
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 6, 2017

**HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE
CAPITAL, INC.**

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-35877
(Commission
File Number)

46-1347456
(IRS Employer
Identification No.)

**1906 Towne Centre Blvd, Suite 370 Annapolis,
Maryland 21401**
(Address of principal executive offices)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

On March 6, 2017, Hannon Armstrong Sustainable Infrastructure Capital, Inc. (“we,” “us,” “our” or the “Company”) filed a preliminary prospectus supplement relating to the offer and sale of shares of common stock (the “Offering”) pursuant to an effective registration statement on Form S-3 (333-215229). In contemplation of this Offering, we are filing this Current Report on Form 8-K to report the following:

First Quarter 2017 Update

From January 1, 2017 to March 3, 2017, we completed over \$250 million in transactions, including making a \$144 million investment in February 2017 to acquire over 4,000 acres of land that is leased under long-term contracts to over 20 individual solar projects. The projects which are part of the February land acquisition have aggregate capacity of over 690 megawatts direct current.

We financed a portion of the February land acquisition with an approximately \$100 million loan agreement, which Hannon Armstrong Capital, LLC, our operating subsidiary (the “Borrower”), entered into with Deutsche Bank AG (the “Loan Agreement”). The Loan Agreement is secured by the membership interests in the subsidiaries of the Borrower that own direct or indirect interests in the projects and all personal property of such subsidiaries. We anticipate entering into long-term nonrecourse debt in the same manner as we did with our HASI Sustainable Yield Bond 2015-1 prior to the Loan Agreement expiring in August 2017.

Residential Solar Portfolio Update

We have approximately \$289 million of loans which are supported by portfolios of residential solar leases, held in bankruptcy remote special purpose entities (“SPEs”) that are performing in line with our expectations. SunPower Corporation, who originated these consumer leases and who we rely on for certain limited indemnities, warranties and other obligations such as servicing the leases, recently announced that they are not in compliance, and do not expect to be in compliance for 2017, with a debt-to-EBITDA leverage covenant in one of their loan agreements, due in part to a restructuring they have undertaken as result of changes in the broader solar market. According to SunPower’s disclosure, they are not in default under this loan which has an outstanding balance of \$5 million that is cash collateralized. The SPEs, and not SunPower, are the source of repayment under our loans. SunPower’s obligations, as servicer, consist primarily of billing, monitoring payments by homeowners to a third-party lockbox and customer service.

In connection with the loans described above, we borrowed approximately \$248 million in nonrecourse debt that is secured by this residential solar portfolio. This nonrecourse debt included the same debt-to-EBITDA covenant referred to above to monitor changes in SunPower’s credit, as is typical for a servicer. As a result, our lenders are entitled to apply approximately \$1 million of the cash flow after payment of principal and interest to us each quarter to further reduce the principal balance on our loan. We continue to monitor the situation and anticipating having further discussions with our lenders and with SunPower but at the present time, do not anticipate any other impact.

Legal Opinions

Prior to and in contemplation of the Offering, we have received the legal opinions of Clifford Chance US LLP (the “Legal Opinion”) relating to the shares being legally issued, fully paid, and nonassessable when issued. A copy of the Legal Opinion, which is based on and subject to the qualifications and assumptions set forth therein, is attached to this Form 8-K as Exhibit 5.1. Prior to and in contemplation of the Offering, we have also received the tax opinion of Clifford Chance US LLP (the “Tax Opinion”) to the effect that (x) commencing with our taxable year ended December 31, 2013, we have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and our current and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and (y) the statements set forth or incorporated by reference in the prospectus used in the Offering under the caption “U.S. Federal Income Tax Considerations,” as modified and supplemented by the statements in the Company’s annual report on Form 10-K for the year ended December 31, 2016 (the “Form 10-K”) under the captions “Risks Related to Our Taxation as a REIT” and “U.S. Federal Income Tax Legislation,” are correct in all material respects. A copy of the Tax Opinion which is based on and subject to the additional limitations and qualifications disclosed therein, is attached to this Form 8-K as Exhibit 8.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
5.1	Opinion of Clifford Chance US LLP (including consent of such firm)
8.1	Tax Opinion of Clifford Chance US LLP (including consent of such firm)

SIGNATURES

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

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE
CAPITAL, INC.

