



Fiscal Year 2019 Third Quarter

Earnings Presentation - February 5, 2019

Today's Speakers



Hartley Rogers
Chairman

Erik Hirsch
Vice Chairman

Randy Stilman
Chief Financial Officer

Karen Greene
Head of Investor Relations

Business Performance

- Total asset footprint (assets under management/advisement) reached approximately \$469 billion, growing 10% compared to December 31, 2017
- Assets under management and fee-earning assets under management were approximately \$59 billion and \$32 billion, respectively, as of December 31, 2018, increases of 17% and 9%, respectively, compared to December 31, 2017

Financial Results

<i>USD in millions except per share amounts</i>	Q3 FY19 QTD	Q3 FY19 YTD	vs. Q3 FY18 YTD
Management and advisory fees	\$55.6	\$159.8	9%
GAAP net income	\$5.5	\$25.5	564%
GAAP EPS	\$0.22	\$1.08	415%
Non-GAAP EPS ¹	\$0.62	\$1.55	48%
Fee Related Earnings ¹	\$22.6	\$65.8	5%
Adjusted EBITDA ¹	\$30.1	\$86.4	2%

- Hamilton Lane's effective tax rate dropped from 27.0% to 23.7% due to changes in our state income allocation which were finalized with the filing of the first full-year corporate income tax return for the public company. This has resulted in significant cash savings and will continue to do so on a go forward basis assuming no change to current tax law. The change has reduced Q3 GAAP EPS by 27 cents due to a one-time reduction of our deferred tax assets and tax receivable agreement ("TRA") liability more than offsetting the lower tax rate. Q3 Non-GAAP EPS increased by 18 cents due to the lower tax rate.

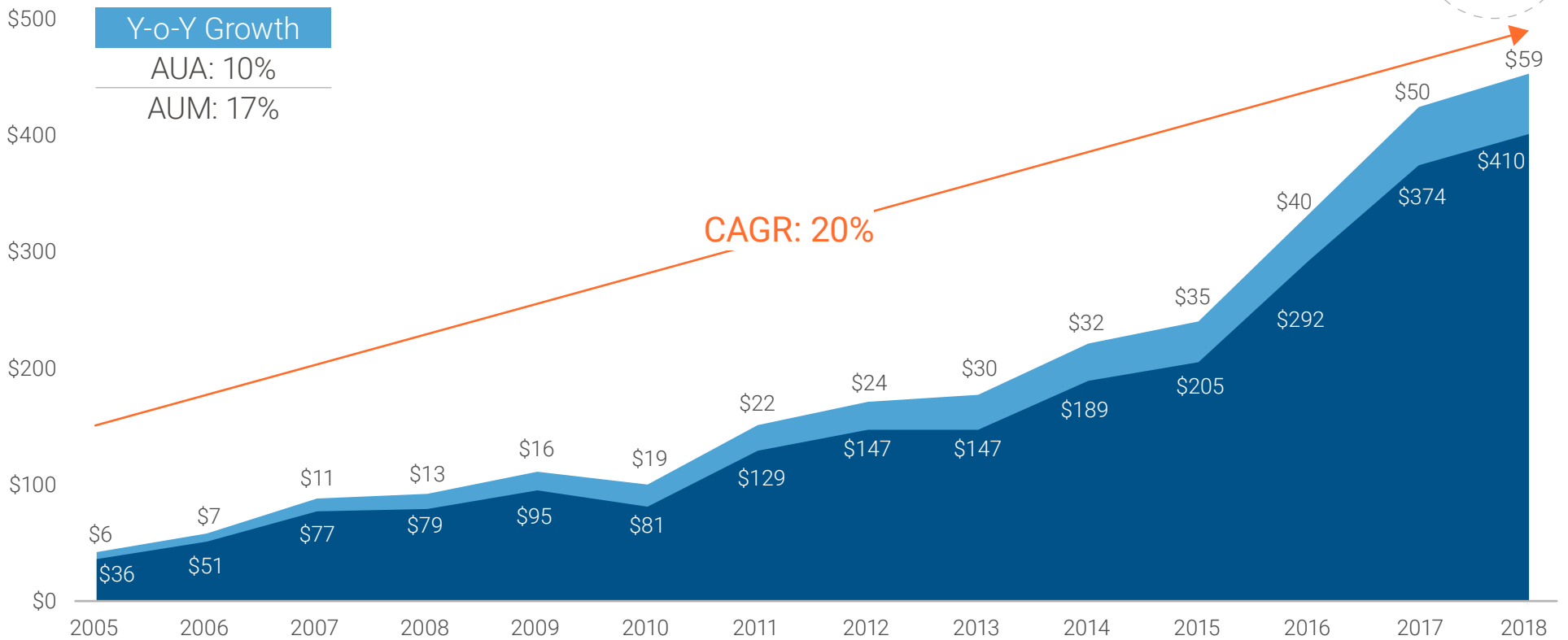
Dividend

- Declared a quarterly dividend of \$0.2125 per share of Class A common stock to record holders at the close of business on March 15, 2019

¹ Non-GAAP earnings per share, Fee Related Earnings and Adjusted EBITDA are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures, see pages 20 and 26 of this presentation.

Growing Asset Footprint & Influence

Total Assets Under Management/Advisement (\$B)¹



\$469B
AUM & AUA

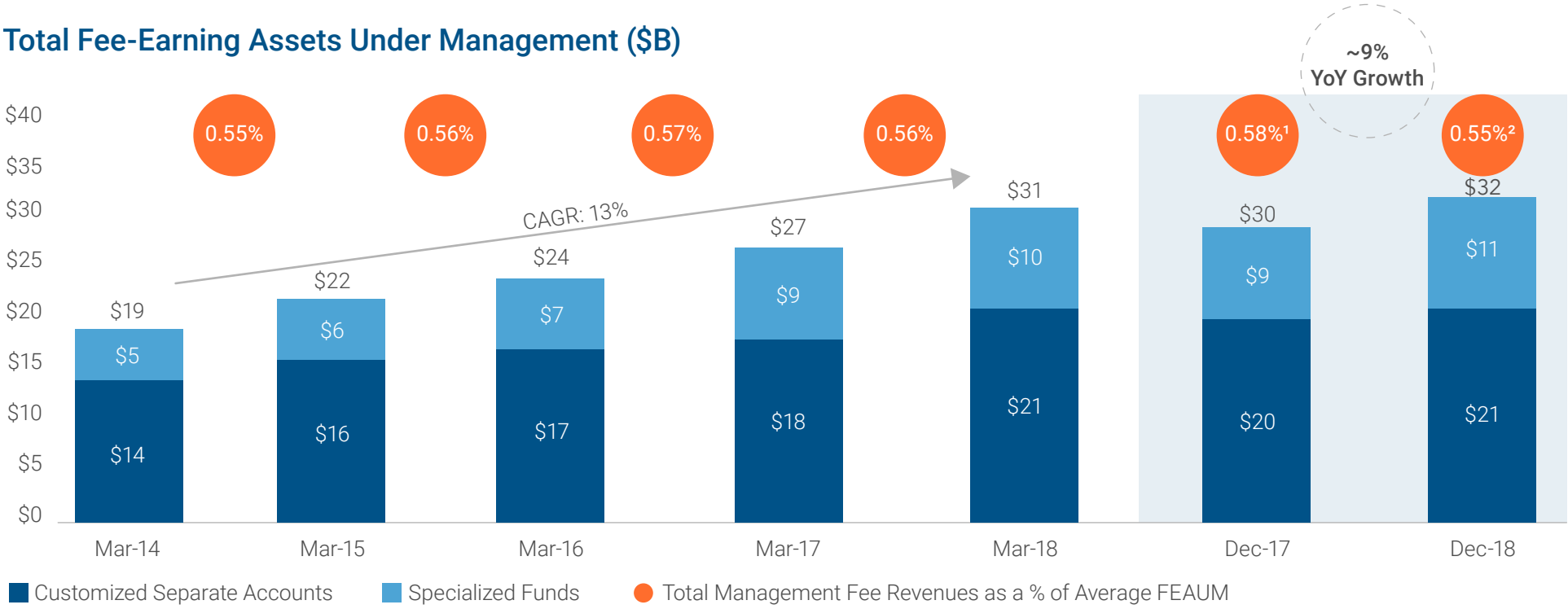
■ Total AUA ■ Total AUM

¹ Data as of calendar year end 12/31. Numbers may not tie due to rounding.

