agreement and the Closing Date (as defined herein) (the "**Merger Consideration**"), with the understanding that no fractional shares will be issued and no cash will be paid in lieu of fractional shares;

WHEREAS, the board of directors of the Merging Entity has (a) determined that it is in the best interests of the Merging Entity, and declared it advisable, to enter into this Agreement; (b) directed that this Agreement and the Mergers be submitted to the stockholders of the Merging Entity for consideration; and (c) approved the Mergers and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers;

WHEREAS, the stockholder of the Merging Entity has approved this Agreement and the Mergers;

WHEREAS, following the closing of the Mergers, the Parent intends to contribute its ownership interest in Upstream Merger Sub to Hannon Armstrong Sustainable Infrastructure, L.P., a Delaware limited liability partnership (the "**Operating Partnership**"), in exchange for a certain number of operating partnership units in the Operating Partnership and Fund III (as defined herein) will contribute its interest in Hannon LLC to the Operating Partnership pursuant to the Contribution Agreement (as defined herein);

WHEREAS, following the closing of the Mergers, Upstream Merger Sub intends to adopt and approve an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement (as defined herein).

WHEREAS, the board of directors of the Parent has, on the terms and subject to the conditions set forth in this Agreement, approved the Mergers, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, the Parent, in its capacity as the sole member of Merger Sub II, has, on the terms and subject to the conditions set forth in this Agreement, approved the First Merger, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, the Parent, in its capacity as the sole member of Upstream Merger Sub, has, on the terms and subject to the conditions set forth in this Agreement, approved the Second Merger, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, each of the parties hereto has been advised by the other parties and acknowledges that such other parties would not be entering into this Agreement without the representations, warranties and covenants which are being made and agreed to herein by each party hereto and that such parties are entering into this Agreement in reliance on such representations, warranties and other covenants; and

NOW, THEREFORE, in consideration for the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions**. The following terms as used in this Agreement shall have the meanings attributed to them as set forth below unless the context clearly requires another meaning. Other capitalized terms used herein shall, unless the context otherwise requires, have the meanings assigned to such terms herein.

"**Accredited Investor**" means, for purposes of this Agreement, a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act and who affirmatively certifies as such on Exhibit A to this Agreement as to the basis for such certification.

"**Affiliate**" means, with respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, owns, Controls, is Controlled by or is under common Control with a specified Person or (b) is a family member of a specified Person; **provided**, **however**, that neither the Parent nor either of the Merger Subs shall be deemed to be an Affiliate of the Merging Entity or any of its subsidiaries or other Affiliates.

"**Agreement**" has the meaning set forth in the preamble.

"**Authority**" means a governmental body or agency having jurisdiction over such Person.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in the State of Maryland are authorized or required by law to close.

"**Closing**" and "**Closing Date**" have the meanings set forth in Section 2.02.

"**Code**" means the Internal Revenue Code of 1986, as in effect from time to time.

"**Common Stock**" has the meaning set forth in the recitals.

"**Contribution Agreement**" means that certain Contribution Agreement, dated as of the date hereof, by and between the Operating Partnership, the Parent and Fund III.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, with respect to a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Energysource**" has the meaning set forth in the recitals.

"**Energysource Distribution**" has the meaning set forth in the recitals.

"**ES Partnership**" has the meaning set forth in the recitals.

"**Existing Agreements**" has the meaning set forth in Section 4.01(e).

"**Existing LLC Agreement**" means Hannon LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended.

"**Existing Registration Rights Agreement**" means that certain Registration Rights Agreement, dated as of May 31, 2007, as amended, by and among Hannon LLC and the other parties thereto.

"**First Merger**" has the meaning set forth in the recitals.

"**Fund I**" means MissionPoint HA Parallel Fund, LLC.

"**Fund III**" means MissionPoint HA Parallel Fund III, LLC.

"**Governmental Authority**" means any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"**Hannon LLC**" has the meaning set forth in the recitals.

"**Indemnified Parties**" means the Parent, the Merger Subs and each of their subsidiaries, equity holders, affiliates, directors, officers, employees, successors and assigns.

"**Indemnifying Party**" means the Owner.

"**Investor Rights Agreement**" means the Investor Rights Agreement, dated as of May 31, 2007, by and among Hannon LLC, the Splitter Partnership, Jeffrey W. Eckel and the other investors party thereto, as amended.

"**Laws**" means laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

"**Liabilities**" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"**Liens**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest or any preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement), and any obligations under capital leases having substantially the same economic effect as any of the foregoing.

"**LLC Equity Interests**" has the meaning set forth in the recitals.

"**Loss**" or "**Losses**" means any and all direct claims, losses, damages, costs, liabilities, fines, penalties, deficiencies, diminution of value, causes of action and expenses, including, without limitation, attorney's fees and disbursements, and exclusive of all contingent or consequential items.

"**Maryland LLC Act**" has the meaning set forth in Section 2.01(b).

"**Merger Consideration**" has the meaning set forth in the recitals.

"**Merger Sub II**" has the meaning set forth in the preamble.

"**Merger Subs**" has the meaning set forth in the preamble.

"Merger Sub Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of Merger Sub II and its subsidiaries taken together.

"**Mergers**" has the meaning set forth in the recitals.

"**Merging Entity**" has the meaning set forth in the preamble.

"**Merging Entity Equity Interests**" has the meaning set forth in the recitals.

"Merging Entity Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Merging Entity and its subsidiaries taken together.

"**Operating Partnership**" has the meaning set forth in the recitals.

"**Organizational Documents**" means (i) the charter, articles of organization, certificate of formation or certificate of limited partnership for such Person, (ii) the bylaws, operating agreement, limited liability company agreement, or limited partnership agreement for such Person and (iii) any certificate of qualification or foreign entity registration for such Person (together with all supplements, amendments, modifications, consents and waivers related to any of the foregoing).

"**Owner**" has the meaning set forth in the preamble.

"**Parallel Fund I Merger Agreement**" means that certain Agreement and Plan of Merger, dated as of the date hereof, by and between the Parent, HA Merger Sub I LLC, Upstream Merger Sub, Fund I, MissionPoint ES Parallel Fund I, L.P., MissionPoint HA Parallel Fund I Corp. and MissionPoint HA Parallel Fund, L.P.

"**Parent**" has the meaning set forth in the preamble.

"Parent Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Parent and its subsidiaries taken together.

"**Person**" means an individual, partnership, corporation (including a business trust, statutory trust or real estate investment trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date.

"**Registration Rights Agreement**" means that certain Registration Rights Agreement, effective as of the Closing Date, by and among the Parent and the persons listed on Schedule I thereto.

"**Second Merger**" has the meaning set forth in the recitals.

"**Securities Act**" means the Securities Act of 1933, as in effect from time to time, and applicable rules and regulations thereunder. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

"**Splitter Partnership**" has the meaning set forth in the preamble.

"**Straddle Period**" means any Tax period beginning, but not ending, on or before the Closing Date.

"**Surviving Merging Entity Shares**" has the meaning set forth in Section 2.03(b)(i).

"**Tax**" means any and all U.S. federal, state, county, local, non-U.S. or other income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind or any charge of any kind in the nature of (or similar to) taxes whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"**Tax Authority**" means any Governmental Authority responsible for the collection, operation or administration of Taxes.

"**Tax Group**" means any affiliated, consolidated, combined or other group of which the Merging Entity is or has been a member prior to the Closing Date for purposes of any Tax.

"**Tax Return**" means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Upstream Merger Sub**" has the meaning set forth in the preamble.

"**Voting Interests**" means, with respect to any Person, ownership interests, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to vote has been suspended by the happening of such a contingency.

"**Waiver Letter**" means that certain ownership waiver letter, effective as of the Closing Date, executed by the Parent for the benefit of the Owner.

Section 1.02. **Rules of Application**. The definitions in Section 1.01 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II

THE MERGERS

Section 2.01. **Effect of the Mergers**.

(a) On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law and the Delaware Limited Liability Company Act, on the Closing Date, (i) Merger Sub II shall merge with and into the Merging Entity and (ii) the separate existence of Merger Sub II shall cease and the Merging Entity shall continue its existence as the surviving entity in the First Merger and as a wholly owned subsidiary of the Parent under the Delaware General Corporation Law. Without limiting the generality of the foregoing, and subject thereto, from and after the Closing Date, subject to Section 2.01(b), all property, rights, privileges, immunities, powers, franchises, licenses and authority of Merger Sub II shall vest in the Merging Entity, and all debts, liabilities, obligations, restrictions and duties of Merger Sub II shall become the debts, liabilities, obligations, restrictions and duties of the Merging Entity.

(b) On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law and the Maryland Limited Liability Company Act (the "**Maryland LLC Act**"), on the Closing Date and immediately after the steps set forth in Section 2.01(a), (i) the Merging Entity shall merge with and into Upstream Merger Sub and (ii) the separate existence of the Merging Entity shall cease and Upstream Merger Sub shall continue its existence under the Maryland LLC Act as the surviving entity in the Second Merger and as a wholly owned subsidiary of the Parent under the Maryland LLC Act. Without limiting the generality of the foregoing, and subject thereto, from and after the Closing Date, all property, rights, privileges, immunities, powers, franchises, licenses and authority of the Merging Entity shall vest in Upstream Merger Sub, and all debts, liabilities, obligations, restrictions and duties of the Merging Entity shall become the debts, liabilities, obligations, restrictions and duties of Upstream Merger Sub.

Section 2.02. **Closing Date**. Unless this Agreement is sooner terminated or extended pursuant to its terms or unless otherwise agreed to in writing by the parties hereto, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall become effective at such time as (i) the certificate of merger relating to the First Merger is duly filed with the Secretary of State of the State of Delaware, (ii) the certificate of merger relating to the Second Merger is duly filed with the Secretary of State of the State of Delaware and (iii) the articles of merger relating to the Second Merger are accepted for record by the State Department of Assessments and Taxation of Maryland, or, in each case, such later date and time, not more than 30 days thereafter, as the parties hereto may otherwise agree (the "**Closing Date**").

Section 2.03. **Effects of the Mergers on Merging Entity Equity Interests and Merger Sub Membership Interests.**

(a) On the terms and subject to the conditions set forth in this Agreement, the Owner is irrevocably bound to accept and entitled to receive, as a result of and upon consummation of the First Merger, the Merger Consideration.

(b) On the Closing Date:

(i) by virtue of the First Merger and without any action on the part of the Parent, Merger Sub II or the Merging Entity, (x) each outstanding Merging Entity Equity Interest shall be cancelled and retired and shall cease to exist and shall be converted into the right to receive the Merger Consideration in accordance with Section 2.04, which the Parent shall issue and deliver to the Owner immediately upon Closing and each holder (other than the Parent) of a Merging Entity Equity Interest shall no longer have any rights with respect thereto, except the Owner's right to receive the Merger Consideration in accordance with this Agreement and (y) the membership interests in Merger Sub II held by the Parent prior to the First Merger shall be converted into and become, in the aggregate, 100 fully paid and nonassessable shares of common stock of the Merging Entity, representing 100% of the issued and outstanding shares of the surviving corporation (the "**Surviving Merging Entity Shares**"); and

(ii) upon the consummation of the First Merger, by virtue of the Second Merger and without any action on the part of the Parent, the Merging Entity or Upstream Merger Sub, (x) each outstanding Surviving Merging Entity Share shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor; and (y) the membership interests in the Upstream Merger Sub shall remain outstanding without any change or effect and the Parent shall remain as the sole member of Upstream Merger Sub.

Section 2.04. **Merger Consideration**. On the Closing Date, the Parent shall issue and deliver the Merger Consideration to the Owner in electronic book-entry form through the Parent's transfer agent in accordance with the terms and conditions of this Agreement.

Section 2.05. **Termination**. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated at any time prior to the Closing, as follows:

(a) by mutual consent of all the parties;

(b) by the Parent, the Merger Subs, the Owner or the Merging Entity if the Closing has not occurred by December 31, 2013;

(c) by the Parent or the Merger Subs if any of the conditions set forth in Section 3.01 have not been satisfied or waived by the Parent and the Merger Subs; or

(d) by the Parent or the Merger Subs pursuant to Article V.

If any party elects to terminate this Agreement pursuant to this Section, then such party shall provide written notice to the other parties of such election and the reason for terminating this Agreement and the termination of this Agreement shall be effective upon the non-issuing parties' receipt of the termination notice.

Section 2.06. **Tax Treatment**. The parties intend and agree that, taken together, the Mergers, for U.S. federal income tax purposes, shall, consistent with IRS Revenue Ruling 2001-46, constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code and shall not maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith.

Section 2.07. **Tax Withholding**. Notwithstanding anything in this Agreement to the contrary, the Parent shall be entitled to deduct and withhold from the Merger Consideration or any other payment made by it under this Agreement such amounts that it reasonably determines, after consultation with the Owner, that it is required to deduct and withhold under applicable law, and any amounts so deducted and withheld shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.08. **Officers and Directors**. Unless otherwise determined by the Parent, the managers, directors and officers, if any, of Upstream Merger Sub in office or position immediately prior to the Closing shall remain in such office or position following the Closing, in each case until their respective successors are duly elected or appointed or until their earlier death, resignation or removal.

ARTICLE III

CONDITIONS AND COVENANTS

Section 3.01. **Conditions to the Obligations of the Parent and the Merger Subs**. The obligation of the Parent and the Merger Subs to consummate the Mergers shall be subject to the satisfaction or waiver by the Parent and the Merger Subs of each of the conditions set forth below and the performance by the Owner and the Merging Entity of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Owner contained in Section 4.01 shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Owner Compliance**. The Owner shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(c) **Merging Entity Compliance**. The Merging Entity shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(d) **Splitter Partnership Compliance**. The Splitter Partnership shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(e) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived; and

(f) **Certification of Non-Foreign Status**. Prior to the Closing, the Owner shall have provided to the Parent a certification in the form contained in Section 1.1445-2(b)(2)(iv) of the Treasury Regulations to the effect that the Owner is not a "foreign person."

If any of the foregoing conditions have not been satisfied (or waived by the Parent and the Merger Subs) as of the Closing Date, the Parent and the Merger Subs shall have the right, in accordance with Section 2.05, to terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

Section 3.02. **Conditions to the Obligations of the Merging Entity and the Owner**. The obligation of the Merging Entity and the Owner to consummate the First Merger shall be subject to the satisfaction or waiver by the Owner of each of the conditions set forth below and the performance by the Parent and the Merger Sub II of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Parent and Merger Sub II contained in Sections 4.02 and 4.03, respectively, shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Registration Rights Agreement**. The Parent shall have entered into the Registration Rights Agreement;

(c) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived other than those in the control of the Owner or the Merging Entity;

(d) **Waiver Letter**. The Parent shall have executed the Waiver Letter; and

(e) **Tax Election**. The Parent shall have made an election to treat Merger Sub II as an association taxable as a corporation for U.S. federal income tax purposes.

Section 3.03. **Covenants of the Owner**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the First Merger, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. The Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. The Owner shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the termination of the Investor Rights Agreement.

(d) **Initial Public Offering**. The Owner hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(e) **Tax Matters**. Without the prior written consent of the Parent, neither the Owner nor the Merging Entity shall, with respect to the Merging Entity, make or change (or permit to be made or changed) any Tax election, change (or permit to be changed) any annual Tax accounting period, adopt or change any method of Tax accounting, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would be reasonably likely to have the effect of materially increasing the Tax liability of the Merging Entity, any Merger Sub, the Parent, or any Affiliate of the Parent. Prior to the Closing, the Merging Entity shall not make any payment of, or in respect of, any Tax to any person or any Tax Authority, except to the extent such payment is in respect of a Tax that is due or payable or has been properly estimated in accordance with applicable law as applied in a manner consistent with past practice.

(f) **Tax Cooperation**. Upon the request of the Parent, the Owner shall cause the Merging Entity and its officers and authorized signatories to cooperate in the making of an

election on IRS Form 8875 to treat each of the Merging Entity and Merger Sub II as a taxable REIT subsidiary of the Parent, pursuant to Section 856(l) of the Code, effective as of the effective time of the First Merger.

Section 3.04. **Covenants of the Merging Entity**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Merging Entity shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Mergers, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. Effective upon the Closing, the Merging Entity hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the Merger Consideration issued and delivered to the Owner and (iii) consents to the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. Upon the Closing, the Merging Entity hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement.

(d) **Initial Public Offering**. The Merging Entity hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(e) **Ownership**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.05, the Merging Entity shall not transfer (or permit to be transferred) its equity interests, and shall not issue additional equity interests. The Merging Entity will not have any outstanding warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire any of its equity interests.