By: /s/ Steven L. Chuslo

Name: Steven L. Chuslo

Title: Executive Vice President and General Counsel

Date: March 6, 2017

CLIFFORD CHANCE US LLP
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March 6, 2017

Hannon Armstrong Sustainable Infrastructure Capital Inc.
1906 Towne Centre Blvd
Suite 370
Annapolis, Maryland 21401

Ladies and Gentlemen:

We have acted as counsel to Hannon Armstrong Sustainable Infrastructure Capital Inc., a Maryland Corporation (the "Company"), in connection with a registration statement on Form S-3 (File No. 333-215229) (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). We are furnishing this letter to you in connection with the proposed offer and sale by the Company of 3,450,000 shares (which includes 450,000 shares which may be purchased pursuant to the Underwriters' option to purchase additional shares) of the Company's common stock, par value \$0.01 per share (the "Shares"), for issuance pursuant to an Underwriting Agreement (the "Underwriting Agreement"), expected to be entered into by and between the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and Morgan Stanley & Co. LLC, as representatives of the several underwriters expected to be named in Schedule A thereto (the "Underwriters").

In rendering the opinion expressed below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents, certificates and other instruments as in our judgment are necessary or appropriate. As to factual matters relevant to the opinion set forth below, we have, with your permission, relied upon certificates of officers of the Company and public officials.

Based on the foregoing, and such other examination of law as we have deemed necessary, we are of the opinion that following the (i) issuance of the Shares pursuant to the terms of the Underwriting Agreement and (ii) receipt by the Company of the consideration for the Shares specified in the resolutions of the board of directors and the pricing committee of the board of directors, the Shares will be legally issued, fully paid, and nonassessable.

The opinion set forth in this letter relates only to the Maryland General Corporation Law, and we express no opinion as to the laws of another jurisdiction and we assume no responsibility for the applicability or effect of the law of any other jurisdiction.

We consent to the filing of this opinion as Exhibit 5.1 to a Current Report on Form 8-K that shall be incorporated by reference into the Registration Statement and to the reference to us under the caption "Legal Matters" in the prospectus supplement which is a part of the Registration Statement. In giving this consent, we do not concede that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Clifford Chance US LLP

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March 6, 2017

Hannon Armstrong Sustainable Infrastructure Capital, Inc.
1906 Towne Centre Blvd.
Annapolis, Maryland 21401

Re: REIT Qualification of Hannon Armstrong Sustainable Infrastructure Capital, Inc.

Ladies and Gentlemen:

We have acted as counsel to Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), in connection with the Company's filing of a shelf registration statement on Form S-3 (No. 333- 215229) (the "Registration Statement") on December 21, 2016 and the filing of a prospectus (the "Prospectus") and a prospectus supplement on March 6, 2017 (together with any amendments thereto, the "Prospectus Supplement" and together the Prospectus Supplement and Registration Statement, the "Registration Statements") with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, as of the date hereof. Except as otherwise indicated, capitalized terms used in this opinion letter have the meanings given to them in the Registration Statement.

In rendering the opinions expressed herein, we have examined and, with your permission, relied on the following items:

1. the Articles of Amendment and Restatement of the Company;
2. the bylaws of the Company;
3. a Certificate of Representations, (the "Certificate of Representations") dated as of the date hereof, provided to us by the Company;
4. the Registration Statements;
5. the private letter ruling issued by the Internal Revenue Service (the "IRS") to the Company dated July 30, 2012 and released on June 7, 2013 (the "Ruling"); and
6. such other documents, records and instruments as we have deemed necessary in order to enable us to render the opinions referred to in this letter.

In our examination of the foregoing documents, we have assumed, with your consent, that (i) all documents reviewed by us are original documents, or true and accurate copies of original documents and have not been subsequently amended, (ii) the signatures of each original document are genuine, (iii) all factual representations and statements set forth in such documents are true and correct, (iv) all obligations imposed by any such documents on the parties thereto have been performed or satisfied in accordance with their terms, and (v) the Company at all times will operate in accordance with the method of operation described in its organizational documents, the Registration Statements and the Certificate of Representations. As of the date hereof, we are not aware of any facts inconsistent with the statements in the organizational documents, the Registration Statements or the Certificate of Representations.