Fee-Earning AUM Driving Revenues

Fee-Earning AUM growth continues...

Total Fee-Earning Assets Under Management (\$B)



* Numbers may not tie due to rounding
¹ Reflects retroactive fees of \$5.8M from our latest secondary fund
² Reflects retroactive fees of \$1.1M from our latest co-investment fund

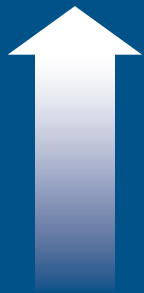
...and annual fee rates are stable

Y-o-Y Drivers of Growth

<p>Customized Separate Accounts:</p> <ul style="list-style-type: none"> • New client wins • Client re-ups 	<p>Specialized Funds:</p> <ul style="list-style-type: none"> • Closed credit-oriented fund (2018) • Fundraising co-investment, credit-oriented (2019) and fund-of-funds products
--	---

AUM

Customized Separate Accounts



Diverse mix of existing and prospective clients seeking to further or establish relationship with Hamilton Lane

Specialized Funds



Select funds in market:

- Co-investment fund
- Credit-oriented fund
- Fund-of-funds

AUA

Advisory Services



Typically larger clients with wide-ranging mandates which include technology-driven reporting, monitoring and analytics services, and consulting services; opportunity set continues to be robust

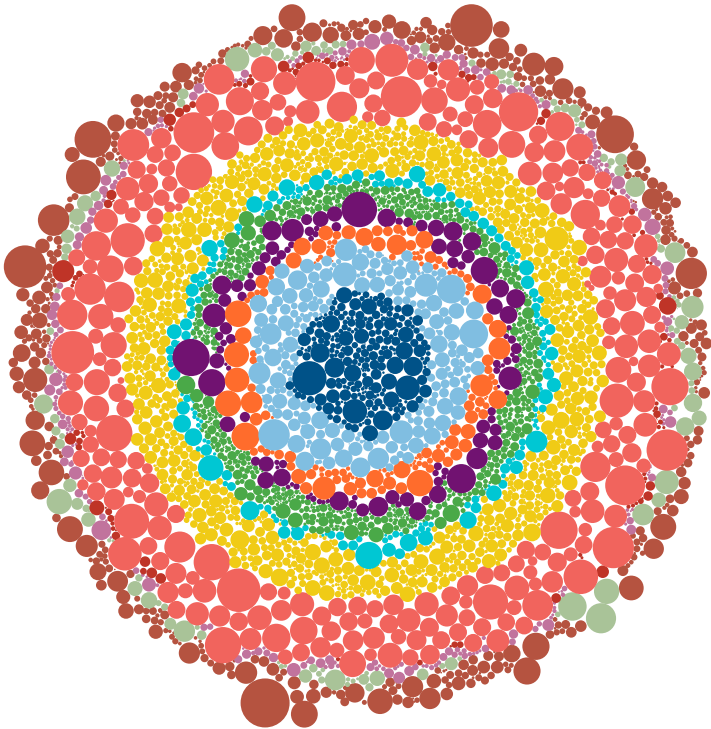
- +70% of our gross contributions during the last 12 months came from existing clients

- FEAUM added during Q3 FY19:
 - Co-Investment fund: \$120M
 - Credit-oriented fund (2018): \$90M
 - Private equity fund-of-funds: \$45M
- Fund closing subsequent to 12/31/18:
 - Private equity fund-of-funds: \$30M

- \$36B in AUA added compared to prior year period

Hamilton Lane Fund Data

By Strategy

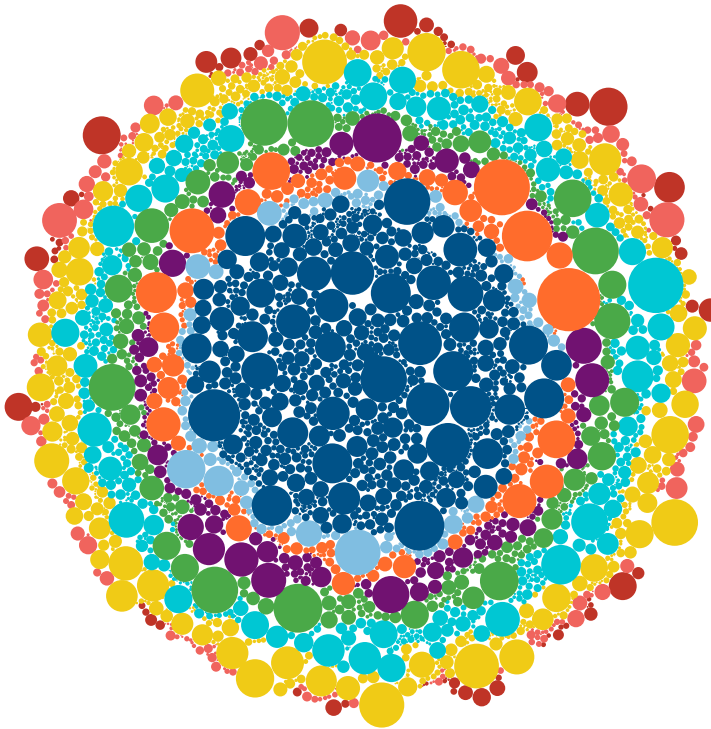


- Origination
- Infrastructure
- SMID Buyout
- Fund-of-Funds
- Distressed
- Venture Capital
- Mega/Large Buyout
- Secondaries
- Natural Resources
- Growth Equity
- Co-Investment
- Real Estate

Source: Hamilton Lane Data (July 2018)

Hamilton Lane Portfolio Company Data

By Sector



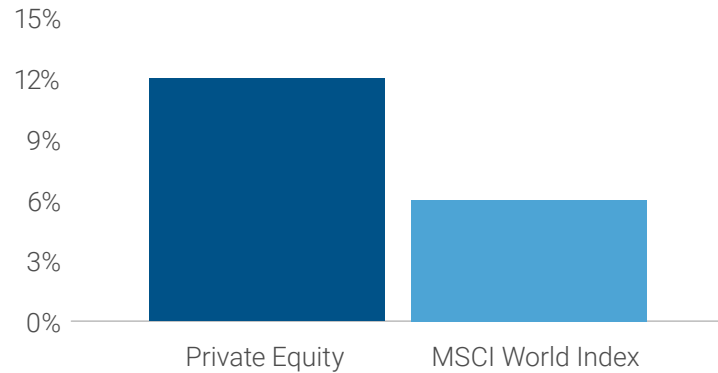
- Consumer Discretionary
- Financials
- IT
- Consumer Staples
- Healthcare
- Materials
- Energy & Utilities
- Industrials
- Telecom