(f) **Liabilities**. As a result of the transactions contemplated by this Agreement, the Merger Subs will not assume any liability of the Owner, and will not acquire equity interests in the Merging Entity subject to any liability.

(g) **Other Transactions**. Prior to the consummation of the First Merger, the Merging Entity will not (i) pay any dividends or make any other distributions with respect to its stock, except for the Energysource Distribution, (ii) sell, encumber, transfer or dispose of any of its assets, (iii) incur, create or assume any indebtedness, or (iv) take any action that would cause a diminution in the value of its equity interests.

Section 3.05. **Covenants of the Splitter Partnership**.

(a) **Hannon LLC Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the Merger Consideration issued and delivered to the Owner and (iii) consents to the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(b) **Investor Rights Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement and the Existing Registration Rights Agreement.

(c) **Initial Public Offering**. The Splitter Partnership hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(d) **LLC Equity Interests**. Between the date of this Agreement and the Closing Date, the Splitter Partnership shall transfer all of its ownership interest in the LLC Equity Interests to the Merging Entity.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. **Representations and Warranties of the Owner**. The Owner hereby represents and warrants to the Parent and the Merger Subs, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Merging Entity has been duly formed and validly exists as a corporation under the laws of the State of Delaware. The Merging Entity has all power and authority to enter into this Agreement, and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement. The Owner owns all of the outstanding equity interests in the Merging Entity.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Merging Entity and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Merging Entity, enforceable against the Merging Entity in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or

result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Merging Entity is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Merging Entity, or (iii) any law applicable to the Merging Entity. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and the requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers that have been obtained, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, shareholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Merging Entity to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Injunction.** The Merging Entity is not subject to any order, writ, judgment, decree, injunction or settlement that could reasonably prohibit the transactions contemplated hereby.

(d) **No Consents.** Except for the filing of articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by the Merging Entity in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Merging Entity Material Adverse Effect.

(e) **Ownership of the LLC Equity Interests**. As of the Closing Date, the LLC Equity Interests held by the Merging Entity (i) have been, since the Merging Entity's date of formation, and are the only assets owned by the Merging Entity other than its interests in the Splitter Partnership, Hannon LLC, MissionPoint HA ES Development Corp. and MissionPoint ES Parallel Fund, L.P. and (ii) except for the Existing LLC Agreement, the Investor Rights Agreement, the Existing Registration Rights Agreement and the Splitter Partnership Agreement of Limited Partnership (collectively, the "**Existing Agreements**") and the obligations pursuant to the Energysource Distribution, are owned free and clear of all Liens, charges, security interests, mortgages, pledges, options, preemptive rights, rights of first refusal or first offer, proxies, levies, voting trusts or agreements, or other adverse claims or restrictions on title or transfer of any nature whatsoever. Except in connection with the Energysource Distribution that was completed in December 2012, the Merging Entity has not conducted since it was formed, does not currently conduct, and will not commence conducting, any business operations other than with respect to the continuing direct ownership of its LLC Equity Interests and consummating the transactions contemplated hereby, including the First Merger.

(f) **Liabilities**. Except for the Existing Agreements and the Energysource Distribution, since its organization, the Merging Entity has not had any Liabilities and the Merging Entity does not currently have any Liabilities (including as transferee of distributions from the Splitter Partnership).

(g) **Contracts**. Except in connection with the Energysource Distribution, since its organization, the Merging Entity has not become a party to, entered into or became bound by, any contract or other arrangement or understanding except for the Existing Agreements.

(h) **Tax Matters**.

(i) The Merging Entity has been, since its date of formation, and is, treated for U.S. federal income tax purposes as a C corporation, and is a "United States person" (as defined in Section 7701(a)(30) of the Code).

(ii) All Tax Returns required to be filed with any Tax Authority by or on behalf of the Merging Entity (including, for the avoidance of doubt, any Tax Return required to be filed with respect to a Tax Group) have been timely filed in accordance with applicable law, and all such Tax Returns were correct and complete. All Taxes of the Merging Entity (whether or not shown as due and payable on such Tax Returns) have been timely paid to the appropriate Tax Authority.

(iii) The Splitter Partnership has been, from the date of its formation to the date of its termination, treated as a partnership for U.S. federal, state, and local income tax purposes, and does not have any tax liabilities.

(iv) The Splitter Partnership never, directly or indirectly, held any asset or interest in an entity other than its direct or indirect equity interests in Hannon LLC, Energysource or MissionPoint ES Parallel Fund, L.P. All Tax Returns of the Splitter Partnership have been filed in a manner consistent with IRS Form 1065 Schedules K-1 and other Tax information the Splitter Partnership has received from Hannon LLC and Energysource Holdings.

(v) No claim has been made in writing by a Tax Authority that the Merging Entity may be subject to taxation in a jurisdiction where Tax Returns are not filed by or on behalf of the Merging Entity.

(vi) No audit or other administrative proceeding is pending or has been threatened in writing, and no judicial proceeding is pending or has been threatened in writing, that involves any Tax or Tax Return filed or paid by or on behalf of the Merging Entity. No closing agreements or Tax rulings have been requested or received from any Tax Authority with respect to the Merging Entity.

(vii) The Merging Entity has not been a member of a Tax Group and is not obligated to pay the Taxes of another person by contract, as a transferee, as a successor or otherwise, including as a result of being a member of a Tax Group.

(viii) The Merging Entity has never, directly or indirectly, (a) realized or derived any item of income or gain or incurred any item of loss or expense other than through direct or indirect equity interests in Hannon LLC or Energysource or the Energysource Distribution, (b) held any asset or interest in an entity other than its direct or indirect equity interests in Hannon LLC, Energysource, the Splitter Partnership, MissionPoint ES Parallel Fund, L.P. or MissionPoint HA ES Development II Corp. or (c) incurred any indebtedness or other liability other than its share of the liabilities of Hannon LLC and Energysource. All Tax Returns of the Merging Entity have been filed in a manner consistent with IRS Form 1065 Schedules K-1 and other Tax information the Splitter Partnership has received from Hannon LLC and Energysource Holdings.

(ix) The Merging Entity has not undergone an ownership change for purposes of Section 382 of the Code, and no net operating loss of the Merging Entity is currently subject to a limitation under Section 382 of the Code or similar provisions of state or local law.

(x) The Merging Entity's shares of common stock represent the only currently outstanding equity interests in the Merging Entity.

(i) **Accredited Investor**. The Owner qualifies as an Accredited Investor and has affirmatively certified as such and indicated on Exhibit A attached hereto the basis for such certification and understands the risks of, and other considerations relating to, the First Merger. The Owner, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained to represent or advise the Owner:

(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Owner is capable of evaluating the merits and risks of an investment in the Parent and of making an informed investment decision;

(ii) is capable of protecting the Owner's own interest or has engaged representatives or advisors to assist it in protecting such interests;

(iii) is capable of bearing the economic risk of such investment; and

(iv) in making the Owner's decision to enter into this Agreement has conducted its own due diligence, has been represented by competent counsel and financial advisors and has not relied on oral or written advice from the Parent, the Merger Subs or their Affiliates, representatives, or agents or on representations or warranties of the Parent and the Merger Subs other than those set forth in this Agreement.

(j) **Investment For Own Account**. The Merger Consideration will be acquired for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein in violation of the securities laws.

(k) **Access to Information**. The Owner has been afforded:

(i) the opportunity to ask such questions as the Owner has deemed necessary of, and to receive answers from, representatives of the Parent concerning the terms and conditions of the issuance and/or delivery of the Merger Consideration; and

(ii) access to information about the Parent and its financial condition and results of operations sufficient to evaluate the Owner's investment in, or receipt of, the Merger Consideration.

(l) **Unregistered Securities**. The Owner understands that:

(i) the Merger Consideration to be received as contemplated hereunder has not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws;

(ii) the Parent's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Owner contained herein;

(iii) the Merger Consideration cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) there may be no public market for the Merger Consideration;

(v) because of the restrictions on transfer or assignment of the Merger Consideration to be issued hereunder, the economic risk of the Merger Consideration issued hereby may need to be borne for an indefinite period of time; and

(vi) certificates (if any) representing the Merger Consideration will bear a legend substantially similar to the following:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 4.02. **Representations and Warranties of the Parent**. The Parent hereby represents and warrants to the Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Parent has been duly formed and validly exists as a corporation under the laws of the State of Maryland. The Parent has all power and authority to

enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Parent and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Parent, enforceable against the Parent in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Parent is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Parent, or (iii) any law applicable to the Parent. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be take in connection therewith, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Parent to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be taken in connection therewith, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Parent in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(d) **Merger Consideration**. The Merger Consideration to be issued hereunder has been duly authorized for issuance and, upon such issuance, will be validly issued, fully paid and nonassessable.

Section 4.03. **Representations and Warranties of Merger Sub II**. Merger Sub II hereby represents and warrants to the Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. Merger Sub II has been duly formed and validly exists as a limited liability company under the laws of the State of Delaware. Merger Sub II has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by Merger Sub II and the performance of its obligations hereunder have been duly authorized by all requisite limited liability company action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of Merger Sub II, enforceable against Merger Sub II in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which Merger Sub II is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of Merger Sub II, or (iii) any law applicable to Merger Sub II. Other than the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for Merger Sub II to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger and the certificates of merger with respect to the Mergers in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Merger Sub II in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Merger Sub Material Adverse Effect.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. **Default by the Merging Entity, the Owner or the Splitter Partnership** If the Closing is not consummated because of a default by the Merging Entity, the Owner or the Splitter Partnership under this Agreement, then the Parent and the Merger Subs may either (i) seek specific performance of this Agreement by requiring the Merging Entity to assign the LLC Equity Interests to Upstream Merger Sub and in connection therewith the Owner shall reimburse the Parent

and the Merger Subs for the actual out-of-pocket expenses incurred by the Parent or the Merger Subs in connection with seeking such specific performance, or (ii) terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

ARTICLE VI

TAX MATTERS

Section 6.01. **Tax Returns**. The Owner shall prepare in accordance with applicable law and timely file any Tax Returns of the Merging Entity with respect to Pre-Closing Tax Periods. The Owner will provide a copy of any such Tax Return to the Parent for its review and comment at least 15 days prior to filing such Tax Return. In the case of any Tax Return for a Pre-Closing Tax Period, the Owners shall pay to the relevant Tax Authority the amount of Tax shown as due on such Tax Return no later than 5 days prior to the time such Tax Return is due.

Section 6.02. **Tax Sharing**. Any and all Tax sharing agreements or arrangements to which the Merger Entity is a party shall be terminated as of the Closing Date. After the Closing Date, the Merging Entity shall not have any further rights or liabilities thereunder.

Section 6.03. **Cooperation on Tax Matters**. The Parent and the Owner shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Return and any audit or other proceeding with respect to Taxes. Such cooperation shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Parent and the Owner agree that for each taxable period first ending after the Closing Date and for all prior taxable periods until the later of (i) the expiration of the period of limitations for the assessment of Taxes applicable to the relevant taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods (or, if longer, as required by any record retention agreements entered into with any Tax Authority), or (ii) eight years following the due date (without extension) for such Tax Returns, not to destroy or otherwise dispose of (and to cause their respective Affiliates not to destroy or otherwise dispose of) any books or records with respect to Tax matters pertinent to the Merging Entity, unless they shall first offer in writing to surrender such books and records to such other party and such other party does not agree in writing to take possession thereof during the 45 day period after such offer is made.

Section 6.04. **Special Tax Indemnity**.

(a) Subject to Section 6.05, from and after the Closing Date, ES Partnership shall indemnify the Indemnified Parties and hold them harmless from and against all liability for any Taxes imposed on or payable by or with respect to the Merging Entity for any Pre-Closing Tax Periods in connection with or as a result of the Energysource Distribution, and any Losses, liabilities, costs and expenses, including reasonable attorneys' fees, incurred or arising in connection with or in respect of the assessment, assertion, contest or imposition of a Tax described in this

Section 6.04(a) (collectively, a "**Special Tax Loss**"). ES Partnership's indemnification obligation pursuant to this Section 6.04 shall be secured by a pledge of its equity interests in Energysource in accordance with the terms and conditions of a pledge agreement to be entered into between the Parent and ES Partnership. Such pledge agreement shall include mutually acceptable provisions providing for the termination of both the pledge and ES Partnership's indemnification obligations under this Agreement upon the Owner or one of its Affiliates agreeing to indemnify the Indemnified Parties in a manner consistent with this section including providing alternative collateral or other reasonably satisfactory arrangements securing such indemnification obligation.

(b) Not later than 30 days after receipt by the Owner of written notice from the Parent stating that any Special Tax Loss has been incurred by any of the Persons specified in Section 6.04(a) and the amount thereof, ES Partnership shall discharge its indemnification obligation with respect to such Special Tax Loss by paying to the Parent an amount equal to the amount of such Special Tax Loss. The payment by the Parent or any of the other Persons specified in Section 6.04(a) of any Special Tax Loss shall not relieve ES Partnership of its obligation under this Section 6.04.

(c) The Parent agrees to give prompt notice to the Owner, with respect to the Merging Entity, of any Special Tax Loss or the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under this Section 6.04 or Section 7.01 (solely with respect to a breach of a representation or warranty in Section 4.01(h)) (a "**Tax Proceeding**") and will give the Owner such information with respect thereto as the Owner may reasonably request. The Owner may assume the defense of any such suit, action or proceeding (including any Tax audit) that relates to a Pre-Closing Tax Period; provided that (x) the Owner shall thereafter consult with the Parent upon the Parent's reasonable request for such consultation from time to time with respect to such suit, action or proceeding (including any Tax audit) and (y) the Owner shall not, without the Parent's consent, agree to any settlement with respect to any Tax if such settlement could adversely affect the Tax liability of any Indemnified Party (including, effective upon the Closing, the Merging Entity). If the Owner assumes such defense, (i) the Parent shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Owner and (ii) the Owner shall not assert that the Special Tax Loss, or any portion thereof, with respect to which the Parent seeks indemnification is not within the ambit of this Section 6.04. For avoidance of doubt, unless and until the Owner notifies the Parent in writing of the Owner's decision to exercise the control and participation rights described in this Section 6.04(d), the Parent shall be entitled to take such actions as it decides are reasonable with respect to such suit, action or proceeding, including paying, compromising or contesting the Tax at issue. Whether or not the Owner chooses to defend or prosecute any claim, all of the parties hereto shall cooperate in the defense or prosecution thereof.

(d) Notwithstanding anything to the contrary in this Agreement, Section 6.04 and not Sections 7.01 and 7.02 shall govern indemnification of the Indemnified Parties in respect of Special Tax Losses and the conduct of Tax Proceedings resulting therefrom.

Section 6.05. **Survival**. This Article VI shall survive until three calendar years after the Owner's filing of the Merging Entity's U.S. federal income tax return for the taxable year that includes the Energysource Distribution.

ARTICLE VII

INDEMNIFICATION

Section 7.01. **Indemnification**. Subject to the limitations provided below, from and after the Closing Date, the Owner agrees to indemnify, defend and hold harmless each of the Indemnified Parties from and against all Losses that are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) the breach of any of the representations or warranties of the Owner or the Merging Entity under this Agreement or (ii) any breach by the Owner of its obligations under this Agreement; **provided, however**, that the maximum aggregate liability of the Indemnifying Party under this Section 7.01, the Parallel Fund I Merger Agreement and the Contribution Agreement shall not exceed $1,000,000. The Owner's indemnification obligation pursuant to this Section 7.01 shall be secured by a pledge of the Merger Consideration in accordance with the terms and conditions of a pledge agreement to be entered into between the Parent and the Owner.

Section 7.02. **Method of Asserting Claims**. All claims for indemnification by any Indemnified Party under this Article VII shall be asserted and resolved as follows:

(a) If an Indemnified Party intends to seek indemnification under this Article VII, it shall promptly notify the Owner in writing of such claim. The failure to provide such notice will not affect any rights hereunder except to the extent the Owner is materially prejudiced thereby.