For purposes of rendering the opinions stated below, we have assumed, with your consent, the accuracy of the factual representations contained in the Certificate of Representations provided to us by the Company, and that each such representation contained in such Certificate of Representations to the best of the Company's knowledge or belief is accurate and complete without regard to such qualification as to the best of such entity's knowledge or belief. These representations generally relate to the organization and proposed method of operation of the Company.

Based upon, subject to, and limited by the assumptions and qualifications set forth herein, including, without limitation, the discussion in the paragraphs below, we are of the opinion that:

1. Commencing with its taxable year ended December 31, 2013, the Company has been organized and operated in conformity with the requirements for qualification and taxation as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and its current and proposed method of operation as described in the Registration Statements and as set forth in the Certificate of Representations will enable the Company to continue to meet the requirements for qualification and taxation as a REIT under the Code; and

2. The statements in the Prospectus filed with the Prospectus Supplement under the caption "U.S. Federal Income Tax Considerations," as modified and supplemented by the statements in the Company's annual report on Form 10-K filed on February 24, 2017 under the captions "Risks Related to Our Taxation as a REIT" and "U.S. Federal Income Tax Legislation" and the Company's current report on Form 8-K filed on March 6, 2017 under the caption "Other Events," to the extent they purport to summarize or describe matters of law and legal conclusions, are correct in all material respects.

The opinions set forth in this letter are based on relevant provisions of the Code, Treasury Regulations promulgated thereunder, interpretations of the foregoing as expressed in court decisions, legislative history, and existing administrative rulings and practices of the IRS (including its practices and policies in issuing private letter rulings, which are not binding on the IRS except with respect to a taxpayer that receives such a ruling), all as of the date hereof. These provisions and interpretations are subject to change, which may or may not be retroactive in effect, and which may result in modifications of our opinions. Our opinions do not foreclose the possibility of a contrary determination by the IRS or a court of competent jurisdiction, or of a contrary determination by the

IRS or the Treasury Department in regulations or rulings issued in the future. In this regard, an opinion of counsel with respect to an issue represents counsel's best professional judgment with respect to the outcome on the merits with respect to such issue, if such issue were to be litigated, but an opinion is not binding on the IRS or the courts and is not a guarantee that the IRS will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the IRS.

In connection with such opinions, we note that a significant portion of the Company's assets consist of financing receivables that are secured by liens on structural improvements installed in buildings, and a significant portion of the Company's taxable income is interest income earned with respect to such financing receivables. On August 30, 2016, the Treasury Department and the IRS issued final regulations defining "real property" for purposes of the REIT asset tests (the "Real Property Regulations"). The Real Property Regulations apply to the Company with respect to its taxable years beginning after December 31, 2016. Among other things, the Real Property Regulations provide that an obligation secured by a structural component of a building or other inherently permanent structure qualifies as a real estate asset for REIT qualification purposes only if such obligation is also secured by a real property interest in the inherently permanent structure served by the structural component. The structural improvements securing the Company's financing receivables generally qualify as "fixtures" under local real property law, as well as under the Uniform Commercial Code (the "UCC"), which governs rights and obligations of parties in secured transactions. Although not controlling for REIT purposes, the general rule in the United States is that once improvements are permanently installed in real properties, such improvements become fixtures and thus take on the character of and are considered to be real property for certain state and local law purposes. In general, in the United States, laws governing fixtures, including the UCC and real property law, afford lenders who have secured their financings with security interests in fixtures with rights that extend not just to the fixtures that secure their financings, but also to the real properties in which such fixtures have been installed. By way of example only, Section 9-604(b) of the UCC, which has been adopted in all but two states in the United States, permits a lender secured by fixtures, upon a default, to enforce its rights under the UCC or under applicable real property laws. Although there is limited authority directly on point, given the nature of, and the extent to which the structural improvements securing the Company's financing receivables are integrated into and serve the related buildings, our opinion is based on our conclusion that the better view is that the nature and scope of the Company's rights in such buildings that inure to the Company as a result of the Company's financing receivables are sufficient to satisfy the requirements of the Real Property Regulations described above. In this regard, it should be noted that the Real Property Regulations do not define what is required for an obligation secured by a lien on a structural component to also be secured by a real property interest in the building served by such structural component. However, the initial proposed version of the Real Property Regulations, which never became effective, included a requirement that the interest in the real property held by a REIT be "equivalent" to the interest in a structural component held by the REIT in order for the structural component to be treated as a real estate asset. This requirement was ultimately not included in the final Real Property Regulations, in part in response to comments that such requirement may negatively affect investment in energy efficient and renewable energy assets. We believe the deletion of this requirement implies that under the final Real Property Regulations, the Company's rights in the building need not be equivalent to