Source: Hamilton Lane Data (July 2018)

Continued Outperformance

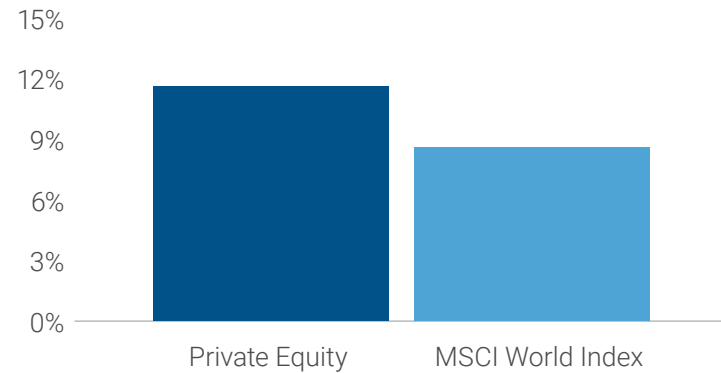
20-Year Asset Class Risk-Adjusted Performance

Annualized Time-Weighted Return as of 9/30/2018



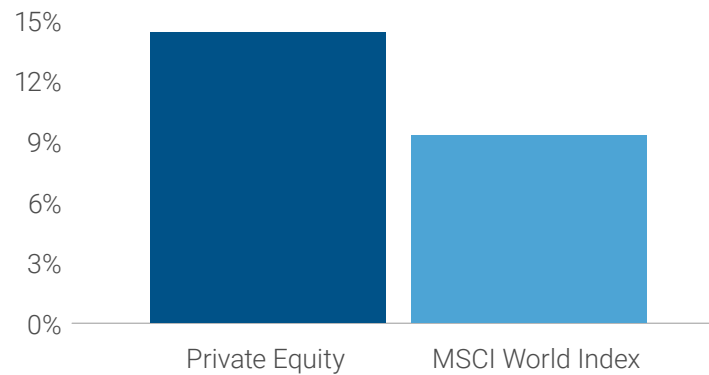
10-Year Asset Class Risk-Adjusted Performance

Annualized Time-Weighted Return as of 9/30/2018



5-Year Asset Class Risk-Adjusted Performance

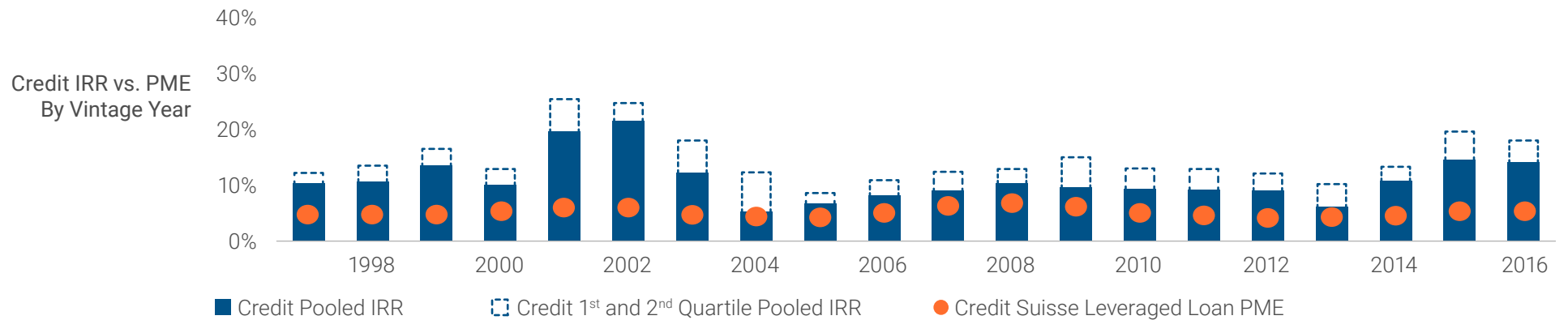
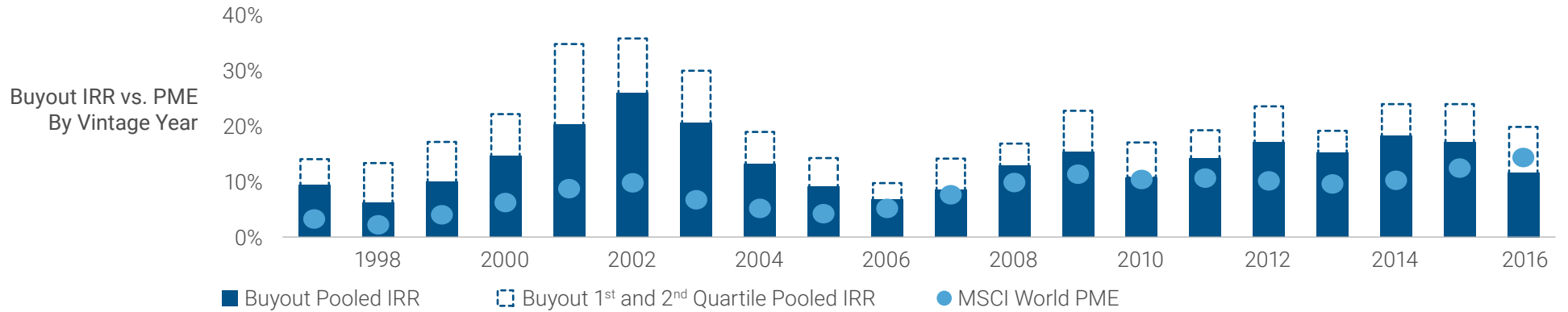
Annualized Time-Weighted Return as of 9/30/2018



Indices used: Hamilton Lane All Private Equity ex. Credit and Real Assets with volatility desmoothed; S&P 500 Index; Russell 3000 Index; MSCI World Index; HFRI Composite Index; Hamilton Lane Private Credit with volatility desmoothed; Credit Suisse High Yield Index; Barclays Aggregate Bond Index; Hamilton Lane Private Real Estate with volatility desmoothed; Hamilton Lane Private Real Assets with volatility desmoothed; FTSE/NAREIT Equity REIT Index; S&P Global Infrastructure Index; MSCI World Energy Sector Index. Geometric mean returns in USD. Assumes risk free rate of 3.6%, representing the average yield of the ten-year treasury over the last twenty years. Source: Hamilton Lane Data, Bloomberg (September 2018)

Vintage Year Performance

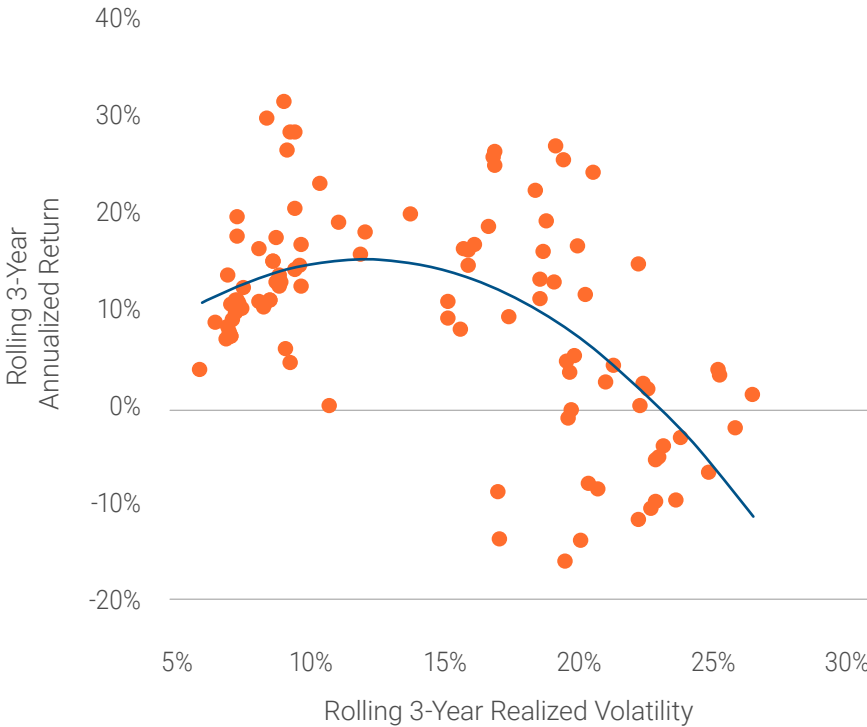
Pooled Returns by Vintage Year



Source: Hamilton Lane Data, Bloomberg (July 2018)