(b) If such claim involves a claim by a third-party against the Indemnified Party, the Owner shall, within ten days after receipt of such notice and upon notice to the Indemnified Party, assume, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of the Owner, the settlement or defense thereof (in which case any Loss associated therewith shall be the sole responsibility of the Owner), provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it. If the Indemnified Party determines in good faith that representation by the Owner's counsel of (i) the Indemnifying Party and (ii) the Indemnified Party may present such counsel with a conflict of interest, then the Owner shall pay the reasonable fees and expenses of the Indemnified Party's counsel. Notwithstanding the foregoing, (i) the Indemnified Party may, at the sole cost and expense of the Owner, at any time prior to the delivery of the notice referred to in the first sentence of this Section 7.02(b) by the Owner, file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests, (ii) the Indemnified Party may take over the control of the defense or settlement of a third-party claim at any time if it irrevocably waives its right to indemnity under this Article VII with respect to such claim and (iii) the Owner may not, without the consent of the Indemnified Party, settle or compromise any action or consent to the entry of any judgment. So long as the Owner is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without the Owner's

consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, if the compromise or settlement of a third-party claim could reasonably be expected to adversely affect the status of the Parent as a real estate investment trust within the meaning of Section 856 of the Code, then the Parent shall make such decision to compromise or settle the third-party claim without the need to obtain the other party's consent. If the Owner is not entitled to assume the defense of the claim pursuant to the foregoing provisions or is entitled but does not contest such claim in good faith (including if the Owner does not notify the Indemnified Party of its assumption of the defense of such claim within the ten-day period set forth above), then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Owner, the settlement or defense thereof, and the Owner shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Owner of any obligation it may have hereunder. Any defense costs required to be paid by the Owner shall be paid as incurred, promptly against delivery of invoices therefor. Notwithstanding the foregoing, any indemnification chosen by a third-party with respect to any breach of a representation or warranty in Section 4.01(h) shall be governed by Section 6.04(c).

Section 7.03. **Survival**. This Article VII shall survive until six months following the Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement. Except as provided otherwise in this Agreement, all representations and warranties contained in this Agreement shall survive the Closing for a period of one-year and shall not be deemed to be merged into or waived by the instruments of the Closing.

Section 7.04. **Waiver of Claims**. Deliverance of the Merger Consideration provided in this Agreement shall serve to waive all claims against the Parent, the Operating Partnership, the Merger Subs and Hannon LLC.

Section 7.05. **Character of Indemnity Payments**. The parties agree that any indemnification payments made with respect to this Agreement shall be treated for all Tax purposes as an adjustment to the Merger Consideration, unless otherwise required by law (including by a determination of a Tax Authority that, under applicable law, is not subject to further review or appeal). If an indemnification payment by law cannot be treated as an adjustment to the Merger Consideration, the Indemnifying Party will pay an amount to the Indemnified Party that reflects the hypothetical Tax consequences of the receipt or accrual of such indemnification payment, using the maximum applicable statutory rate (or, in the case of an item that affects more than one Tax, rates) of Tax and reflecting, for example, the effect of deductions available for Taxes such as state and local income Taxes.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. **Marketing**. Neither the Owner nor the Merging Entity shall market the LLC Equity Interests for sale or entertain or discuss any offer to purchase or acquire the LLC Equity Interests with any Person other than the Parent, the Merger Subs and their Affiliates unless this Agreement is terminated in accordance with the terms set forth in Section 2.05.

Section 8.02. **Entire Agreement; No Amendment**. This Agreement and the Registration Rights Agreement represents the entire agreement among each of the parties hereto with respect to the subject matter hereof. It is expressly understood that no representations, warranties, guarantees or other statements shall be valid or binding upon a party unless expressly set forth in this Agreement or the Registration Rights Agreement. It is further understood that any prior agreements or understandings between the parties with respect to the subject matter hereof have merged in this Agreement and the Registration Rights Agreement which fully expresses the entire agreement of the parties hereto as to the subject matter hereof and supersedes all such prior agreements and understandings. This Agreement may not be amended, modified or otherwise altered except by a written agreement signed by the party hereto against whom enforcement is sought.

Section 8.03. **Certain Expenses**. Except as otherwise agreed by the parties herein, each party hereto will pay all of its own expenses incurred in connection with this Agreement and the transactions contemplated hereby (whether or not the Closing shall take place), including, without limitation, all costs and expenses herein stated to be borne by such party and all of its respective accounting, legal, investigatory and appraisal fees.

Section 8.04. **Transfer Taxes**. All transfer, registration, stamp, documentary, sales, use and similar Taxes (including all applicable real estate transfer or gains Taxes and transfer Taxes), any penalties, interest and additions to Tax, and fees incurred in connection with the Mergers shall be the responsibility of and be timely paid 50% by the Owner, on one hand, and 50% by the Parent, on the other hand. The Owner and the Parent shall cooperate in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

Section 8.05. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time delivered), or sent by United States certified mail, return receipt requested, postage prepaid (any notice or communication so sent being deemed to have been received two Business Days after mailing in the United States), with failure or refusal to accept delivery to constitute delivery for all purposes of this Agreement, addressed to the respective parties as follows:

If to the Owner, Merging Entity or the Splitter Partnership, to the address listed on the Owner, Merging Entity and Splitter Partnership's signature page to this Agreement.

If to the Parent or any Merger Sub, to:
Hannon Armstrong Sustainable Infrastructure Capital, Inc.
Attention: Office of the General Counsel
1906 Towne Centre Blvd
Suite 370
Annapolis, MD 21401

with a copy to:
Jay L. Bernstein
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

Section 8.06. **No Assignment**. Except as provided in this Section below, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties.

Section 8.07. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland without giving effect to any choice or conflict of law provision or rule (whether of the State of Maryland or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Maryland.

Section 8.08. **Multiple Counterparts**. This Agreement may be executed in multiple counterparts. If so executed, all of such counterparts shall constitute but one agreement, and, in proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile or electronic mail PDF copies of counterparts of the signature pages.

Section 8.09. **Further Assurances**. From and after the date of this Agreement and after the Closing, the parties hereto shall take such further actions and execute and deliver such further documents and instruments as may be reasonably requested by the other parties and are reasonably necessary to provide to the respective parties hereto the benefits intended to be afforded hereby, including, without limitation, all books and records relating to the LLC Equity Interests.

Section 8.10. **Miscellaneous**. Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender when appropriate. The headings of the Articles and the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words “hereof” and “herein” refer to this entire Agreement and not merely the Section in which such words appear. If the last day for performance of any obligation hereunder is not a Business Day, then the deadline for such performance or the expiration of the applicable period or date shall be extended to the next Business Day. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The Exhibits attached hereto are hereby incorporated herein and shall be deemed a part of this Agreement.

Section 8.11. **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 8.12. **Attorneys' Fees**. If this Agreement or the transactions contemplated herein give rise to a lawsuit, arbitration or other legal proceeding between the parties hereto, the prevailing party shall be entitled to recover its costs and reasonable attorney fees in addition to any other judgment of the court or arbitrator(s).

Section 8.13. **Waiver of Jury Trial**. To the fullest extent permitted by applicable law, the parties hereto waive trial by jury in any action, proceeding or counterclaim brought by any party(ies) against any other party(ies) on any matter arising out of or in any way connected with this Agreement or the relationship of the parties created hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HA MERGER SUB II LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HA MERGER SUB III LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

MISSIONPOINT HA PARALLEL FUND II, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND II CORP.

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: President

MISSIONPOINT ES PARALLEL FUND II, L.P.

By: MPCP I GP, LLC, its General Partner
By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND, L.P.

By: MPCP I GP, LLC, its General Partner
By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

EXHIBIT A

ACCREDITED INVESTOR QUESTIONNAIRE

I am an Accredited Investor (as defined in Rule 501 of Regulation D promulgated under the Securities Act) because I hereby certify that (check all appropriate descriptions that apply):

☐ a bank, as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in an individual or a fiduciary capacity.

☐ a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

☐ an insurance company, as defined in Section 2(13) of the Securities Act.

☐ an investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that act.

☐ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ a plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if the plan has total assets in excess of $5 million.

☐ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is being made by a plan fiduciary, as defined in Section 3(21) of such act, and the plan fiduciary is either a bank, an insurance company, or a registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million.

☐ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

☐ a corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that was not formed for the specific purpose of acquiring the Securities, and that has total assets in excess of $5 million.

☐ a trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

☐ an entity in which all of the equity owners are accredited investors and meet the criteria listed above.

EXHIBIT B

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF HANNON ARMSTRONG CAPITAL LLC

This Amended and Restated Limited Liability Company Agreement ("**Agreement**") of Hannon Armstrong Capital LLC (the "**LLC**"), effective as of April 23, 2013 (the "**Effective Date**"), is entered into by HA Merger Sub III LLC, as the sole member of the LLC (the "**Member**").

WHEREAS, the LLC was formed as a limited liability company on August 7, 2000 by filing Articles of Organization with the State Department of Assessments and Taxation of Maryland pursuant to and in accordance with the Maryland Limited Liability Company Act, as amended from time to time (the "**Act**");

WHEREAS, the Member, being the sole Member of the LLC, has determined that it is in the best interests of the LLC to amend and restate the LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended, and that the membership in and management of the LLC shall now and hereafter be governed by the terms set forth herein.

NOW, THEREFORE, the Member agrees as follows:

1. **Name**. The name of the LLC is Hannon Armstrong Capital LLC.

2. **Purpose**. The purpose of the LLC is to engage in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto.

3. **Principal Office; Resident Agent**.

(a) **Principal Office**. The location of the principal office of the LLC in the State of Maryland shall be 1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401, or such other location as the Member may from time to time designate.

(b) **Resident Agent**. The name of the resident agent of the LLC in the State of Maryland is CSC-Lawyers Incorporating Service Company, located at 7 St. Paul Street, Suite 1660, Baltimore, MD 21202, or such other resident agent as the Member may from time to time designate.

4. **Members**.

(a) **Member**. The name and the business, residence or mailing address of the Member are as follows:

Name	Address
Hannon Armstrong Sustainable Infrastructure, L.P.	1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401

(b) **Additional Members**. One or more additional members may be admitted to the LLC with the consent of the Member. Prior to the admission of any such additional members to the LLC, the Member shall amend this Agreement to make such changes as the Member shall determine to reflect the fact that the LLC shall have such additional members. Each additional member shall execute and deliver a supplement or counterpart to this Agreement, as necessary.

(c) **Membership Interests; Certificates**. To the extent permitted by the Act, notwithstanding any showing that distributions under a charging order upon any economic interest of the LLC will not pay the amount owed to the creditor within a reasonable time, no economic interest in the LLC shall be subject to foreclosure. The LLC will not issue any certificates to evidence ownership of the membership interests.

5. **Management**.

(a) **Authority and Powers of the Member**. The Member shall have exclusive and complete authority and discretion to manage the operations and affairs of the LLC and to make all decisions regarding the business of the LLC. Any action taken by the Member shall constitute the act of and serve to bind the LLC. The Member shall have all rights and powers of a member under the Act, and shall have such authority, rights and powers in the management of the LLC to do any and all other acts and things necessary, proper, convenient or advisable to effectuate the purposes of this Agreement.

(b) **Duties and Obligations of Member**. To the maximum extent permitted under the Act, the only duties of the Member in its capacity as a member of the LLC, fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement in accordance with the duties of care and loyalty as set forth in this Section 5(b). Such duties are owed by the Member to the LLC and its members and shall not be enforceable otherwise than by the LLC or a member of the LLC. To the maximum extent permitted under the Act, the Member shall have no duties in its capacity as a member of the LLC, fiduciary or otherwise, to any individual or entity (each such individual or entity and the heirs, personal representatives, successors and assigns of such individual or entity, a "**Person**") other than the LLC and its members (including any creditor of the LLC or any such member, or any assignee of any interest in the LLC). No director, officer, member, manager, affiliate or agent of the Member shall have any duties directly to the LLC or any member of the LLC, or to any other Person (including any creditor of the LLC or any Member, or any assignee of any interest in the LLC).

(i) Duty of Care. The Member's duty of care is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violation of law in the discharge of its contractual obligations as expressly set forth in this Agreement. None of the Member or its agents or affiliates shall be expected to devote his, her or its full time to the performance of such duties.

(ii) Duty of Loyalty. The Member's duty of loyalty is limited to refraining from appropriating the property or assets of the LLC to the benefit of any other Person and without benefit to the LLC. An action of the Member, in its capacity as such, does not violate the Member's duty of loyalty solely because the Member's conduct also furthers the Member's own interests.

(c) **Election of Officers; Delegation of Authority**. The Member may, from time to time, designate one or more officers with such titles as may be designated by the Member to act in the name of the LLC with such authority as may be delegated to such officers by the Member (each such designated person, an "**Officer**"). Any such Officer shall act pursuant to such delegated authority until such Officer is removed by the Member. Any action taken by an Officer designated by the Member pursuant to authority delegated to such Officer shall constitute the act of and serve to bind the LLC. Persons dealing with the LLC are entitled to rely conclusively on the power and authority of any officer set forth in this Agreement and any instrument designating such officer and the authority delegated to him, her or it.

6. **Liability of Member; Indemnification**.

(a) **Liability of Member**. To the fullest extent permitted under the Act, the Member, whether acting as the Member, in its capacity as the manager of the LLC, or in any other capacity, shall not be liable for any debts, obligations or liabilities of the LLC or each other, whether arising in tort, contract or otherwise, solely by reason of being a Member.

(b) **Indemnification**. To the fullest extent permitted under the Act, the Member, its officers, its directors and any person acting on behalf of the Member (irrespective of the capacity in which it acts) shall be entitled to indemnification and advancement of expenses from the LLC for and against any loss, damage, claim or expense (including attorneys' fees) whatsoever incurred by the Member relating to or arising out of any act or omission or alleged acts or omissions (whether or not constituting negligence or gross negligence) performed or omitted by the Member on behalf of the LLC; **provided**, **however**, that any indemnity under this Section 6(b) shall be provided out of and to the extent of LLC assets only, and neither the Member nor any other person shall have any personal liability on account thereof.

7. **Term**. The term of the LLC shall be perpetual unless the LLC is dissolved and terminated in accordance with Section 11.

8. **Capital Contributions**. The Member shall not be required to contribute any additional capital to the LLC, and except as set forth in the Act, no Member shall have any personal liability for any obligations of the LLC. No Member shall be paid interest on its capital contributions.

9. **Tax Status; Income and Deductions**.

(a) **Tax Status**. As long as the LLC has only one member, it is the intention of the LLC and the Member that the LLC be treated as a disregarded entity for federal and all relevant state tax purposes and neither the LLC nor the Member shall take any action or make any election which is inconsistent with such tax treatment. All provisions of this Agreement are to be construed so as to preserve the LLC's tax status as a disregarded entity.

(b) **Income and Deductions**. All items of income, gain, loss, deduction and credit of the LLC (including, without limitation, items not subject to federal or state income tax) shall be treated for federal and all relevant state income tax purposes as items of income, gain, loss, deduction and credit of the Member.

10. **Distributions**. Distributions shall be made to the Member at the times and in the amounts determined by the Member.

11. **Dissolution; Liquidation**.

(a) The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member or (ii) any other event or circumstance giving rise to the dissolution of the LLC under the Act, unless the LLC's existence is continued pursuant to the Act.

(b) Upon dissolution of the LLC, the LLC shall immediately commence to wind up its affairs and the Member shall promptly liquidate the business of the LLC. During the period of the winding up of the affairs of the LLC, the rights and obligations of the Member under this Agreement shall continue.

(c) In the event of dissolution, the LLC shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the LLC in an orderly manner), and the assets of the LLC shall be applied as follows: (i) first, to creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the LLC (whether by payment or the making of reasonable provision for payment thereof); and (ii) thereafter, to the Member.

(d) Upon the completion of the winding up of the LLC, the Member shall file Articles of Dissolution in accordance with the Act.

12. **Miscellaneous**.

(a) **Amendments**. Amendments to this Agreement may be made only with the consent of the Member.

(b) **Governing Law**. This Agreement shall be governed by the laws of the State of Maryland.

(c) **Severability**. In the event that any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such provision shall survive to the extent it is not so declared, and the validity, legality and enforceability of the other provisions hereof shall not in any way be affected or impaired thereby, unless such action would substantially impair the benefits to any party of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first above written.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.14

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.,

HA MERGER SUB III LLC

AND

THE INDIVIDUALS AND ENTITIES LISTED ON EXHIBIT A ATTACHED HERETO

AGREEMENT AND PLAN OF MERGER

CONTENTS

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of April 15, 2013, by and among **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.**, a Maryland corporation (the "**Parent**"), **HA MERGER SUB III LLC**, a Maryland limited liability company and a wholly owned subsidiary of the Parent (the "**Merger Sub**"), each of the individuals listed on Exhibit A attached hereto (each, an "**Owner**" and, collectively, the "**Owners**") and each of the entities listed on Exhibit A attached hereto, each a Maryland corporation (each, a "**Merging Entity**" and, collectively, the "**Merging Entities**").