the Company's rights in the structural components serving the building. Furthermore, real property law is typically relegated to the states and the specific rights available to any lien or mortgage holder, including the Company's rights as a fixture lien holder described above, may vary between jurisdictions as a result of a range of factors, including the specific local real property law requirements and judicial and regulatory interpretations of such laws, and the competing rights of mortgage and other lenders. While a number of cases have addressed the rights of fixture lien holders generally, there are limited judicial interpretations in only a few jurisdictions that directly address the rights and remedies available to a fixture lien holder in the real property in which the fixtures have been installed. Such rights have been addressed in some cases which support our conclusion and, in factual circumstances distinguishable from the Company's own, in some cases where the courts have found these rights to be more limited. The resolution of these issues in many jurisdictions therefore remains uncertain. As a result of the foregoing, no assurance can be given that the IRS will not challenge our conclusion that the Company's financing receivables meet the requirements of the Real Property Regulations or that, if challenged, such position would be sustained, in which case the Company would be required to pay a significant penalty tax or would fail to qualify as a REIT.

Prior to the issuance of the Real Property Regulations, the IRS issued to the Company the Ruling, which, based on the representations and assumptions contained therein, held that the Company's financing receivables qualify as real estate assets and the income from such financing receivables qualify as income from mortgages on real property for purposes of the REIT requirements. The preamble to the Real Property Regulations provides that, to the extent a private letter ruling issued prior to the issuance of the Real Property Regulations is inconsistent with the Real Property Regulations, the private letter ruling is revoked prospectively from the applicability date of the Real Property Regulations. We do not believe that the Ruling is inconsistent with the Real Property Regulations because we believe the analysis in the Ruling was based on similar principles as the relevant portions of the Real Property Regulations, and accordingly we do not believe that the Real Property Regulations impact the Company's ability to rely on the Ruling. However, no assurance can be given that the IRS could not successfully assert that the Company is not permitted to rely on the Ruling because the Ruling has been revoked by the Real Property Regulations.

The opinions set forth above represent our conclusions based upon the documents, facts, representations and assumptions referred to above. Any material amendments to such documents, changes in any significant facts or inaccuracy of such representations or assumptions could affect the opinions referred to herein. Moreover, the Company's qualification as a REIT depends upon the ability of the Company to meet for each taxable year, through actual annual operating results, requirements under the Code regarding gross income, assets, distributions and diversity of stock ownership. We have not undertaken to review the Company's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of the Company's operations for any single taxable year will satisfy the tests necessary to qualify as or be taxed as a REIT under the Code. In addition, the opinion set forth above does not foreclose the possibility that the Company may have to pay an excise or penalty tax, which could be significant in amount, in order to maintain its REIT qualification. Although we have made such inquiries and performed such investigations as we have deemed necessary to fulfill our professional

responsibilities as counsel, we have not undertaken an independent investigation of all of the facts referred to in this letter or the Certificate of Representations.

The opinions set forth in this letter are: (i) limited to those matters expressly covered and no opinion is expressed in respect of any other matter; (ii) as of the date hereof; and (iii) rendered by us at the request of the Company. We hereby consent to the filing of this opinion letter with the SEC as an exhibit to a Current Report on Form 8-K that shall be incorporated by reference into the Registration Statement and to the references therein to us. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the SEC promulgated thereunder.

Very truly yours,

/s/ Clifford Chance US LLP