Russell 3000 Performance vs. Volatility

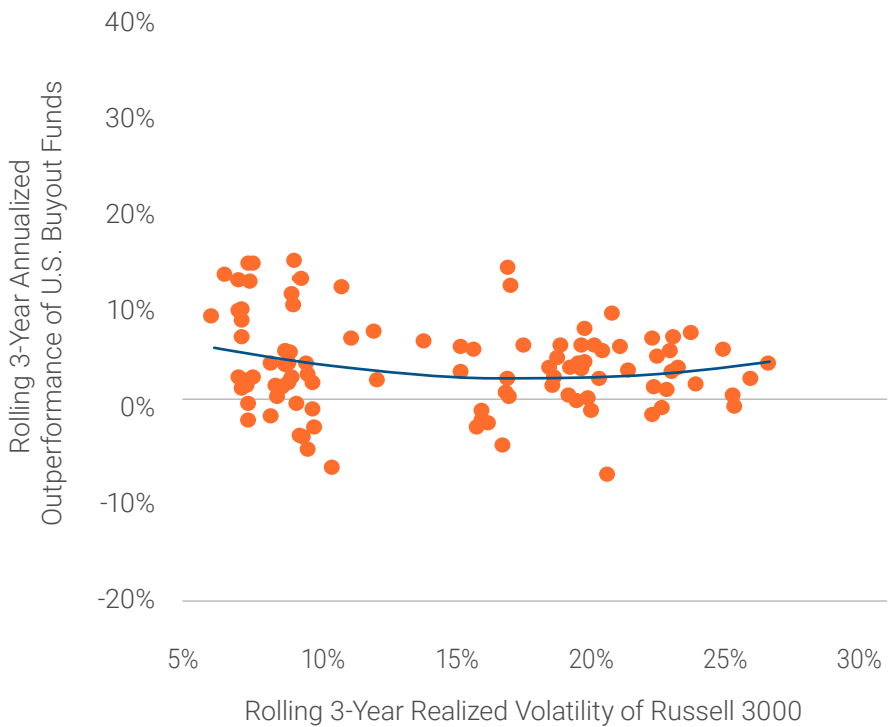
1990-2018



Note: Return and volatility calculated for rolling three-year periods based on quarterly total returns. Source: Hamilton Lane Data via Cobalt, Bloomberg (September 2018)

U.S. Buyout Outperformance vs. Russell 3000 Volatility

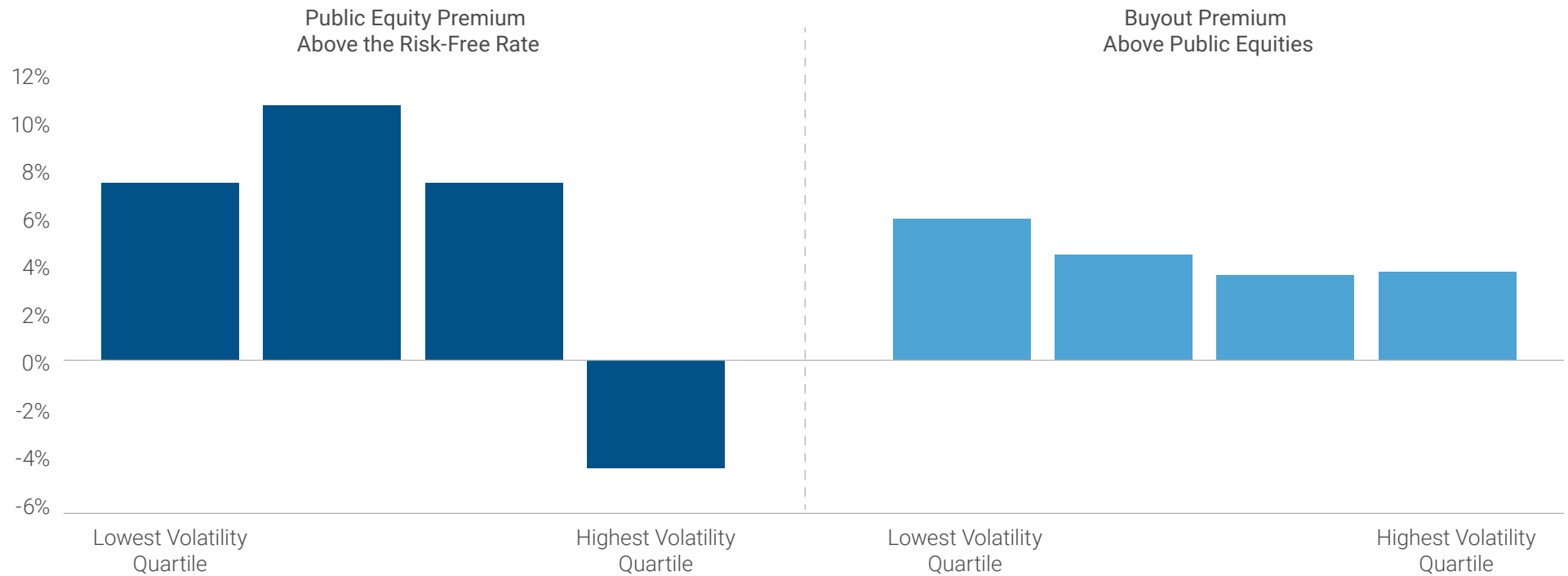
1990-2018



Note: Return and volatility calculated for rolling three-year periods based on quarterly total returns. U.S. Buyout fund returns net of fees. Source: Hamilton Lane Data via Cobalt, Bloomberg (September 2018)