W I T N E S S E T H:

WHEREAS, prior to the execution and delivery of this Agreement, each of the Merging Entities owns a certain number of Series A Participating Preferred Units and/or Class A Common Units (collectively, the "**LLC Equity Interests**") of Hannon Armstrong Capital LLC, a Maryland limited liability company ("**Hannon LLC**"), and each Owner is the sole stockholder of the respective Merging Entity as set forth on Exhibit A;

WHEREAS, the parties to this Agreement intend that each of the Merging Entities be merged with and into Merger Sub, with Merger Sub surviving that merger on the terms and subject to the conditions set forth herein (the "**Merger**");

WHEREAS, in the Merger, upon the terms and subject to the conditions of this Agreement, all of the outstanding shares of stock of each Merging Entity (the "**Merging Entity Equity Interests**") will be converted into the right to receive (i) for each AI Owner (as defined herein), such number of shares of the Parent's common stock, $0.01 par value per share (the "**Common Stock**"), set forth next to each Owner's name on Exhibit A to this Agreement, adjusted proportionally for any stock dividends, stock splits, reverse stock splits or similar transactions (the "**Merger Security Consideration**") entered into or made by the Parent between the date of this Agreement and the Closing Date (as defined herein), or (ii) for each Non-AI Owner (as defined herein), a cash amount equal to such number of shares of Common Stock set forth next to each Owner's name on Exhibit A to this Agreement, adjusted proportionally for any stock dividends, stock splits, reverse stock splits or similar transactions entered into or made by the Parent between the date of this Agreement and the Closing Date, multiplied by the initial public offering price of the Common Stock (the "**Merger Cash Consideration**" and, together with the Merger Security Consideration, the "**Merger Consideration**");

WHEREAS, in the Merger, upon the terms and subject to the conditions of this Agreement, all of the equity interests in a Merging Entity held by an Owner that (i) affirmatively certifies on the signature page to this Agreement that he or she qualifies as an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act and indicates on Exhibit B to this Agreement as to the basis for such certification (an "**AI Owner**") will be converted into the right to receive the Merger Security Consideration or (ii) (A) affirmatively certifies on the signature page to this Agreement that he or she does not qualify as an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act or (B) fails to indicate on Exhibit B to this Agreement the basis for certification as an AI Owner, in each case, will be converted into the right to receive the Merger Cash Consideration;

WHEREAS, the board of directors of each Merging Entity has (a) determined that it is in the best interests of such Merging Entity, and declared it advisable, to enter into this Agreement; (b) directed that the Merger be submitted to the Owner of such Merging Entity for consideration; and (c) approved the Merger and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Merger;

WHEREAS, the Owner of each Merging Entity has approved the Merger;

WHEREAS, following the closing of the Merger, the Parent intends to contribute its ownership interest in Merger Sub to Hannon Armstrong Sustainable Infrastructure, L.P., a Delaware limited liability partnership (the "**Operating Partnership**"), in exchange for a certain number of operating partnership units in the Operating Partnership;

WHEREAS, following the closing of the Merger, Merger Sub intends to adopt and approve an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit C of this Agreement to replace the Existing LLC Agreement (as defined herein).

WHEREAS, the board of directors of the Parent and the sole member of Merger Sub have each, on the terms and subject to the conditions set forth in this Agreement, approved the Merger, this Agreement and the consummation of the transactions contemplated hereby;

WHEREAS, the completion of the Merger by the Parent and Merger Sub is conditioned upon each Merging Entity participating in the Merger;

WHEREAS, each of the parties hereto has been advised by the other parties and acknowledges that such other parties would not be entering into this Agreement without the representations, warranties and covenants which are being made and agreed to herein by each party hereto and that such parties are entering into this Agreement in reliance on such representations, warranties and other covenants; and

NOW, THEREFORE, in consideration for the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions**. The following terms as used in this Agreement shall have the meanings attributed to them as set forth below unless the context clearly requires another meaning. Other capitalized terms used herein shall, unless the context otherwise requires, have the meanings assigned to such terms herein.

"**Accredited Investor**" means, for purposes of this Agreement, a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act and who affirmatively certifies as such on the signature page to this Agreement and indicates on Exhibit B to this Agreement as to the basis for such certification.

"**Affiliate**" means, with respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, owns, Controls, is Controlled by or is under common Control with a specified Person or (b) is a family member of a specified Person; **provided**, **however**, that neither the Parent nor Merger Sub shall be deemed to be an Affiliate of any Merging Entity or any of its subsidiaries or other Affiliates.

"**Agreement**" has the meaning set forth in the preamble.

"**AI Owner**" has the meaning set forth in the recitals.

"**Authority**" means a governmental body or agency having jurisdiction over a Merging Entity, the Parent or Merger Sub, as applicable.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in the State of Maryland are authorized or required by law to close.

"**Closing**" and "**Closing Date**" have the meanings set forth in Section 2.02.

"**Code**" means the Internal Revenue Code of 1986, as in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"**Common Stock**" has the meaning set forth in the recitals.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, with respect to a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Energysource Distribution**" means the distribution of equity interests in HA Energysource Holdings LLC to the Merging Entities by Hannon LLC in December 2012.

"**Existing LLC Agreement**" means Hannon LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended.

"**Existing Registration Rights Agreement**" means Hannon LLC's Registration Rights Agreement, dated as of May 31, 2007, as amended.

"**Governmental Authority**" means any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"**Hannon LLC**" has the meaning set forth in the recitals.

"**Indemnified Parties**" means the Parent, Merger Sub and each of their subsidiaries, equity holders, affiliates, directors, officers and employees.

"**Indemnifying Parties**" mean the Owners.

"**Investor Rights Agreement**" means the Investor Rights Agreement, dated as of May 31, 2007, by and among Hannon LLC, MissionPoint HA Parallel Fund, L.P., Jeffrey W. Eckel and the other investors party thereto, as amended.

"**Laws**" means laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

"**Liabilities**" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"**Liens**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest or any preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement), and any obligations under capital leases having substantially the same economic effect as any of the foregoing.

"**LLC Equity Interests**" has the meaning set forth in the recitals.

"**Loss**" or "**Losses**" means any and all direct claims, losses, damages, costs, liabilities, fines, penalties and expenses, including, without limitation, any attorney's fees and disbursements, but excluding any contingent, punitive and consequential items.

"**Maryland LLC Act**" has the meaning set forth in Section 2.01.

"**Merger**" has the meaning set forth in the recitals.

"**Merger Cash Consideration**" has the meaning set forth in the recitals.

"**Merger Consideration**" has the meaning set forth in the recitals.

"**Merger Security Consideration**" has the meaning set forth in the recitals.

"**Merger Sub**" has the meaning set forth in the preamble.

"Merger Sub Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of Merger Sub and its subsidiaries taken together.

"**Merging Entity**" and "**Merging Entities**" have the meanings set forth in the preamble.

"**Merging Entity Equity Interests**" has the meaning set forth in the recitals.

"Merging Entity Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of a Merging Entity and its subsidiaries taken together.

"**Non-AI Owner**" has the meaning set forth in the recitals.

"**Operating Partnership**" has the meaning set forth in the recitals.

"**Organizational Documents**" means (i) the charter, articles of organization, certificate of formation or certificate of limited partnership for such Person, (ii) the bylaws, operating agreement, limited liability company agreement, or limited partnership agreement for such Person and (iii) any certificate of qualification or foreign entity registration for such Person (together with all supplements, amendments, modifications, consents and waivers related to any of the foregoing).

"**Owner**" has the meaning set forth in the preamble.

"**Parent**" has the meaning set forth in the preamble.

"Parent Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Parent and its subsidiaries taken together.

"**Person**" means an individual, partnership, corporation (including a business trust, statutory trust or real estate investment trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Registration Rights Agreement**" means the Registration Rights Agreement, dated effective as of the Closing Date, by and among the Parent and the persons listed on Schedule I thereto.

"**Securities Act**" means the Securities Act of 1933, as in effect from time to time, and applicable rules and regulations thereunder. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

"**Voting Interests**" means, with respect to any Person, ownership interests, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to vote has been suspended by the happening of such a contingency.

Section 1.02. **Rules of Application**. The definitions in Section 1.01 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II

THE MERGER

Section 2.01. **Effect of the Merger**. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Maryland Limited Liability Company Act (the "**Maryland LLC Act**") and the Maryland General Corporation Law, on the Closing Date, (a) each of the Merging Entities will merge with and into Merger Sub and (b) the separate existence of each Merging Entity will cease and Merger Sub, as a wholly owned subsidiary of the Parent, will continue its existence under the Maryland LLC Act as the surviving entity in the Merger. Without limiting the generality of the foregoing, and subject thereto, from and after the Closing Date, all property, rights, privileges, immunities, powers, franchises, licenses and authority of each of the Merging Entities shall vest in Merger Sub, and all debts, liabilities, obligations, restrictions and duties of the Merging Entities shall become the debts, liabilities, obligations, restrictions and duties of Merger Sub.

Section 2.02. **Closing Date**. Unless this Agreement is sooner terminated or extended pursuant to its terms or unless otherwise agreed to in writing by the parties hereto, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place upon the acceptance for record by the State Department of Assessments and Taxation of Maryland of articles of merger relating to the Merger or such later date and time, not more than 30 days thereafter, as the parties hereto may otherwise agree (the "**Closing Date**").

Section 2.03. **Effect on Merging Entity Equity Interests**.

(a) On the terms and subject to the conditions set forth in this Agreement, each (i) AI Owner is irrevocably bound to accept and entitled to receive, as a result of and upon consummation of the Merger, the Merger Security Consideration and (ii) Non-AI Owner is irrevocably bound to accept and entitled to receive, as a result of and upon consummation of the Merger, the Merger Cash Consideration calculated based on the number of shares set forth opposite such Non-AI Owner's name on Exhibit A to this Agreement.

(b) On the Closing Date, by virtue of the Merger and without any action on the part of the Parent, Merger Sub or any Merging Entity, each outstanding Merging Entity Equity Interest shall be cancelled and retired and shall cease to exist and shall be converted automatically into the right to receive the Merger Consideration in accordance with Section 2.04 in such amount as set forth opposite each Owner's name on Exhibit A to this Agreement, which the Parent shall (i) in the case of the Merger Security Consideration, issue and deliver to the AI Owners immediately upon Closing and (ii) in the case of the Merger Cash Consideration, deliver to the Non-AI Owners within three Business Days following the Closing and, in each case, each holder of a Merging Entity Equity Interest shall no longer have any rights with respect thereto, except the right to receive such Merger Consideration in accordance with this Agreement.

Section 2.04. **Merger Consideration**. On the Closing Date, the Parent shall issue and deliver the Merger Security Consideration to each AI Owner in electronic book-entry form through the Parent's transfer agent in accordance with the terms and conditions of this Agreement in such amount as set forth opposite each AI Owner's name on Exhibit A to this Agreement. Within three Business Days following the Closing, the Parent shall deliver the Merger Cash Consideration to each Non-AI Owner in accordance with the terms and conditions of this Agreement calculated based on the number of shares set forth opposite such Non-AI Owner's name on Exhibit A to this Agreement.

Section 2.05. **Treatment of Equity Interests of Merger Sub**. On the Closing Date, all equity interests in Merger Sub will remain outstanding without any change or effect.

Section 2.06. **Termination**. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated at any time prior to the Closing, as follows:

(a) by mutual consent of all the parties;

(b) by the Parent or Merger Sub, if the Closing has not occurred by December 31, 2013;

(c) by the Parent or Merger Sub if any of the conditions set forth in Section 3.01 have not been satisfied or waived by the Parent and Merger Sub; or

(d) by the Parent or Merger Sub pursuant to Article V.

If the Parent or Merger Sub elects to terminate this Agreement pursuant to this Section, then the Parent or Merger Sub, as the case may be, shall provide written notice to the other parties of such election and the reason for terminating this Agreement and the termination of this Agreement shall be effective upon the non-issuing parties' receipt of the termination notice.

Section 2.07. **Tax Treatment**.

(a) The AI Owners intend and agree that the merger whereby each AI Owner is receiving the Merger Security Consideration, for U.S. federal income tax purposes, shall constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code and shall not maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith.

(b) The Non-AI Owners intend and agree that the merger whereby each Non-AI Owner is receiving the Merger Cash Consideration, for U.S. federal income tax purposes, shall be treated as a taxable sale of stock, and shall not maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith.

Section 2.08. **Officers and Directors**. Unless otherwise determined by the Parent, the directors and officers, if any, of Merger Sub in office or position immediately prior to the Closing shall remain in such office or position following the Closing, in each case until their respective successors are duly elected or appointed or until their earlier death, resignation or removal.

ARTICLE III

CONDITIONS AND COVENANTS

Section 3.01. **Conditions to the Obligations of the Parent and Merger Sub**. The obligation of the Parent and Merger Sub to consummate the Merger shall be subject to the satisfaction or waiver by the Parent and Merger Sub of each of the conditions set forth below and the performance by each of the Owners and each of the Merging Entities of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of each of the Owners contained in Section 4.01 shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Owner Compliance**. Each Owner shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(c) **Merging Entity Compliance**. Each Merging Entity shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date; and

(d) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived.

If any of the foregoing conditions have not been satisfied (or waived by the Parent and Merger Sub) as of the Closing Date, the Parent and Merger Sub shall have the right, in accordance with Section 2.06, to terminate this Agreement, (i) in part with respect to any defaulting Merging Entity or Owner only and, except as expressly set forth elsewhere in this Agreement, the Parent and Merger Sub shall thereafter have no obligation under any provision of this Agreement with respect to any defaulting Merging Entity or Owner or (ii) in full, and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

Section 3.02. **Conditions to the Obligations of the Merging Entities and the Owners**. The obligation of the Merging Entities and the Owners to consummate the Merger shall be subject to the satisfaction or waiver by the Owners of each of the conditions set forth below and the performance by the Parent and Merger Sub of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Parent and Merger Sub contained in Sections 4.02 and 4.03, respectively, shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Registration Rights Agreement**. The Parent shall have entered into the Registration Rights Agreement; and

(c) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived other than those in the control of an Owner or a Merging Entity.

Section 3.03. **Covenants of the Owners**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.06, no Owner shall take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Merger, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. No Owner shall take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the approval and adoption by Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit C of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. No Owner shall take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the termination of the Investor Rights Agreement.

(d) **Initial Public Offering**. Each Owner, solely in its capacity as such Owner and in no other capacity, hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock. For the avoidance of doubt, nothing in this Agreement shall in any way prevent or otherwise restrict any Owner from satisfying any duties, statutory, fiduciary or otherwise it may owe to the Parent or Merger Sub in its capacity as an officer, director or manger thereof.

Section 3.04. **Covenants of the Merging Entities**.

(a) **Facilitate the Merger**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.06, no Merging Entity shall take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Merger, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. Effective upon the Closing, each Merging Entity hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the Merger Consideration issued and delivered to the Owner and (iii) consents to the approval and adoption by Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit C of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. Upon the Closing, each Merging Entity hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement.

(d) **Initial Public Offering**. Each Merging Entity hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. **Representations and Warranties of the Owners**. Each Owner, with respect to such Owner's Merging Entity, hereby represents and warrants, severally and not jointly and severally, to the Parent and Merger Sub, as of the date of this Agreement and the Closing Date (except to the extent that any such representation speaks as of a specific date, in which case only as of such specific date), as follows:

(a) **Existence and Power**. Such Merging Entity has been duly incorporated and validly exists as a corporation under the laws of the State of Maryland. Such Merging Entity has all power and authority to enter into this Agreement, and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by such Merging Entity and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of such Merging Entity, enforceable against such Merging Entity in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which such Merging Entity is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of such Merging Entity, or (iii) any law applicable to such Merging Entity. Other than the filing of articles of merger in accordance with Section 2.02 hereof, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, shareholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for such Merging Entity to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Injunction.** Such Merging Entity is not subject to any order, writ, judgment, decree, injunction or settlement that could reasonably be expected to prevent or materially delay such Merging Entity from consummating the transactions contemplated by this Agreement.

(d) **No Consents.** Except for the filing of the articles of merger in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by such Merging Entity in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to prevent or materially delay such Merging Entity from consummating the transactions contemplated by this Agreement or otherwise have a Merging Entity Material Adverse Effect.

(e) **Ownership of Merging Entities**. Each Owner is the sole stockholder of the respective Merging Entity as set forth on Exhibit A.

(f) **Ownership of the LLC Equity Interests**. The LLC Equity Interests held by such Merging Entity are (i) the only assets owned by such Merging Entity and (ii) owned free and clear of all Liens, charges, security interests, mortgages, pledges, options, preemptive rights, rights of first refusal or first offer, proxies, levies, voting trusts or agreements, or other adverse claims or restrictions on title or transfer of any nature whatsoever. Except in connection with the Energysource Distribution that was completed in December 2012, such Merging Entity has not conducted since it was formed, does not currently conduct, and does not plan to commence conducting, any business operations other than with respect to the continuing ownership of its LLC Equity Interests and consummating the transactions contemplated hereby, including the Merger.

(g) **Liabilities**. As of the date hereof, such Merging Entity has no Liabilities.

(h) **Contracts**. Except in connection with the Energysource Distribution, since its organization, such Merging Entity has not become a party to, entered into or became bound by, any contract or other arrangement or understanding except for the Existing LLC Agreement, the Investor Rights Agreement and the Existing Registration Rights Agreement.

(i) **Tax Status**. Such Merging Entity (i) elected to be treated as a subchapter S corporation for U.S. federal income tax purposes under Section 1361 of the Code and has, at all times since formation, maintained its status as a subchapter S corporation and (ii) does not have any accumulated earnings and profits.

(j) **Non-Foreign Status**. Such Merging Entity is a "United States person" (as defined in Section 7701(a)(30) of the Code).

(k) **Access to Information**. Such Owner has been afforded:

(i) the opportunity to ask such questions as such Owner has deemed necessary of, and to receive answers from, representatives of the Parent concerning the terms and conditions of the issuance and/or delivery of the Merger Consideration; and

(ii) access to information about the Parent and its financial condition and results of operations sufficient to evaluate such Owner's investment in, or receipt of, the Merger Consideration.

Section 4.02. **Representations and Warranties of each AI Owner**. Each AI Owner hereby additionally represents and warrants, severally and not jointly and severally, to the Parent and Merger Sub, as of the date of this Agreement and the Closing Date, as follows:

(a) **Accredited Investor**. Such AI Owner qualifies as an Accredited Investor and has affirmatively certified as such and indicated on Exhibit B attached hereto the basis for such certification and understands the risks of, and other considerations relating to, the Merger. Such AI Owner, by reason of his or her business and financial experience, together with the business and financial experience of those persons, if any, retained to represent or advise such AI Owner:

(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the AI Owner is capable of evaluating the merits and risks of an investment in the Parent and of making an informed investment decision;

(ii) is capable of protecting the AI Owner's own interest or has engaged representatives or advisors to assist him or her in protecting such interests;

(iii) is capable of bearing the economic risk of such investment; and

(iv) in making the AI Owner's decision to enter into this Agreement has conducted his or her own due diligence, has been represented by competent counsel and financial advisors and has not relied on oral or written advice from the Parent, Merger Sub or their Affiliates, representatives, or agents or on representations or warranties of the Parent and Merger Sub other than those set forth in this Agreement.

(b) **Investment For Own Account**. The Merger Security Consideration will be acquired for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein in violation of the securities laws.

(c) **Unregistered Securities**. Such AI Owner understands that:

(i) the Merger Security Consideration to be received as contemplated hereunder has not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws;

(ii) the Parent's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the AI Owners contained herein;

(iii) the Merger Security Consideration cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) there may be no public market for the Merger Security Consideration;

(v) because of the restrictions on transfer or assignment of the Merger Security Consideration to be issued hereunder, the economic risk of the Merger Security Consideration issued hereby may need to be borne for an indefinite period of time; and

(vi) certificates (if any) representing the Merger Security Consideration will bear a legend substantially similar to the following:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 4.03. **Representations and Warranties of the Parent**. The Parent hereby represents and warrants to each Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Parent has been duly incorporated and validly exists as a corporation under the laws of the State of Maryland. The Parent has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Parent and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Parent, enforceable against the Parent in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Parent is a

party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Parent, or (iii) any law applicable to the Parent. Other than the filing of the articles of merger in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be taken in connection therewith, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Parent to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger in accordance with Section 2.02 hereof and as may be required for the consummation of the initial public offering of the Common Stock and the actions to be taken in connection therewith, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Parent in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(d) **Merger Security Consideration**. The Merger Security Consideration to be issued hereunder has been duly authorized for issuance and, upon such issuance, will be validly issued, fully paid and nonassessable.

Section 4.04. **Representations and Warranties of Merger Sub**. Merger Sub hereby represents and warrants to each Merging Entity, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. Merger Sub has been duly formed and validly exists as a limited liability company under the Laws of the State of Maryland. Merger Sub has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by Merger Sub and the performance of its obligations hereunder have been duly authorized by all requisite limited liability company action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of Merger Sub, enforceable against Merger Sub in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which

Merger Sub is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of Merger Sub, or (iii) any law applicable to Merger Sub. Other than the filing of the articles of merger in accordance with Section 2.02 hereof, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for Merger Sub to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Except for the filing of the articles of merger in accordance with Section 2.02 hereof, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Merger Sub in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Merger Sub Material Adverse Effect.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. **Default by a Merging Entity or an Owner**. If the Closing is not consummated because of a default by any Merging Entity or Owner under this Agreement, then the Parent and Merger Sub may either (i) seek specific performance of this Agreement by requiring the defaulting Merging Entity to assign the LLC Equity Interests to Merger Sub and in connection therewith the respective Owner shall reimburse the Parent and Merger Sub for the actual out-of-pocket expenses incurred by the Parent or Merger Sub in connection with seeking such specific performance, or (ii) terminate this Agreement (A) in part with respect to the defaulting Merging Entity or Owner only and, except as expressly set forth elsewhere in this Agreement, the Parent and Merger Sub shall thereafter have no obligation under any provision of this Agreement with respect to such defaulting Merging Entity and Owner or (B) in full, and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

ARTICLE VI

INDEMNIFICATION

Section 6.01. **Indemnification**. Subject to the limitations provided below, from and after the Closing Date, each of the Indemnifying Parties agree to, severally and not jointly and severally, indemnify, defend and hold harmless each of the Indemnified Parties from and against all Losses that are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) the breach of any of the representations or warranties of such Indemnifying Party or (ii) any breach by such Indemnifying Party of its obligations under this Agreement; **provided,**

however, that, notwithstanding any Losses based upon, arising out of, in connection with or by reason of a default by an Indemnifying Party pursuant to Article V under this Agreement, in no event shall an Indemnifying Party be liable for any claim or claims made by an Indemnified Party for a breach of any representation, warranty, or covenant under this Agreement unless the aggregate of any Losses resulting therefrom is equal to or greater than $100,000, and then (i) in the event such Indemnifying Party is Jeffrey W. Eckel, such Indemnifying Party shall be liable for any and all such Losses resulting therefrom; **provided, further, however**, that the maximum aggregate liability of Jeffrey W. Eckel shall in no event exceed $200,000 and (ii) in the event such Indemnifying Party is a Person other than Jeffrey W. Eckel, such Indemnifying Party shall only be liable for any and all such Losses resulting therefrom in excess of $100,000; **provided, further, however**, that the maximum aggregate liability of such Indemnifying Party shall in no event exceed the lesser of: (x) an amount equal to the Merger Consideration received by such Indemnifying Party and (y) $100,000.

Section 6.02. **Method of Asserting Claims**. All claims for indemnification by any Indemnified Party under this Article VI shall be asserted and resolved as follows:

(a) If an Indemnified Party intends to seek indemnification under this Article VI, it shall promptly notify the Indemnifying Parties in writing of such claim. The failure to provide such notice will not affect any rights hereunder except to the extent an Indemnifying Party is materially prejudiced thereby.

(b) If such claim involves a claim by a third-party against the Indemnified Party, the Indemnifying Parties shall, within ten days after receipt of such notice and upon notice to the Indemnified Party, assume, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of the Indemnifying Parties, the settlement or defense thereof (in which case any Loss associated therewith shall be the sole responsibility of the Indemnifying Parties), provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it. If the Indemnified Party determines in good faith that representation by the Indemnifying Parties' counsel of (i) one or more Indemnifying Parties and (ii) the Indemnified Party may present such counsel with a conflict of interest, then the Indemnifying Parties shall pay the reasonable fees and expenses of the Indemnified Party's counsel. Notwithstanding the foregoing, (i) the Indemnified Party may, at the sole cost and expense of the Indemnifying Parties, at any time prior to the delivery of the notice referred to in the first sentence of this Section 6.02(b) by any Indemnifying Party, file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests, (ii) the Indemnified Party may take over the control of the defense or settlement of a third-party claim at any time if it irrevocably waives its right to indemnity under this Article VI with respect to such claim and (iii) the Indemnifying Parties may not, without the consent of the Indemnified Party, settle or compromise any action or consent to the entry of any judgment. So long as an Indemnifying Party is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without such Indemnifying Party's consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, if the compromise or settlement of a third-party claim could reasonably be expected to adversely affect the status of the Parent as a real investment trust within the meaning of Section 856 of the Code, then the Parent shall make such decision to compromise or

settle the third-party claim without the need to obtain the other party's consent. If the Indemnifying Parties are not entitled to assume the defense of the claim pursuant to the foregoing provisions or are entitled but do not contest such claim in good faith (including if they do not notify the Indemnified Party of their assumption of the defense of such claim within the ten-day period set forth above), then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Indemnifying Parties, the settlement or defense thereof, and the Indemnifying Parties shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Indemnifying Parties of any obligation they may have hereunder. Any defense costs required to be paid by the Indemnifying Parties shall be paid as incurred, promptly against delivery of invoices therefor.

Section 6.03. **Survival**. This Article VI shall survive the Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement. All representations and warranties contained in this Agreement shall survive the Closing for a period of six months and shall not be deemed to be merged into or waived by the instruments of the Closing.

Section 6.04. **Waiver of Claims**. Deliverance of the Merger Consideration provided in this Agreement shall serve to waive all claims against the Parent, Merger Sub and Hannon LLC.

ARTICLE VII

MISCELLANEOUS

Section 7.01. **Marketing**. Neither the Owners nor the Merging Entities shall market the LLC Equity Interests for sale or entertain or discuss any offer to purchase or acquire the LLC Equity Interests with any Person other than the Parent, Merger Sub and their Affiliates unless this Agreement is terminated in accordance with the terms set forth in Section 2.06.

Section 7.02. **Entire Agreement; No Amendment**. This Agreement and the Registration Rights Agreement represent the entire agreement among each of the parties hereto with respect to the subject matter hereof. It is expressly understood that no representations, warranties, guarantees or other statements shall be valid or binding upon a party unless expressly set forth in this Agreement or the Registration Rights Agreement. It is further understood that any prior agreements or understandings between the parties with respect to the subject matter hereof have merged in this Agreement and the Registration Rights Agreement, which collectively fully express all agreements of the parties hereto as to the subject matter hereof and supersedes all such prior agreements and understandings. This Agreement may not be amended, modified or otherwise altered except by a written agreement signed by the party hereto against whom enforcement is sought.

Section 7.03. **Certain Expenses**. Each party hereto will pay all of its own expenses incurred in connection with this Agreement and the transactions contemplated hereby (whether or not the Closing shall take place), including, without limitation, all costs and expenses herein stated to be borne by such party and all of its respective accounting, legal, investigatory and appraisal fees.

Section 7.04. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time delivered), or sent by United States certified mail, return receipt requested, postage prepaid (any notice or communication so sent being deemed to have been received two Business Days after mailing in the United States), with failure or refusal to accept delivery to constitute delivery for all purposes of this Agreement, addressed to the respective parties as follows:

If to any Owner or Merging Entity, to the address listed on such Owner and Merging Entity's signature page to this Agreement.

If to the Parent or Merger Sub, to:
Hannon Armstrong Sustainable Infrastructure Capital, Inc.
Attention: Office of the General Counsel
1906 Towne Centre Blvd
Suite 370
Annapolis, MD 21401

with a copy to:
Jay L. Bernstein
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

Section 7.05. **No Assignment**. Except as provided in this Section below, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties.

Section 7.06. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland without giving effect to any choice or conflict of law provision or rule (whether of the State of Maryland or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Maryland.

Section 7.07. **Multiple Counterparts**. This Agreement may be executed in multiple counterparts. If so executed, all of such counterparts shall constitute but one agreement, and, in proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile or electronic mail PDF copies of counterparts of the signature pages.

Section 7.08. **Further Assurances**. From and after the date of this Agreement and after the Closing, the parties hereto shall take such further actions and execute and deliver such further documents and instruments as may be reasonably requested by the other parties and are reasonably necessary to provide to the respective parties hereto the benefits intended to be afforded hereby, including, without limitation, all books and records relating to the LLC Equity Interests.

Section 7.09. **Miscellaneous**. Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender when appropriate. The headings of the Articles and the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words "hereof" and "herein" refer to this entire Agreement and not merely the Section in which such words appear. If the last day for performance of any obligation hereunder is not a Business Day, then the deadline for such performance or the expiration of the applicable period or date shall be extended to the next Business Day. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The Exhibits attached hereto are hereby incorporated herein and shall be deemed a part of this Agreement.

Section 7.10. **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 7.11. **Attorneys' Fees**. If this Agreement or the transactions contemplated herein give rise to a lawsuit, arbitration or other legal proceeding between the parties hereto, the prevailing party shall be entitled to recover its costs and reasonable attorney fees in addition to any other judgment of the court or arbitrator(s).

Section 7.12. **Waiver of Jury Trial**. To the fullest extent permitted by applicable law, the parties hereto waive trial by jury in any action, proceeding or counterclaim brought by any party(ies) against any other party(ies) on any matter arising out of or in any way connected with this Agreement or the relationship of the parties created hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HA MERGER SUB III LLC

By: Hannon Armstrong Sustainable Infrastructure Capital, Inc., its sole member

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Jeffrey W. Eckel

Name in which shares of Common Stock are to be registered (if applicable)[1]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[2]: _____

JE-HA, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: Director

[1] For AI Owners.
[2] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: John J. Christmas

Name in which shares of Common Stock are to be registered (if applicable)[3]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[4]: _____

JC-HA, INC.

By: /s/ John J. Christmas
Name: John J. Christmas
Title: Director

[3] For AI Owners.
[4] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Steven L. Chuslo

Name in which shares of Common Stock are to be registered (if applicable)[5]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[6]: _____

SLC-HA, INC.

By: /s/ Steven L. Chuslo
Name: Steven L. Chuslo
Title: Director

[5] For AI Owners.
[6] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: David K. Watson

Name in which shares of Common Stock are to be registered (if applicable)[7]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[8]: _____

DW-HA, INC.

By: /s/ David K. Watson
Name: David K. Watson
Title: Director

[7] For AI Owners.
[8] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Daniel K. McMahon

Name in which shares of Common Stock are to be registered (if applicable)[9]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[10]:

DM-HA, INC.

By: /s/ Daniel K. McMahon
Name: Daniel K. McMahon
Title: Director

[9] For AI Owners.
[10] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Christopher J. Lord

Name in which shares of Common Stock are to be registered (if applicable)[11]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[12]:

CL-HA, INC.

By: /s/ Christopher J. Lord
Name: Christopher J. Lord
Title: Director

[11] For AI Owners.
[12] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Nathaniel J. Rose

Name in which shares of Common Stock are to be registered (if applicable)[13]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[14]:

NR-HA, INC.

By: /s/ Nathaniel J. Rose
Name: Nathaniel J. Rose
Title: Director

[13] For AI Owners.
[14] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Katherine M. Dent

Name in which shares of Common Stock are to be registered (if applicable)[15]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[16]:

KD-HA, INC.

By: /s/ Katherine M. Dent
Name: Katherine M. Dent
Title: Director

[15] For AI Owners.
[16] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Scott J. Foster

Name in which shares of Common Stock are to be registered (if applicable)[17]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[18]:

SF-HA, INC.

By: /s/ Scott J. Foster
Name: Scott J. Foster
Title: Director

[17] For AI Owners.
[18] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Lisa A. Hale

Name in which shares of Common Stock are to be registered (if applicable)[19]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[20]:

LH-HA, INC.

By: /s/ Lisa A. Hale
Name: Lisa A. Hale
Title: Director

[19] For AI Owners.
[20] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Brian J. Harenza

Name in which shares of Common Stock are to be registered (if applicable)[21]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[22]:

BH-HA, INC.