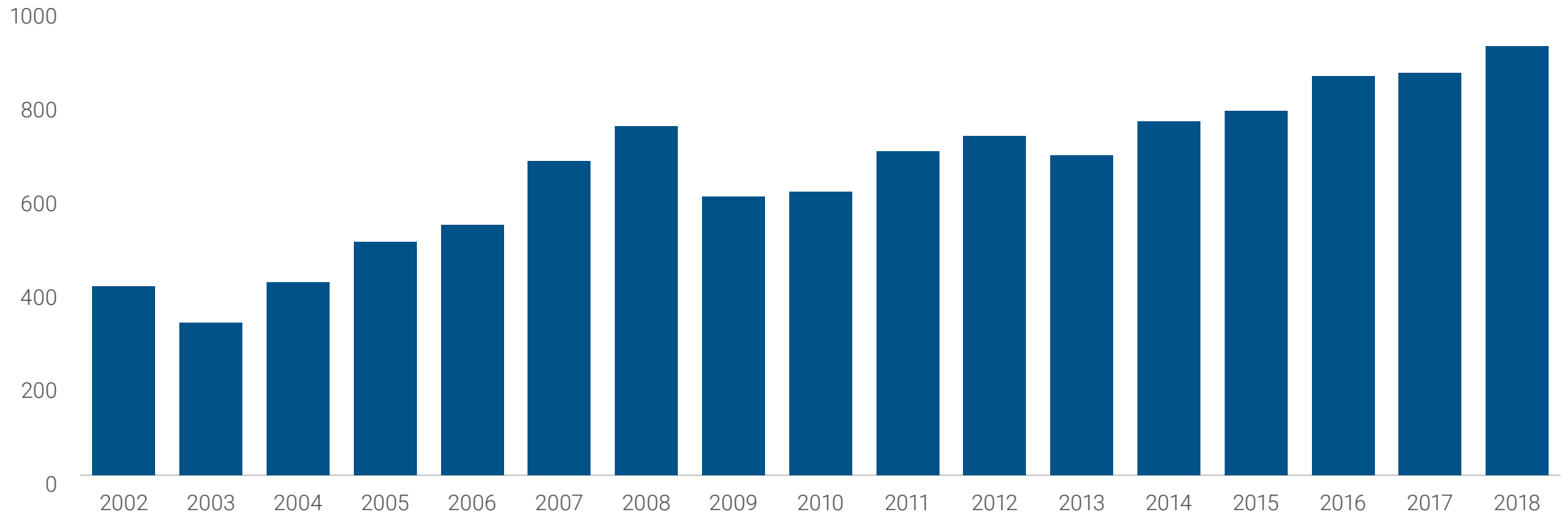
Risk Premiums & Volatility Regimes

Based on Rolling 3-Year Periods 1990–2018



Source: Hamilton Lane Data via Cobalt, Bloomberg (September 2018)

PPMs Received by Hamilton Lane



Source: Hamilton Lane Diligence (February 2019)

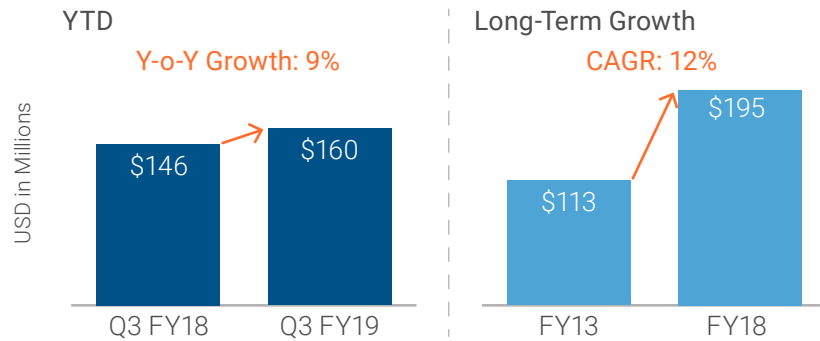


Financial Highlights

Consolidated Revenue

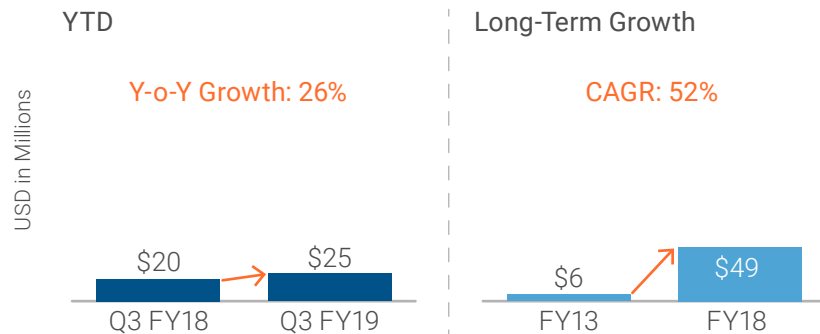
Strong revenue growth across management and advisory fees and incentive fees

Management and Advisory Fees



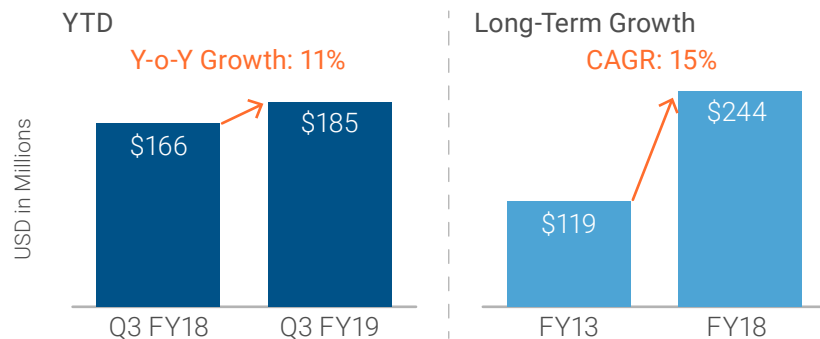
- Represented an average of 90% of total revenues over the past five fiscal years
- Y-o-Y increase of 9%
- \$0.9M in retroactive fees from our latest co-investment fund in the quarter

Incentive Fees



- Incentive fees derived from a highly diversified pool of assets and funds
- Allocated carried interest of \$355M as of 12/31/18 diversified across +3,000 assets and +50 funds
- Y-o-Y growth in incentive fees driven by \$4.9M increase from customized separate accounts
- \$2.5M of deferred carried interest from Co-Investment Fund II recognized in Q1 FY19

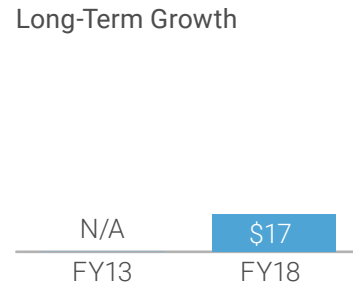
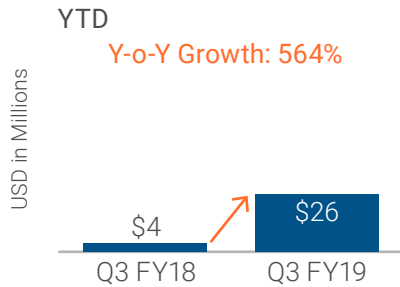
Total Revenues



- Total revenues increased by 11%, driven by incentive fee growth and recurring management and advisory fee growth across core offerings

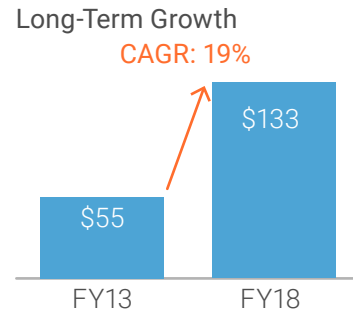
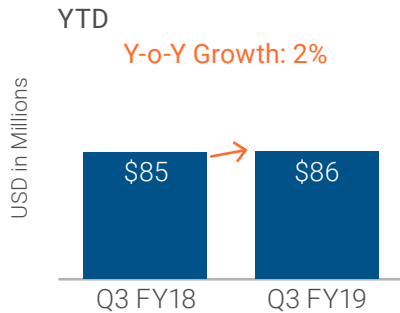
Profitability stable and growing