By: /s/ Brian J. Harenza
Name: Brian J. Harenza
Title: Director

[21] For AI Owners.
[22] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Michael J. Hester

Name in which shares of Common Stock are to be registered (if applicable)[23]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[24]:

MH-HA, INC.

By: /s/ Michael J. Hester
Name: Michael J. Hester
Title: Director

[23] For AI Owners.
[24] For Non-AI Owners.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written and hereby affirmatively certifies that he or she is:

☐ a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act by satisfying one or more of the numbered paragraphs contained in Exhibit B attached hereto.

☐ **not** a Person that qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act.

By: _____
Name: Breckinridge S. Lindley

Name in which shares of Common Stock are to be registered (if applicable)[25]:

_____

State of residency: _____

Social Security number: _____

Address: _____

_____

Telephone number: _____

Email: _____

Wire instructions (if applicable)[26]:

BL-HA, INC.

By: /s/ Breckinridge S. Lindley
Name: Breckinridge S. Lindley
Title: Director

[25] For AI Owners.
[26] For Non-AI Owners.

EXHIBIT A

[Intentionally left blank]

EXHIBIT B

ACCREDITED INVESTOR QUESTIONNAIRE

I am an Accredited Investor (as defined in Rule 501 of Regulation D promulgated under the Securities Act) because I hereby certify that (check all appropriate descriptions that apply):

☐ I am a natural person whose individual net worth, or joint net worth with my spouse, exceeds $1,000,000. "Net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities exclude any mortgage on a primary home in an amount up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the date of this Agreement, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the date of this Agreement for the purpose of investing in the LLC Equity Interests.

☐ I am a natural person who had individual income exceeding $200,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year. "Income" means annual adjusted gross income, as reported for federal income tax purposes, plus (i) the amount of any tax-exempt interest income received; (ii) the amount of losses claimed as a limited partner in a limited partnership; (iii) any deduction claimed for depletion; (iv) amounts contributed to an IRA or Keogh retirement plan; (v) alimony paid; and (vi) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code of 1986, as amended.

☐ I am a natural person who had joint income with my spouse exceeding $300,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year, as defined above.

☐ I am a director or executive officer of the Parent. "Executive officer" means the president; any vice president in charge of a principal business unit, division or function; or any other person or persons who perform(s) similar policymaking functions.

EXHIBIT C

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF HANNON ARMSTRONG CAPITAL LLC

This Amended and Restated Limited Liability Company Agreement ("**Agreement**") of Hannon Armstrong Capital LLC (the "**LLC**"), effective as of April 23, 2013 (the "**Effective Date**"), is entered into by HA Merger Sub III LLC, as the sole member of the LLC (the "**Member**").

WHEREAS, the LLC was formed as a limited liability company on August 7, 2000 by filing Articles of Organization with the State Department of Assessments and Taxation of Maryland pursuant to and in accordance with the Maryland Limited Liability Company Act, as amended from time to time (the "**Act**");

WHEREAS, the Member, being the sole Member of the LLC, has determined that it is in the best interests of the LLC to amend and restate the LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended, and that the membership in and management of the LLC shall now and hereafter be governed by the terms set forth herein.

NOW, THEREFORE, the Member agrees as follows:

1. **Name**. The name of the LLC is Hannon Armstrong Capital LLC.

2. **Purpose**. The purpose of the LLC is to engage in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto.

3. **Principal Office; Resident Agent**.

(a) **Principal Office**. The location of the principal office of the LLC in the State of Maryland shall be 1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401, or such other location as the Member may from time to time designate.

(b) **Resident Agent**. The name of the resident agent of the LLC in the State of Maryland is CSC-Lawyers Incorporating Service Company, located at 7 St. Paul Street, Suite 1660, Baltimore, MD 21202, or such other resident agent as the Member may from time to time designate.

4. **Members**.

(a) **Member**. The name and the business, residence or mailing address of the Member are as follows:

Name	Address
Hannon Armstrong Sustainable Infrastructure, L.P.	1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401

(b) **Additional Members**. One or more additional members may be admitted to the LLC with the consent of the Member. Prior to the admission of any such additional members to the LLC, the Member shall amend this Agreement to make such changes as the Member shall determine to reflect the fact that the LLC shall have such additional members. Each additional member shall execute and deliver a supplement or counterpart to this Agreement, as necessary.

(c) **Membership Interests; Certificates**. To the extent permitted by the Act, notwithstanding any showing that distributions under a charging order upon any economic interest of the LLC will not pay the amount owed to the creditor within a reasonable time, no economic interest in the LLC shall be subject to foreclosure. The LLC will not issue any certificates to evidence ownership of the membership interests.

5. **Management**.

(a) **Authority and Powers of the Member**. The Member shall have exclusive and complete authority and discretion to manage the operations and affairs of the LLC and to make all decisions regarding the business of the LLC. Any action taken by the Member shall constitute the act of and serve to bind the LLC. The Member shall have all rights and powers of a member under the Act, and shall have such authority, rights and powers in the management of the LLC to do any and all other acts and things necessary, proper, convenient or advisable to effectuate the purposes of this Agreement.

(b) **Duties and Obligations of Member**. To the maximum extent permitted under the Act, the only duties of the Member in its capacity as a member of the LLC, fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement in accordance with the duties of care and loyalty as set forth in this Section 5(b). Such duties are owed by the Member to the LLC and its members and shall not be enforceable otherwise than by the LLC or a member of the LLC. To the maximum extent permitted under the Act, the Member shall have no duties in its capacity as a member of the LLC, fiduciary or otherwise, to any individual or entity (each such individual or entity and the heirs, personal representatives, successors and assigns of such individual or entity, a "**Person**") other than the LLC and its members (including any creditor of the LLC or any such member, or any assignee of any interest in the LLC). No director, officer, member, manager, affiliate or agent of the Member shall have any duties directly to the LLC or any member of the LLC, or to any other Person (including any creditor of the LLC or any Member, or any assignee of any interest in the LLC).

(i) Duty of Care. The Member's duty of care is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violation of law in the discharge of its contractual obligations as expressly set forth in this Agreement. None of the Member or its agents or affiliates shall be expected to devote his, her or its full time to the performance of such duties.

(ii) Duty of Loyalty. The Member's duty of loyalty is limited to refraining from appropriating the property or assets of the LLC to the benefit of any other Person and without benefit to the LLC. An action of the Member, in its capacity as such, does not violate the Member's duty of loyalty solely because the Member's conduct also furthers the Member's own interests.

(c) **Election of Officers; Delegation of Authority**. The Member may, from time to time, designate one or more officers with such titles as may be designated by the Member to act in the name of the LLC with such authority as may be delegated to such officers by the Member (each such designated person, an "**Officer**"). Any such Officer shall act pursuant to such delegated authority until such Officer is removed by the Member. Any action taken by an Officer designated by the Member pursuant to authority delegated to such Officer shall constitute the act of and serve to bind the LLC. Persons dealing with the LLC are entitled to rely conclusively on the power and authority of any officer set forth in this Agreement and any instrument designating such officer and the authority delegated to him or her.

6. **Liability of Member; Indemnification**.

(a) **Liability of Member**. To the fullest extent permitted under the Act, the Member, whether acting as the Member, in its capacity as the manager of the LLC, or in any other capacity, shall not be liable for any debts, obligations or liabilities of the LLC or each other, whether arising in tort, contract or otherwise, solely by reason of being a Member.

(b) **Indemnification**. To the fullest extent permitted under the Act, the Member, its officers, its directors and any person acting on behalf of the Member (irrespective of the capacity in which it acts) shall be entitled to indemnification and advancement of expenses from the LLC for and against any loss, damage, claim or expense (including attorneys' fees) whatsoever incurred by the Member relating to or arising out of any act or omission or alleged acts or omissions (whether or not constituting negligence or gross negligence) performed or omitted by the Member on behalf of the LLC; **provided**, **however**, that any indemnity under this Section 6(b) shall be provided out of and to the extent of LLC assets only, and neither the Member nor any other person shall have any personal liability on account thereof.

7. **Term**. The term of the LLC shall be perpetual unless the LLC is dissolved and terminated in accordance with Section 11.

8. **Capital Contributions**. The Member shall not be required to contribute any additional capital to the LLC, and except as set forth in the Act, no Member shall have any personal liability for any obligations of the LLC. No Member shall be paid interest on its capital contributions.

9. **Tax Status; Income and Deductions**.

(a) **Tax Status**. As long as the LLC has only one member, it is the intention of the LLC and the Member that the LLC be treated as a disregarded entity for federal and all relevant state tax purposes and neither the LLC nor the Member shall take any action or make any election which is inconsistent with such tax treatment. All provisions of this Agreement are to be construed so as to preserve the LLC's tax status as a disregarded entity.

(b) **Income and Deductions**. All items of income, gain, loss, deduction and credit of the LLC (including, without limitation, items not subject to federal or state income tax) shall be treated for federal and all relevant state income tax purposes as items of income, gain, loss, deduction and credit of the Member.

10. **Distributions**. Distributions shall be made to the Member at the times and in the amounts determined by the Member.

11. **Dissolution; Liquidation**.

(a) The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member or (ii) any other event or circumstance giving rise to the dissolution of the LLC under the Act, unless the LLC's existence is continued pursuant to the Act.

(b) Upon dissolution of the LLC, the LLC shall immediately commence to wind up its affairs and the Member shall promptly liquidate the business of the LLC. During the period of the winding up of the affairs of the LLC, the rights and obligations of the Member under this Agreement shall continue.

(c) In the event of dissolution, the LLC shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the LLC in an orderly manner), and the assets of the LLC shall be applied as follows: (i) first, to creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the LLC (whether by payment or the making of reasonable provision for payment thereof); and (ii) thereafter, to the Member.

(d) Upon the completion of the winding up of the LLC, the Member shall file Articles of Dissolution in accordance with the Act.

12. **Miscellaneous**.

(a) **Amendments**. Amendments to this Agreement may be made only with the consent of the Member.

(b) **Governing Law**. This Agreement shall be governed by the laws of the State of Maryland.

(c) **Severability**. In the event that any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such provision shall survive to the extent it is not so declared, and the validity, legality and enforceability of the other provisions hereof shall not in any way be affected or impaired thereby, unless such action would substantially impair the benefits to any party of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first above written.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

Exhibit 10.15

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.,

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, L.P.,

MISSIONPOINT HA PARALLEL FUND III, LLC

AND

MISSIONPOINT HA PARALLEL FUND, L.P.

CONTRIBUTION AGREEMENT

CONTENTS

THIS CONTRIBUTION AGREEMENT (this "**Agreement**") is dated as of April 15, 2013, by and among **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.,** a Maryland corporation (the "**Parent**"), **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, L.P.,** a Delaware limited liability partnership (the "**Operating Partnership**"), **MISSIONPOINT HA PARALLEL FUND III, LLC,** a Delaware limited liability company ("**Fund III**"), and **MISSIONPOINT HA PARALLEL FUND, L.P.,** a Delaware limited liability partnership (the "**Splitter Partnership**").

W I T N E S S E T H:

WHEREAS, prior to the Closing Date (as defined herein), Fund III shall own a certain number of Series A Participating Preferred Units and/or Class A Common Units (collectively, the "**LLC Equity Interests**") of Hannon Armstrong Capital LLC, a Maryland limited liability company ("**Hannon LLC**"), indirectly through its limited partner interest in the Splitter Partnership;

WHEREAS, prior to the Closing Date, the Splitter Partnership shall distribute the LLC Equity Interests to Fund III;

WHEREAS, Fund III desires to contribute, and the Operating Partnership desires to acquire, the LLC Equity Interests, free and clear of all Liens, in exchange for 326,437 operating partnership units in the Operating Partnership (the "**OP Units**") (such contribution, the "**Contribution**");

WHEREAS, the manager of Fund III has (a) determined that it is in the best interests of Fund III, and declared it advisable, to enter into this Agreement; and (b) approved the Contribution and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Contribution;

WHEREAS, following the closing of the Contribution, Upstream Merger Sub (as defined herein) intends to adopt and approve an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement (as defined herein).

WHEREAS, the board of directors of the Parent has, on the terms and subject to the conditions set forth in this Agreement, approved this Agreement, the Contribution and the consummation of the transactions contemplated hereby;

WHEREAS, the Parent, in its capacity as the general partner of the Operating Partnership, has, on the terms and subject to the conditions set forth in this Agreement, approved the Contribution and the consummation of the transactions contemplated hereby;

WHEREAS, each of the parties hereto has been advised by the other parties and acknowledges that such other parties would not be entering into this Agreement without the representations, warranties and covenants which are being made and agreed to herein by each party hereto and that such parties are entering into this Agreement in reliance on such representations, warranties and other covenants; and

NOW, THEREFORE, in consideration for the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions**. The following terms as used in this Agreement shall have the meanings attributed to them as set forth below unless the context clearly requires another meaning. Other capitalized terms used herein shall, unless the context otherwise requires, have the meanings assigned to such terms herein.

"**Accredited Investor**" means, for purposes of this Agreement, a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the Securities Act and who affirmatively certifies as such on Exhibit A to this Agreement as to the basis for such certification.

"**Affiliate**" means, with respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, owns, Controls, is Controlled by or is under common Control with a specified Person or (b) is a family member of a specified Person; **provided**, **however**, that neither the Parent nor the Operating Partnership shall be deemed to be an Affiliate of Fund III or any of its subsidiaries or other Affiliates.

"**Agreement**" has the meaning set forth in the preamble.

"**Attorney-in-Fact**" has the meaning set forth in Section 7.05(a).

"**Authority**" means a governmental body or agency having jurisdiction over such Person.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in the State of Maryland are authorized or required by law to close.

"**Closing**" and "**Closing Date**" have the meanings set forth in Section 2.02.

"**Code**" means the Internal Revenue Code of 1986, as in effect from time to time.

"**Common Stock**" has the meaning set forth in the recitals.

"**Contribution**" has the meaning set forth in the recitals.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, with respect to a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Existing Agreements**" has the meaning set forth in Section 4.01(e).

"**Existing LLC Agreement**" means Hannon LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended.

"**Existing Registration Rights Agreement**" means that certain Registration Rights Agreement, dated as of May 31, 2007, as amended, by and among Hannon LLC and the other parties thereto.

"**Fund III**" has the meaning set forth in the preamble.

"**Fund III Material Adverse Effect**" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of Fund III and its subsidiaries taken together.

"**Governmental Authority**" means any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"**Hannon LLC**" has the meaning set forth in the recitals.

"**Indemnified Parties**" means the Parent, the Operating Partnership and each of their subsidiaries, equity holders, affiliates, directors, officers, employees, successors and assigns.

"**Indemnifying Party**" means Fund III.

"**Investor Rights Agreement**" means the Investor Rights Agreement, dated as of May 31, 2007, by and among Hannon LLC, the Splitter Partnership, Jeffrey W. Eckel and the other investors party thereto, as amended.

"**Laws**" means laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

"**Liabilities**" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"**Liens**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest or any preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement), and any obligations under capital leases having substantially the same economic effect as any of the foregoing.

"**LLC Equity Interests**" has the meaning set forth in the recitals.

"**Loss**" or "**Losses**" means any and all direct claims, losses, damages, costs, liabilities, fines, penalties, deficiencies, diminution of value, causes of action and expenses, including, without limitation, attorney's fees and disbursements, and exclusive of all contingent or consequential items.

"OP Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Operating Partnership and its subsidiaries taken together.

"**OP Units**" has the meaning set forth in the recitals.

"**Operating Partnership**" has the meaning set forth in the preamble.

"**Organizational Documents**" means (i) the charter, articles of organization, certificate of formation or certificate of limited partnership for such Person, (ii) the bylaws, operating agreement, limited liability company agreement, or limited partnership agreement for such Person and (iii) any certificate of qualification or foreign entity registration for such Person (together with all supplements, amendments, modifications, consents and waivers related to any of the foregoing).

"**Parent**" has the meaning set forth in the preamble.

"Parent Material Adverse Effect" means any material adverse change in any of the assets, business, condition (financial or otherwise), results of operation or prospects of the Parent and its subsidiaries taken together.

"**Person**" means an individual, partnership, corporation (including a business trust, statutory trust or real estate investment trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Power of Attorney**" has the meaning set forth in Section 7.05(a).

"**Registration Rights Agreement**" means that certain Registration Rights Agreement, effective as of the Closing Date, by and among the Parent and the persons listed on Schedule I thereto.

"**Securities Act**" means the Securities Act of 1933, as in effect from time to time, and applicable rules and regulations thereunder. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

"**Splitter Partnership**" has the meaning set forth in the preamble.

"**Tax**" means any and all U.S. federal, state, county, local, non-U.S. or other income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium,

windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind or any charge of any kind in the nature of (or similar to) taxes whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"**Tax Authority**" means any Governmental Authority responsible for the collection, operation or administration of Taxes.

"**Upstream Merger Sub**" means HA Merger Sub III LLC, a Maryland limited liability company and a wholly owned subsidiary of the Parent.

"**Voting Interests**" means, with respect to any Person, ownership interests, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to vote has been suspended by the happening of such a contingency.

"**Waiver Letter**" means that certain ownership waiver letter, effective as of the Closing Date, executed by the Parent for the benefit of Fund III.

Section 1.02. **Rules of Application**. The definitions in Section 1.01 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II

THE CONTRIBUTION

Section 2.01. **Effect of the Contribution**. On the terms and subject to the conditions set forth in this Agreement and in accordance with the Delaware Limited Liability Company Act and the Delaware Revised Uniform Partnership Act, Fund III shall contribute, transfer, assign, convey and deliver to the Operating Partnership, and the Operating Partnership shall acquire and accept, the LLC Equity Interests.

Section 2.02. **Closing Date**. Unless this Agreement is sooner terminated or extended pursuant to its terms or unless otherwise agreed to in writing by the parties hereto, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall become effective upon the closing of the Parent's initial public offering of the Common Stock (the "**Closing Date**").

Section 2.03. **Consideration**. On the Closing Date, the Operating Partnership shall, in exchange for the transfer of the LLC Equity Interests to the Operating Partnership, issue 326,437 OP Units (the "**Contribution Consideration**") to Fund III in accordance with the terms and conditions of this Agreement.

Section 2.04. **Termination**. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated at any time prior to the Closing, as follows:

(a) by mutual consent of all the parties;

(b) by the Parent, the Operating Partnership or Fund III, if the Closing has not occurred by December 31, 2013;

(c) by the Parent or the Operating Partnership if any of the conditions set forth in Section 3.01 have not been satisfied or waived by the Parent and the Operating Partnership; or

(d) by the Parent or the Operating Partnership pursuant to Article V.

If any party elects to terminate this Agreement pursuant to this Section, then such party shall provide written notice to the other parties of such election and the reason for terminating this Agreement and the termination of this Agreement shall be effective upon the non-issuing parties' receipt of the termination notice.

Section 2.05. **Tax Treatment**. The parties intend and agree that, the Contribution, for U.S. federal income tax purposes, shall be treated as a contribution to a partnership pursuant to Section 721 of the Code and shall not maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith.

Section 2.06. **Tax Withholding**. Notwithstanding anything in this Agreement to the contrary, the Parent shall be entitled to deduct and withhold from the Contribution Consideration or any other payment made by it under this Agreement such amounts that it reasonably determines, after consultation with Fund III, that it is required to deduct and withhold under applicable law, and any amounts so deducted and withheld shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

CONDITIONS AND COVENANTS

Section 3.01. **Conditions to the Obligations of the Parent and the Operating Partnership** The obligation of the Parent and the Operating Partnership to consummate the Contribution shall be subject to the satisfaction or waiver by the Parent and the Operating Partnership of each of the conditions set forth below and the performance by Fund III of its obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of Fund III contained in Section 4.01 shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Fund III Compliance**. Fund III shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(c) **Splitter Partnership Compliance**. The Splitter Partnership shall have fully complied with all of its obligations hereunder required to be performed on or prior to the Closing Date;

(d) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived; and

(e) **Certification of Non-Foreign Status**. Prior to the Closing, Fund III shall have provided to the Parent a certification in the form contained in Section 1.1445-2(b)(2)(iv) of the Treasury Regulations to the effect that Fund III is not a "foreign person."

If any of the foregoing conditions have not been satisfied (or waived by the Parent and the Operating Partnership) as of the Closing Date, the Parent and the Operating Partnership shall have the right, in accordance with Section 2.04, to terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

Section 3.02. **Conditions to the Obligations of Fund III**. The obligation of Fund III to consummate the Contribution shall be subject to the satisfaction or waiver by Fund III of each of the conditions set forth below and the performance by the Parent and the Operating Partnership of their obligations set forth below and elsewhere in this Agreement:

(a) **Accuracy of Representations and Warranties**. The representations and warranties of the Parent and the Operating Partnership contained in Sections 4.02 and 4.03, respectively, shall be true and correct as of the date of this Agreement and the Closing Date;

(b) **Registration Rights Agreement**. The Parent shall have entered into the Registration Rights Agreement;

(c) **Initial Public Offering**. Other than consummation of the transactions contemplated hereby, all conditions precedent to the closing of the initial public offering of the Common Stock shall have been satisfied or irrevocably and unconditionally waived other than those in the control of Fund III; and

(d) **Waiver Letter**. The Parent shall have executed the Waiver Letter.

Section 3.03. **Covenants of Fund III**.

(a) **Facilitate the Contribution**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.04, Fund III shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Contribution, the initial public offering of the Common Stock or the other transactions contemplated by this Agreement.

(b) **Hannon LLC Agreement**. Fund III shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(c) **Investor Rights Agreement**. Fund III shall not take or fail to take, or agree or commit to take or fail to take, any action that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the termination of the Investor Rights Agreement or the Existing Registration Rights Agreement.

(d) **Initial Public Offering**. Fund III hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(e) **Ownership and Transfer**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.04, Fund III shall not transfer (or permit to be transferred), sell, or otherwise dispose of, or cause the sale, transfer or disposition of (or agree to do any of the foregoing) all or any portion of the LLC Equity Interests. Fund III will not have any outstanding warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire any of the LLC Equity Interests.

(f) **Liabilities**. From the date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement in accordance with the terms set forth in Section 2.04, Fund III shall not pledge, hypothecate or encumber all or any portion of the LLC Equity Interests. As a result of the transactions contemplated by this Agreement, the Operating Partnership will not assume any liability of Fund III.

Section 3.04. **Covenants of the Splitter Partnership**.

(a) **Hannon LLC Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally (i) consents to the termination of the Existing LLC Agreement, (ii) waives all rights under the Existing LLC Agreement other than its right to have the OP Units to be received by Fund III in connection with the Contribution and (iii) consents to the approval and adoption by Upstream Merger Sub of an amended and restated limited liability company agreement of Hannon LLC substantially in the form set forth on Exhibit B of this Agreement to replace the Existing LLC Agreement.

(b) **Investor Rights Agreement**. Upon the transfer of its ownership interest in the LLC Equity Interests to the Merging Entity, the Splitter Partnership hereby irrevocably and unconditionally consents to the termination of the Investor Rights Agreement and waives all its rights under the Investor Rights Agreement and the Existing Registration Rights Agreement.

(c) **Initial Public Offering**. The Splitter Partnership hereby irrevocably and unconditionally waives any consent, condition or other similar right to approve or delay the closing of the initial public offering of the Common Stock.

(d) **LLC Equity Interests**. Between the date of this Agreement and the Closing Date, the Splitter Partnership shall transfer all of its ownership interest in the LLC Equity Interests to Fund III.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. **Representations and Warranties of Fund III**. Fund III hereby represents and warrants to the Parent and the Operating Partnership, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. Fund III has been duly formed and validly exists as a limited liability company under the laws of the State of Delaware. Fund III has all power and authority to enter into this Agreement, and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by Fund III and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of Fund III, enforceable against Fund III in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which Fund III is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of Fund III, or (iii) any law applicable to Fund III. Other than the requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers that have been obtained, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, shareholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for Fund III to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Injunction.** Fund III is not subject to any order, writ, judgment, decree, injunction or settlement that could reasonably prohibit the transactions contemplated hereby.

(d) **No Consents.** No consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Fund III in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Fund III Material Adverse Effect.

(e) **Ownership of the LLC Equity Interests**. As of the Closing Date, the LLC Equity Interests held by Fund III have been, since Fund III's date of formation, and, except for the Existing LLC Agreement, the Investor Rights Agreement, the Existing Registration Rights Agreement and the Splitter Partnership Agreement of Limited Partnership (collectively, the "**Existing Agreements**"), are owned free and clear of all Liens, charges, security interests, mortgages, pledges, options, preemptive rights, rights of first refusal or first offer, proxies, levies, voting trusts or agreements, or other adverse claims or restrictions on title or transfer of any nature whatsoever.

(f) **Accredited Investor**. Fund III qualifies as an Accredited Investor and has affirmatively certified as such and indicated on Exhibit A attached hereto the basis for such certification and understands the risks of, and other considerations relating to, the OP Units. Fund III, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained to represent or advise Fund III:

(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that Fund III is capable of evaluating the merits and risks of an investment in the Operating Partnership and of making an informed investment decision;

(ii) is capable of protecting Fund III's own interest or has engaged representatives or advisors to assist it in protecting such interests;

(iii) is capable of bearing the economic risk of such investment; and

(iv) in making Fund III's decision to enter into this Agreement has conducted its own due diligence, has been represented by competent counsel and financial advisors and has not relied on oral or written advice from the Parent, the Operating Partnership or their Affiliates, representatives, or agents or on representations or warranties of the Parent and the Operating Partnership other than those set forth in this Agreement.

(g) **Investment For Own Account**. The OP Units to be received in connection with the Contribution will be acquired for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein in violation of the securities laws.

(h) **Access to Information**. Fund III has been afforded:

(i) the opportunity to ask such questions as Fund III has deemed necessary of, and to receive answers from, representatives of the Parent concerning the terms and conditions of the issuance and/or delivery of the OP Units to be received in connection with the Contribution; and

(ii) access to information about the Parent and its financial condition and results of operations sufficient to evaluate Fund III's investment in, or receipt of, the OP Units to be received in connection with the Contribution.

(i) **Unregistered Securities**. Fund III understands that:

(i) the OP Units to be received in connection with the Contribution have not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws;

(ii) the Parent's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of Fund III contained herein;

(iii) the OP Units to be received in connection with the Contribution cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) there may be no public market for the OP Units to be received in connection with the Contribution or the shares of common stock of the Parent for which such OP Units may be exchanged;

(v) because of the restrictions on transfer or assignment of the OP Units to be received in connection with the Contribution, the economic risk of such OP Units may need to be borne for an indefinite period of time; and

(vi) certificates (if any) representing the OP Units to be received in connection with the Contribution will bear a legend substantially similar to the following:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

(j) **Tax Matters**.

(i) There are no Liens for Taxes (other than statutory Liens for Taxes not yet due and payable) upon any of the LLC Equity Interests held by Fund III.

(ii) Fund III is a "United States person" (as defined in Section 7701(a)(30) of the Code).

Section 4.02. **Representations and Warranties of the Parent**. The Parent hereby represents and warrants to Fund III, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Parent has been duly formed and validly exists as a corporation under the laws of the State of Maryland. The Parent has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Parent and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Parent, enforceable against the Parent in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Parent is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Parent, or (iii) any law applicable to the Parent. Other than as may be required for the consummation of the initial public offering of the Common Stock and the actions to be take in connection therewith, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Parent to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** Other than as may be required for the consummation of the initial public offering of the Common Stock and the actions to be taken in connection therewith, no consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by Parent in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.03. **Representations and Warranties of the Operating Partnership**. The Operating Partnership hereby represents and warrants to Fund III, as of the date of this Agreement and the Closing Date, as follows:

(a) **Existence and Power**. The Operating Partnership has been duly formed and validly exists as a limited partnership under the laws of the State of Delaware. The Operating Partnership has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, and to perform its obligations in connection with the transactions that are the subject of this Agreement.

(b) **Authorization; No Contravention**. The execution and delivery of this Agreement by the Operating Partnership and the performance of its obligations hereunder have been duly authorized by all requisite action, and all necessary authorizations, consents, approvals, elections and waivers have been obtained as of the Closing Date. This Agreement constitutes the valid, legal and binding obligations of the Operating Partnership, enforceable against the Operating Partnership in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of, or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, under: (i) any agreement, order or decree to which the Operating Partnership is a party or such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Operating Partnership, or (iii) any law applicable to the Operating Partnership. No authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, stockholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Operating Partnership to execute and deliver this Agreement and consummate the transactions contemplated herein.

(c) **No Consents.** No consent, waiver, approval, authorization, order, license, permit or registration of, qualification, designation, declaration or filing with, any Person or Governmental Authority or under any applicable Laws is required to be obtained by the Operating Partnership in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby, except for those consents, waivers, approvals, authorizations, orders, licenses, permits, registrations, qualifications, designations, declarations or filings, the failure of which to obtain or to file would not, individually or in the aggregate, reasonably be expected to have a OP Material Adverse Effect.

(d) **OP Units**. The OP Units to be received in connection with the Contribution have been duly authorized for issuance and, upon such issuance, will be validly issued and fully paid.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. **Default by Fund III**. If the Closing is not consummated because of a default by Fund III under this Agreement, then the Parent and the Operating Partnership may either (i) seek specific performance of this Agreement by requiring Fund III to assign the LLC Equity Interests to the Operating Partnership and in connection therewith Fund III shall reimburse the Parent and the Operating Partnership for the actual out-of-pocket expenses incurred by the Parent or the Operating Partnership in connection with seeking such specific performance, or (ii) terminate this Agreement in full and, except as expressly set forth elsewhere in this Agreement, no party hereto shall thereafter have any obligation under any provision of this Agreement.

ARTICLE VI

INDEMNIFICATION

Section 6.01. **Indemnification**. Subject to the limitations provided below, from and after the Closing Date, Fund III agrees to indemnify, defend and hold harmless each of the Indemnified Parties from and against all Losses that are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) the breach of any of the representations or warranties of Fund III under this Agreement or (ii) any breach by Fund III of its obligations under this Agreement; **provided, however**, that the maximum aggregate liability of the Indemnifying Party under this Section 7.01 shall not exceed $1,000,000. Fund III's indemnification obligation pursuant to this Section 7.01 shall be secured by a pledge of the LLC Equity Interests in accordance with the terms and conditions of a pledge agreement to be entered into between the Parent and Fund III.

Section 6.02. **Method of Asserting Claims**. All claims for indemnification by any Indemnified Party under this Article VI shall be asserted and resolved as follows:

(a) If an Indemnified Party intends to seek indemnification under this Article VI, it shall promptly notify Fund III in writing of such claim. The failure to provide such notice will not affect any rights hereunder except to the extent Fund III is materially prejudiced thereby.

(b) If such claim involves a claim by a third-party against the Indemnified Party, Fund III shall, within ten days after receipt of such notice and upon notice to the Indemnified Party, assume, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of Fund III, the settlement or defense thereof (in which case any Loss associated therewith shall be the sole responsibility of Fund III), provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it. If the Indemnified Party determines in good faith that representation by Fund III's counsel of (i) the Indemnifying Party and (ii) the Indemnified Party may present such counsel with a conflict of interest, then Fund III shall pay the reasonable fees and expenses of the Indemnified Party's counsel. Notwithstanding the foregoing, (i) the Indemnified Party may, at the sole cost and expense of Fund III, at any time prior to the delivery of the notice referred to in the first sentence of this Section 6.02(b) by Fund III, file any motion,

answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests, (ii) the Indemnified Party may take over the control of the defense or settlement of a third-party claim at any time if it irrevocably waives its right to indemnity under this Article VI with respect to such claim and (iii) Fund III may not, without the consent of the Indemnified Party, settle or compromise any action or consent to the entry of any judgment. So long as Fund III is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without Fund III's consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, if the compromise or settlement of a third-party claim could reasonably be expected to adversely affect the status of the Parent as a real estate investment trust within the meaning of Section 856 of the Code, then the Parent shall make such decision to compromise or settle the third-party claim without the need to obtain the other party's consent. If Fund III is not entitled to assume the defense of the claim pursuant to the foregoing provisions or is entitled but does not contest such claim in good faith (including if Fund III does not notify the Indemnified Party of its assumption of the defense of such claim within the ten-day period set forth above), then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of Fund III, the settlement or defense thereof, and Fund III shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve Fund III of any obligation it may have hereunder. Any defense costs required to be paid by Fund III shall be paid as incurred, promptly against delivery of invoices therefor.

Section 6.03. **Survival**. This Article VI shall survive until six months following the Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement. Except as provided otherwise in this Agreement, all representations and warranties contained in this Agreement shall survive the Closing for a period of one-year and shall not be deemed to be merged into or waived by the instruments of the Closing.

Section 6.04. **Waiver of Claims**. Deliverance of the OP Units provided in this Agreement shall serve to waive all claims against the Parent, the Operating Partnership and Hannon LLC.