Net Income Attributable to HLI



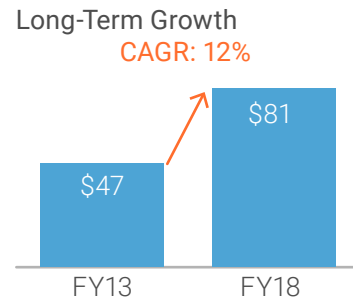
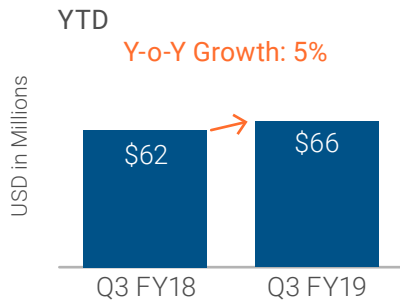
- \$5M in net income attributable to HLI for the quarter

Adjusted EBITDA¹



- Y-o-Y growth of 2%
- Margins decreased Y-o-Y due to deferred carry recognition without corresponding expense in the prior year period

Fee Related Earnings¹

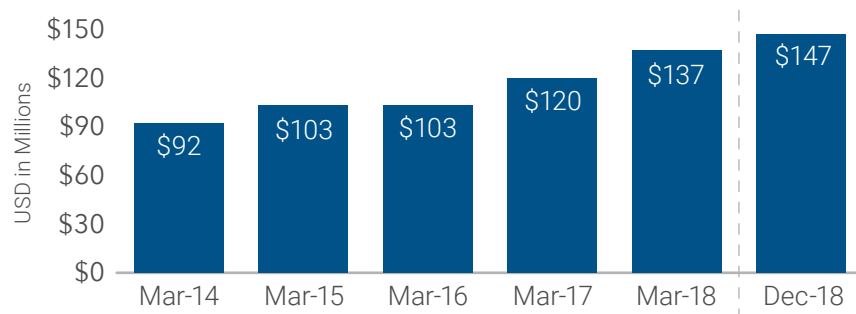


- Y-o-Y growth of 5%
- Long-term double digit growth in Fee Related Earnings

¹ Adjusted EBITDA and Fee Related-Earnings are non-GAAP financial measures. For a reconciliation from GAAP financial measures to non-GAAP financial measures, see pages 20 and 26 of this presentation.

Strong balance sheet with investments in our own products and a modest amount of leverage...

Investments



- For 12/31/18, the total investment balance consisted of ~\$135M in equity method investments in our funds and ~\$12M in technology-related and other investments

Gross Leverage Profile¹



- Principal amount of debt outstanding of \$72.2M as of 12/31/18

¹ Ratio of principal amount of debt outstanding to trailing twelve months Adjusted EBITDA. See page 27 for additional detail on calculation of gross leverage ratio.



Fiscal Year 2019 Third Quarter

Earnings Presentation - February 5, 2019



Appendix



Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2017	2018	% Change	2017	2018	% Change
<i>(Dollars in thousands except share and per share amounts)</i>						
Revenues						
Management and advisory fees	\$48,344	\$55,617	15%	\$146,326	\$159,844	9%
Incentive fees	16,670	10,379	(38)%	20,098	25,347	26%
Total revenues	65,014	65,996	2%	166,424	185,191	11%
Expenses						
Compensation and benefits	20,006	23,843	19%	60,247	73,236	22%
General, administrative and other	10,704	13,916	30%	27,586	36,659	33%
Total expenses	30,710	37,759	23%	87,833	109,895	25%
Other income (expense)						
Equity in income of investees	2,895	4,934	70%	13,066	10,096	(23)%
Interest expense	(664)	(767)	16%	(5,282)	(2,260)	(57)%
Interest income	67	82	22%	472	167	(65)%
Other non-operating income	4,188	8,892	112%	4,169	20,951	403%
Total other income	6,486	13,141	103%	12,425	28,954	133%
Income before income taxes	40,790	41,378	1%	91,016	104,250	15%
Income tax expense	22,957	18,463	(20)%	29,337	25,660	(13)%
Net income	17,833	22,915	28%	61,679	78,590	27%
Less: Income attributable to non-controlling interests in general partnerships	768	681	(11)%	1,750	1,075	(39)%
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	23,374	16,776	(28)%	56,086	51,990	(7)%
Net income (loss) attributable to Hamilton Lane Incorporated	\$(6,309)	\$5,458	N/A	\$3,843	\$25,525	564%
Basic earnings (loss) per share of Class A common stock	\$(0.35)	\$0.22		\$0.21	\$1.09	
Diluted earnings (loss) per share of Class A common stock	\$(0.35)	\$0.22		\$0.21	\$1.08	
Weighted-average shares of Class A common stock outstanding - basic	18,126,532	25,051,094		18,075,035	23,329,134	
Weighted-average shares of Class A common stock outstanding - diluted	18,126,532	25,574,818		18,703,650	23,870,617	

Non-GAAP Financial Measures

(Dollars in thousands except share and per share amounts)	Three Months Ended December 31,			Nine Months Ended December 31,		
	2017	2018	% Change	2017	2018	% Change
Adjusted EBITDA						
Management and advisory fees	\$48,344	\$55,617	15%	\$146,326	\$159,844	9%
Total expenses	30,710	37,759	23%	87,833	109,895	25%
Less:						
Incentive fee related compensation ¹	(1,027)	(4,746)	362%	(2,709)	(10,716)	296%
Contingent compensation related to acquisition	(771)	-	(100)%	(1,198)	(5,100)	326%
Management fee related expenses	28,912	33,013	14%	83,926	94,079	12%
Fee Related Earnings	\$19,432	\$22,604	16%	\$62,400	\$65,765	5%
Incentive fees ²	16,670	10,379	(38)%	20,098	25,347	26%
Incentive fees attributable to non-controlling interests ²	(834)	(387)	(54)%	(834)	(651)	(22)%
Incentive fee related compensation ¹	(1,027)	(4,746)	362%	(2,709)	(10,716)	296%
Interest income	67	82	22%	472	167	(65)%
Equity-based compensation	1,284	1,594	24%	4,272	4,778	12%
Depreciation and amortization	486	619	27%	1,396	1,759	26%
Adjusted EBITDA	\$36,078	\$30,145	(16)%	\$85,095	\$86,449	2%
Adjusted EBITDA margin	55%	46%		51%	47%	
Non-GAAP earnings per share reconciliation						
Net income (loss) attributable to Hamilton Lane Incorporated³	\$(6,309)	\$5,458	N/A	\$3,843	\$25,525	564%
Income (loss) attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	23,374	16,776	(28)%	56,086	51,990	(7)%
Income tax expense	22,957	18,463	(20)%	29,337	25,660	(13)%
Write-off of deferred financing costs ⁴	-	-	N/A	2,544	-	(100)%
Impact of Tax Act on TRA liability ⁵	(4,186)	-	(100)%	(4,186)	-	(100)%
Impact of Tax Act on IPO related compensation ⁶	(669)	-	(100)%	(669)	-	(100)%
Contingent compensation related to acquisition	771	-	(100)%	1,198	5,100	326%
Adjusted pre-tax net income	35,938	40,697	13%	88,153	108,275	23%
Adjusted income taxes ⁷	(11,450)	(7,408)	(35)%	(32,185)	(25,661)	(20)%
Adjusted net income	\$24,488	\$33,289	36%	\$55,968	\$82,614	48%
Adjusted shares outstanding⁸	53,316,965	53,394,748		53,142,319	53,401,775	
Non-GAAP earnings per share	\$0.46	\$0.62	35%	\$1.05	\$1.55	48%

¹ Incentive fee related compensation includes incentive fee compensation expense, bonus and other revenue sharing related to carried interest that is classified as base compensation. Incentive fee related compensation for the nine months ended December 31, 2018 and 2017 excludes compensation expenses related to the recognition of incentive fees included in net income from one of our co-investment funds of \$2.5 million and \$13.7 million, respectively, as the related incentive fee compensation was recognized in fiscal 2016.

² Incentive fees for the nine months ended December 31, 2018 includes \$3.2 million of non-cash carried interest. Of the \$3.2 million, \$2.5 million is included in net income and \$0.7 million is attributable to non-controlling interests. Incentive fees for the nine months ended December 31, 2017 includes \$14.6 million of non-cash carried interest. Of the \$14.6 million, \$13.7 million is included in net income and \$0.8 million is attributable to non-controlling interests.

³ The Company recorded gains due to decreases in the TRA liability from provision to return adjustments primarily related to state income tax apportionment of \$9.1 million and \$0.1 million for the nine months ended December 31, 2018 and 2017, respectively. These amounts are included in adjusted net income as recurring items.

⁴ Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility in the prior year period.

⁵ Represents gain recorded as a result of re-measurement due to lower federal tax rates. The gain was recorded to other non-operating income in the Condensed Consolidated Statements of Income.

⁶ Represents reduction in expense due to the impact of tax rate changes on the \$1.9 million expense accrued in fiscal 2017 to induce members of HLA to exchange their HLA units for HLI common stock in connection with the corporate reorganization effected at the time of our initial public offering.

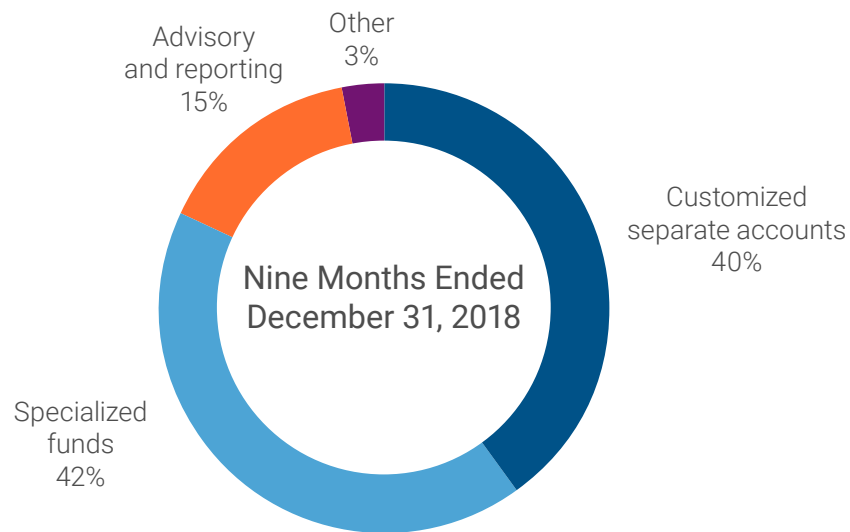
⁷ Represents corporate income taxes at our estimated statutory tax rate of 23.7% for the nine month period ended December 31, 2018 and 36.5% for the nine month period ended December 31, 2017 applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. The 36.5% was based on a federal tax statutory rate of 35.0% for 275 days and 21.0% for 90 days and a combined state income tax rate net of federal benefits of 5.0%.

⁸ Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

Management and Advisory Fees

(Dollars in thousands)

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2017	2018	% Change	2017	2018	% Change
Management and advisory fees						
Customized separate accounts	\$19,860	\$21,595	9%	\$58,253	\$63,087	8%
Specialized funds	19,132	23,413	22%	63,582	67,164	6%
Advisory and reporting	7,479	8,186	9%	20,958	24,660	18%
Distribution management	1,873	1,975	5%	3,533	3,773	7%
Fund reimbursement revenue	-	448	N/A	-	1,160	N/A
Total management and advisory fees	\$48,344	\$55,617	15%	\$146,326	\$159,844	9%



Incentive Fees

<i>(Dollars in thousands)</i>	Three Months Ended December 31,			Nine Months Ended December 31,		
	2017	2018	% Change	2017	2018	% Change
Incentive fees						
Secondary Fund II	\$1,124	\$741	(34)%	\$2,239	\$1,324	(41)%
Co-investment Fund II	14,579	8,618	(41)%	14,579	14,959	3%
Other specialized funds	868	867	0%	862	1,753	103%
Customized separate accounts	99	152	54%	2,418	7,311	202%
Incentive fees	\$16,670	\$10,379	(38)%	\$20,098	\$25,347	26%

	As of				
	December 31, 2017	September 30, 2018	December 31, 2018	YoY % Change	QoQ % Change
Allocated carried interest					
Secondary Fund II	\$6,031	\$5,698	\$4,838	(20)%	(15)%
Secondary Fund III	34,158	38,278	39,066	14%	2%
Secondary Fund IV	11,815	24,922	31,033	163%	25%
Co-investment Fund II	94,385	66,932	62,361	(34)%	(7)%
Co-investment Fund III	29,978	45,001	49,520	65%	10%
Other specialized funds	26,641	37,392	47,375	78%	27%
Customized separate accounts	97,519	114,458	121,275	24%	6%
Total allocated carried interest	\$300,527	\$332,681	\$355,468	18%	7%

Assets Under Management

<i>(Dollars in millions)</i>	December 31, 2017	September 30, 2018	December 31, 2018	YoY % Change	QoQ % Change
Assets under management / advisement					
Assets under management	\$50,295	\$58,092	\$58,840	17%	1%
Assets under advisement	374,132	394,083	409,924	10%	4%
Total assets under management / advisement	\$424,427	\$452,175	\$468,764	10%	4%
Fee-earning assets under management					
Customized separate accounts					
Balance, beginning of period	\$19,721	\$20,209	\$20,832	6%	3%
Contributions	783	999	933	19%	(7)%
Distributions	(443)	(267)	(536)	21%	101%
Foreign exchange, market value and other	322	(109)	(18)	(106)%	(83)%
Balance, end of period	\$20,383	\$20,832	\$21,211	4%	2%
Specialized funds					
Balance, beginning of period	\$9,439	\$10,333	\$10,773	14%	4%
Contributions	240	547	359	50%	(34)%
Distributions	(401)	(101)	(110)	(73)%	9%
Foreign exchange, market value and other	(4)	(6)	1	N/A	N/A
Balance, end of period	\$9,274	\$10,773	\$11,023	19%	2%
Total					
Balance, beginning of period	\$29,160	\$30,542	\$31,605	8%	3%
Contributions	1,023	1,546	1,292	26%	(16)%
Distributions	(844)	(368)	(646)	(23)%	76%
Foreign exchange, market value and other	318	(115)	(17)	(106)%	(84)%
Balance, end of period	\$29,657	\$31,605	\$32,234	9%	2%

Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands except share and per share amounts)