Section 6.05. **Character of Indemnity Payments**. The parties agree that any indemnification payments made with respect to this Agreement shall be treated for all Tax purposes as an adjustment to the Contribution Consideration, unless otherwise required by law (including by a determination of a Tax Authority that, under applicable law, is not subject to further review or appeal). If an indemnification payment by law cannot be treated as an adjustment to the Contribution Consideration, the Indemnifying Party will pay an amount to the Indemnified Party that reflects the hypothetical Tax consequences of the receipt or accrual of such indemnification payment, using the maximum applicable statutory rate (or, in the case of an item that affects more than one Tax, rates) of Tax and reflecting, for example, the effect of deductions available for Taxes such as state and local income Taxes.

ARTICLE VII

MISCELLANEOUS

Section 7.01. **Marketing**. Fund III shall not market the LLC Equity Interests for sale or entertain or discuss any offer to purchase or acquire the LLC Equity Interests with any Person other than the Parent, the Operating Partnership and their Affiliates unless this Agreement is terminated in accordance with the terms set forth in Section 2.04.

Section 7.02. **Entire Agreement; No Amendment**. This Agreement and the Registration Rights Agreement represents the entire agreement among each of the parties hereto with respect to the subject matter hereof. It is expressly understood that no representations, warranties, guarantees or other statements shall be valid or binding upon a party unless expressly set forth in this Agreement or the Registration Rights Agreement. It is further understood that any prior agreements or understandings between the parties with respect to the subject matter hereof have merged in this Agreement and the Registration Rights Agreement which fully expresses the entire agreement of the parties hereto as to the subject matter hereof and supersedes all such prior agreements and understandings. This Agreement may not be amended, modified or otherwise altered except by a written agreement signed by the party hereto against whom enforcement is sought.

Section 7.03. **Certain Expenses**. Except as otherwise agreed by the parties herein, each party hereto will pay all of its own expenses incurred in connection with this Agreement and the transactions contemplated hereby (whether or not the Closing shall take place), including, without limitation, all costs and expenses herein stated to be borne by such party and all of its respective accounting, legal, investigatory and appraisal fees.

Section 7.04. **Transfer Taxes**. All transfer, registration, stamp, documentary, sales, use and similar Taxes (including all applicable real estate transfer or gains Taxes and transfer Taxes), any penalties, interest and additions to Tax, and fees incurred in connection with the Contribution shall be the responsibility of and be timely paid 50% by Fund III, on one hand, and 50% by the Operating Partnership, on the other hand. Fund III and the Operating Partnership shall cooperate in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

Section 7.05. **Power of Attorney**.

(a) By executing this Agreement, Fund III hereby irrevocably appoints the Parent (or its designee) and any successor thereof from time to time (such Parent or designee or any such successor of any of them acting in his, her or its capacity as attorney-in-fact pursuant hereto, the "**Attorney-in-Fact**") as the true and lawful attorney-in-fact and agent of Fund III, to act in the name, place and stead of Fund III to make, execute, acknowledge and deliver all assignments, contracts, orders, receipts, notices, requests, instructions, certificates, consents, letters and other writings (including, without limitation, (i) the execution of any documents relating to the Contribution or the initial public offering of the Common Stock and (ii) to provide information to the Securities and Exchange Commission and others about the transactions contemplated hereby)

and, in general, to do all things and to take all actions which the Attorney-in-Fact in its sole discretion may consider necessary or proper in connection with or to carry out the transactions contemplated by this Agreement as fully as could Fund III if personally present and acting (the "**Power of Attorney**").

(b) The Power of Attorney and all authority granted hereby shall be coupled with an interest and therefore shall be irrevocable and shall not be terminated by any act of Fund III, and if any other such act or events shall occur before the completion of the transactions contemplated by this Agreement, the Attorney-in-Fact nevertheless shall be authorized and directed to complete all such transactions as if such other act or events had not occurred and regardless of notice thereof. Fund III hereby authorizes the reliance of third parties on the Power of Attorney.

Section 7.06. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time delivered), or sent by United States certified mail, return receipt requested, postage prepaid (any notice or communication so sent being deemed to have been received two Business Days after mailing in the United States), with failure or refusal to accept delivery to constitute delivery for all purposes of this Agreement, addressed to the respective parties as follows:

If to Fund III or the Splitter Partnership, to the address listed on Fund III or the Splitter Partnership's signature page to this Agreement.

If to the Parent or the Operating Partnership, to:

Hannon Armstrong Sustainable Infrastructure Capital, Inc.
Attention: Office of the General Counsel
1906 Towne Centre Blvd
Suite 370
Annapolis, MD 21401

with a copy to:

Jay L. Bernstein
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

Section 7.07. **No Assignment**. Except as provided in this Section below, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties.

Section 7.08. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

Section 7.09. **Multiple Counterparts**. This Agreement may be executed in multiple counterparts. If so executed, all of such counterparts shall constitute but one agreement, and, in proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile or electronic mail PDF copies of counterparts of the signature pages.

Section 7.10. **Further Assurances**. From and after the date of this Agreement and after the Closing, the parties hereto shall take such further actions and execute and deliver such further documents and instruments as may be reasonably requested by the other parties and are reasonably necessary to provide to the respective parties hereto the benefits intended to be afforded hereby, including, without limitation, all books and records relating to the LLC Equity Interests.

Section 7.11. **Miscellaneous**. Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender when appropriate. The headings of the Articles and the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words "hereof" and "herein" refer to this entire Agreement and not merely the Section in which such words appear. If the last day for performance of any obligation hereunder is not a Business Day, then the deadline for such performance or the expiration of the applicable period or date shall be extended to the next Business Day. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The Exhibits attached hereto are hereby incorporated herein and shall be deemed a part of this Agreement.

Section 7.12. **Invalid Provisions**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 7.13. **Attorneys' Fees**. If this Agreement or the transactions contemplated herein give rise to a lawsuit, arbitration or other legal proceeding between the parties hereto, the prevailing party shall be entitled to recover its costs and reasonable attorney fees in addition to any other judgment of the court or arbitrator(s).

Section 7.14. **Waiver of Jury Trial**. To the fullest extent permitted by applicable law, the parties hereto waive trial by jury in any action, proceeding or counterclaim brought by any party(ies) against any other party(ies) on any matter arising out of or in any way connected with this Agreement or the relationship of the parties created hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE, L.P.

By: HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, Inc.
its General Partner

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

MISSIONPOINT HA PARALLEL FUND III, LLC

By: MissionPoint Capital Partners LLC, its Manager

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

MISSIONPOINT HA PARALLEL FUND, L.P.

By: MPCP I GP, LLC, its General Partner
By: MissionPoint Capital Partners LLC

By: /s/ Jesse Fink
Name: Jesse Fink
Title: Executive Committee Member

By: /s/ Mark Cirilli
Name: Mark Cirilli
Title: Executive Committee Member

EXHIBIT A

ACCREDITED INVESTOR QUESTIONNAIRE

I am an Accredited Investor (as defined in Rule 501 of Regulation D promulgated under the Securities Act) because I hereby certify that (check all appropriate descriptions that apply):

☐ a bank, as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in an individual or a fiduciary capacity.

☐ a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

☐ an insurance company, as defined in Section 2(13) of the Securities Act.

☐ an investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that act.

☐ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ a plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if the plan has total assets in excess of $5 million.

☐ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is being made by a plan fiduciary, as defined in Section 3(21) of such act, and the plan fiduciary is either a bank, an insurance company, or a registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million.

☐ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

☐ a corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that was not formed for the specific purpose of acquiring the Securities, and that has total assets in excess of $5 million.

☐ a trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

☐ an entity in which all of the equity owners are accredited investors and meet the criteria listed above.

EXHIBIT B

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF HANNON ARMSTRONG CAPITAL LLC

This Amended and Restated Limited Liability Company Agreement ("**Agreement**") of Hannon Armstrong Capital LLC (the "**LLC**"), effective as of April 23, 2013 (the "**Effective Date**"), is entered into by HA Merger Sub III LLC, as the sole member of the LLC (the "**Member**").

WHEREAS, the LLC was formed as a limited liability company on August 7, 2000 by filing Articles of Organization with the State Department of Assessments and Taxation of Maryland pursuant to and in accordance with the Maryland Limited Liability Company Act, as amended from time to time (the "**Act**");

WHEREAS, the Member, being the sole Member of the LLC, has determined that it is in the best interests of the LLC to amend and restate the LLC's Third Amended and Restated Operating Agreement, dated as of April 26, 2010, as amended, and that the membership in and management of the LLC shall now and hereafter be governed by the terms set forth herein.

NOW, THEREFORE, the Member agrees as follows:

1. **Name**. The name of the LLC is Hannon Armstrong Capital LLC.

2. **Purpose**. The purpose of the LLC is to engage in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto.

3. **Principal Office; Resident Agent**.

(a) **Principal Office**. The location of the principal office of the LLC in the State of Maryland shall be 1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401, or such other location as the Member may from time to time designate.

(b) **Resident Agent**. The name of the resident agent of the LLC in the State of Maryland is CSC-Lawyers Incorporating Service Company, located at 7 St. Paul Street, Suite 1660, Baltimore, MD 21202, or such other resident agent as the Member may from time to time designate.

4. **Members**.

(a) **Member**. The name and the business, residence or mailing address of the Member are as follows:

Name	Address
Hannon Armstrong Sustainable Infrastructure, L.P.	1906 Towne Centre Blvd, Suite 370, Annapolis, MD 21401

(b) **Additional Members**. One or more additional members may be admitted to the LLC with the consent of the Member. Prior to the admission of any such additional members to the LLC, the Member shall amend this Agreement to make such changes as the Member shall determine to reflect the fact that the LLC shall have such additional members. Each additional member shall execute and deliver a supplement or counterpart to this Agreement, as necessary.

(c) **Membership Interests; Certificates**. To the extent permitted by the Act, notwithstanding any showing that distributions under a charging order upon any economic interest of the LLC will not pay the amount owed to the creditor within a reasonable time, no economic interest in the LLC shall be subject to foreclosure. The LLC will not issue any certificates to evidence ownership of the membership interests.

5. **Management**.

(a) **Authority and Powers of the Member**. The Member shall have exclusive and complete authority and discretion to manage the operations and affairs of the LLC and to make all decisions regarding the business of the LLC. Any action taken by the Member shall constitute the act of and serve to bind the LLC. The Member shall have all rights and powers of a member under the Act, and shall have such authority, rights and powers in the management of the LLC to do any and all other acts and things necessary, proper, convenient or advisable to effectuate the purposes of this Agreement.

(b) **Duties and Obligations of Member**. To the maximum extent permitted under the Act, the only duties of the Member in its capacity as a member of the LLC, fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement in accordance with the duties of care and loyalty as set forth in this Section 5(b). Such duties are owed by the Member to the LLC and its members and shall not be enforceable otherwise than by the LLC or a member of the LLC. To the maximum extent permitted under the Act, the Member shall have no duties in its capacity as a member of the LLC, fiduciary or otherwise, to any individual or entity (each such individual or entity and the heirs, personal representatives, successors and assigns of such individual or entity, a "**Person**") other than the LLC and its members (including any creditor of the LLC or any such member, or any assignee of any interest in the LLC). No director, officer, member, manager, affiliate or agent of the Member shall have any duties directly to the LLC or any member of the LLC, or to any other Person (including any creditor of the LLC or any Member, or any assignee of any interest in the LLC).

(i) Duty of Care. The Member's duty of care is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violation of law in the discharge of its contractual obligations as expressly set forth in this Agreement. None of the Member or its agents or affiliates shall be expected to devote his, her or its full time to the performance of such duties.

(ii) Duty of Loyalty. The Member's duty of loyalty is limited to refraining from appropriating the property or assets of the LLC to the benefit of any other Person and without benefit to the LLC. An action of the Member, in its capacity as such, does not violate the Member's duty of loyalty solely because the Member's conduct also furthers the Member's own interests.

(c) **Election of Officers; Delegation of Authority**. The Member may, from time to time, designate one or more officers with such titles as may be designated by the Member to act in the name of the LLC with such authority as may be delegated to such officers by the Member (each such designated person, an "**Officer**"). Any such Officer shall act pursuant to such delegated authority until such Officer is removed by the Member. Any action taken by an Officer designated by the Member pursuant to authority delegated to such Officer shall constitute the act of and serve to bind the LLC. Persons dealing with the LLC are entitled to rely conclusively on the power and authority of any officer set forth in this Agreement and any instrument designating such officer and the authority delegated to him, her or it.

6. **Liability of Member; Indemnification**.

(a) **Liability of Member**. To the fullest extent permitted under the Act, the Member, whether acting as the Member, in its capacity as the manager of the LLC, or in any other capacity, shall not be liable for any debts, obligations or liabilities of the LLC or each other, whether arising in tort, contract or otherwise, solely by reason of being a Member.

(b) **Indemnification**. To the fullest extent permitted under the Act, the Member, its officers, its directors and any person acting on behalf of the Member (irrespective of the capacity in which it acts) shall be entitled to indemnification and advancement of expenses from the LLC for and against any loss, damage, claim or expense (including attorneys' fees) whatsoever incurred by the Member relating to or arising out of any act or omission or alleged acts or omissions (whether or not constituting negligence or gross negligence) performed or omitted by the Member on behalf of the LLC; **provided**, **however**, that any indemnity under this Section 6(b) shall be provided out of and to the extent of LLC assets only, and neither the Member nor any other person shall have any personal liability on account thereof.

7. **Term**. The term of the LLC shall be perpetual unless the LLC is dissolved and terminated in accordance with Section 11.

8. **Capital Contributions**. The Member shall not be required to contribute any additional capital to the LLC, and except as set forth in the Act, no Member shall have any personal liability for any obligations of the LLC. No Member shall be paid interest on its capital contributions.

9. **Tax Status; Income and Deductions**.

(a) **Tax Status**. As long as the LLC has only one member, it is the intention of the LLC and the Member that the LLC be treated as a disregarded entity for federal and all relevant state tax purposes and neither the LLC nor the Member shall take any action or make any election which is inconsistent with such tax treatment. All provisions of this Agreement are to be construed so as to preserve the LLC's tax status as a disregarded entity.

(b) **Income and Deductions**. All items of income, gain, loss, deduction and credit of the LLC (including, without limitation, items not subject to federal or state income tax) shall be treated for federal and all relevant state income tax purposes as items of income, gain, loss, deduction and credit of the Member.

10. **Distributions**. Distributions shall be made to the Member at the times and in the amounts determined by the Member.

11. **Dissolution; Liquidation**.

(a) The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member or (ii) any other event or circumstance giving rise to the dissolution of the LLC under the Act, unless the LLC's existence is continued pursuant to the Act.

(b) Upon dissolution of the LLC, the LLC shall immediately commence to wind up its affairs and the Member shall promptly liquidate the business of the LLC. During the period of the winding up of the affairs of the LLC, the rights and obligations of the Member under this Agreement shall continue.

(c) In the event of dissolution, the LLC shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the LLC in an orderly manner), and the assets of the LLC shall be applied as follows: (i) first, to creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the LLC (whether by payment or the making of reasonable provision for payment thereof); and (ii) thereafter, to the Member.

(d) Upon the completion of the winding up of the LLC, the Member shall file Articles of Dissolution in accordance with the Act.

12. **Miscellaneous**.

(a) **Amendments**. Amendments to this Agreement may be made only with the consent of the Member.

(b) **Governing Law**. This Agreement shall be governed by the laws of the State of Maryland.

(c) **Severability**. In the event that any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such provision shall survive to the extent it is not so declared, and the validity, legality and enforceability of the other provisions hereof shall not in any way be affected or impaired thereby, unless such action would substantially impair the benefits to any party of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first above written.

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: President and Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION OF JEFFREY W. ECKEL PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey W. Eckel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2013

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: Chairman, Chief Executive Officer and President

EXHIBIT 31.2

CERTIFICATION OF J. BRENDAN HERRON PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Brendan Herron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2013

By: /s/ J. Brendan Herron
Name: J. Brendan Herron
Title: Chief Financial Officer and Executive Vice President

EXHIBIT 32.1

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. Section 1350
as adopted pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Company"), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2013

By: /s/ Jeffrey W. Eckel
Name: Jeffrey W. Eckel
Title: Chairman, Chief Executive Officer and President

The undersigned, the Chief Financial Officer of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Company"), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2013

By: /s/ J. Brendan Herron
Name: J. Brendan Herron
Title: Chief Financial Officer and Executive Vice President

Pursuant to the Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.