	March 31, 2018	December 31, 2018
Assets		
Cash and cash equivalents	\$47,596	\$78,941
Restricted cash	1,787	2,200
Fees receivable	14,924	16,963
Prepaid expenses	2,301	2,368
Due from related parties	3,236	2,508
Furniture, fixtures and equipment, net	4,782	8,125
Investments	137,253	147,411
Deferred income taxes	73,381	95,006
Other assets	8,535	10,330
Total assets	\$293,795	\$363,852
Liabilities and Equity		
Accounts payable	\$1,700	\$2,445
Accrued compensation and benefits	8,092	32,798
Deferred incentive fee revenue	6,245	3,704
Debt	84,162	71,878
Accrued members' distributions	11,837	8,206
Payable to related parties pursuant to tax receivable agreement	34,133	58,378
Dividends payable	3,893	5,325
Other liabilities	7,659	7,987
Total liabilities	157,721	190,721
Preferred stock, \$0.001 par value, 10,000,000 authorized, none issued	-	-
Class A common stock, \$0.001 par value, 300,000,000 authorized; 25,915,770 and 23,139,476 issued and outstanding as of December 31, 2018 and March 31, 2018, respectively	22	26
Class B common stock, \$0.001 par value, 50,000,000 authorized; 24,228,382 and 25,700,068 issued and outstanding as of December 31, 2018 and March 31, 2018, respectively	26	24
Accumulated other comprehensive income	-	11
Additional paid-in-capital	73,829	88,234
Retained earnings	4,549	15,311
Total Hamilton Lane Incorporated stockholders' equity	78,426	103,606
Non-controlling interests in general partnerships	7,266	6,554
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	50,382	62,971
Total equity	136,074	173,131
Total liabilities and equity	\$293,795	\$363,852

Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>(Dollars in thousands)</i>	Nine Months Ended December 31,	
	2017	2018
Operating activities		
Net income	\$61,679	\$78,590
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,396	1,759
Change in deferred income taxes	22,913	18,945
Change in payable to related parties pursuant to tax receivable agreement	(4,298)	(9,134)
Amortization of deferred financing costs	153	41
Write-off of deferred financing costs	1,657	-
Equity-based compensation	4,272	4,777
Equity in income of investees	(13,066)	(10,096)
Gain on sale of investments	-	(11,133)
Proceeds received from investments	11,337	11,652
Changes in operating assets and liabilities	8,271	22,031
Other unrealized gains	-	(589)
Other	1,030	66
Net cash provided by operating activities	\$95,344	\$106,909
Investing activities		
Purchase of furniture, fixtures and equipment	\$(1,152)	\$(4,758)
Proceeds from sales of other investments	-	22,531
Cash paid for acquisition of business	(5,228)	-
Loan to investee	-	(944)
Distributions received from investments	10,792	8,166
Contributions to investments	(19,609)	(30,642)
Net cash used in investing activities	\$(15,197)	\$(5,647)
Financing activities		
Proceeds from offering	\$0	\$129,626
Purchase of membership interests	-	(129,626)
Repayments of debt	(86,569)	(12,325)
Borrowings of debt, net of deferred financing costs	85,066	-
Contributions from non-controlling interest in general partnerships	231	30
Distributions to non-controlling interest in general partnerships	(3,519)	(1,817)
Repurchase of Class B common stock	-	(2)
Repurchase of Class A shares for employee tax withholding	(680)	(174)
Proceeds received from option exercises	313	-
Dividends paid	(6,340)	(13,351)
Members' distributions	(32,320)	(41,878)
Net cash used in financing activities	\$(43,818)	\$(69,517)
Effect of exchange rate changes on cash and cash equivalents	-	13
Increase in cash, cash equivalents, and restricted cash	36,329	31,758
Cash, cash equivalents, and restricted cash at beginning of the period	34,135	49,383
Cash, cash equivalents, and restricted cash at end of the period	\$70,464	\$81,141

Non-GAAP Reconciliation

Reconciliation from Net Income

(Dollars in thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2017	2018	2017	2018
Net income (loss) attributable to Hamilton Lane Incorporated	\$(6,309)	\$5,458	\$3,843	\$25,525
Income attributable to non-controlling interests in general partnerships	768	681	1,750	1,075
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	23,374	16,776	56,086	51,990
Incentive fees ¹	(16,670)	(10,379)	(20,098)	(25,347)
Incentive fee related compensation ²	1,027	4,746	2,709	10,716
Interest income	(67)	(82)	(472)	(167)
Interest expense	664	767	5,282	2,260
Income tax expense	22,957	18,463	29,337	25,660
Equity in income of investees	(2,895)	(4,934)	(13,066)	(10,096)
Contingent compensation related to acquisition	771	-	1,198	5,100
Other non-operating income	(4,188)	(8,892)	(4,169)	(20,951)
Fee Related Earnings	\$19,432	\$22,604	\$62,400	\$65,765
Depreciation and amortization	486	619	1,396	1,759
Equity-based compensation	1,284	1,594	4,272	4,778
Incentive fees ¹	16,670	10,379	20,098	25,347
Incentive fees attributable to non-controlling interests ¹	(834)	(387)	(834)	(651)
Incentive fee related compensation ²	(1,027)	(4,746)	(2,709)	(10,716)
Interest income	67	82	472	167
Adjusted EBITDA	\$36,078	\$30,145	\$85,095	\$86,449
Non-GAAP earnings per share reconciliation				
Net (loss) income attributable to Hamilton Lane Incorporated³	\$(6,309)	\$5,458	\$3,843	\$25,525
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	23,374	16,776	56,086	51,990
Income tax expense	22,957	18,463	29,337	25,660
Write-off of deferred financing costs ⁴	-	-	2,544	-
Impact of Tax Act on TRA liability ⁵	(4,186)	-	(4,186)	-
Impact of Tax Act on IPO related compensation ⁶	(669)	-	(669)	-
Contingent compensation related to acquisition	771	-	1,198	5,100
Adjusted pre-tax net income	35,938	40,697	88,153	108,275
Adjusted income taxes ⁷	(11,450)	(7,408)	(32,185)	(25,661)
Adjusted net income	\$24,488	\$33,289	\$55,968	\$82,614
Weighted-average shares of Class A common stock outstanding - diluted	18,126,532	25,574,818	18,703,650	23,870,617
Exchange of Class B and Class C units in HLA ⁸	34,438,669	27,819,930	34,438,669	29,531,158
Restricted stock excluded from diluted share count	751,764	-	-	-
Adjusted shares outstanding	53,316,965	53,394,748	53,142,319	53,401,775
Non-GAAP earnings per share	\$0.46	\$0.62	\$1.05	\$1.55

¹ Incentive fees for the nine months ended December 31, 2018 includes \$3.2 million of non-cash carried interest. Of the \$3.2 million, \$2.5 million is included in net income and \$0.7 million is attributable to non-controlling interests. Incentive fees for the nine months ended December 31, 2017 includes \$14.6 million of non-cash carried interest. Of the \$14.6 million, \$13.7 million is included in net income and \$0.8 million is attributable to non-controlling interests.

² Incentive fee related compensation includes incentive fee compensation expense, bonus and other revenue sharing related to carried interest that is classified as base compensation. Incentive fee related compensation for the nine months ended December 31, 2018 and 2017 excludes compensation expenses related to the recognition of incentive fees included in net income from one of our co-investment funds of \$2.5 million and \$13.7 million, respectively, as the related incentive fee compensation was recognized in fiscal 2016.

³ The Company recorded gains due to decreases in the TRA liability from provision to return adjustments primarily related to state income tax apportionment of \$9.1 million and \$0.1 million for the nine months ended December 31, 2018 and 2017, respectively. These amounts are included in adjusted net income as recurring items.

⁴ Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility in the prior year period.

⁵ Represents gain recorded as a result of re-measurement due to lower federal tax rates. The gain was recorded to other non-operating income in the Condensed Consolidated Statements of Income.

⁶ Represents reduction in expense due to the impact of tax rate changes on the \$1.9 million expense accrued in fiscal 2017 to induce members of HLA to exchange their HLA units for HLI common stock in connection with the corporate reorganization effected at the time of our initial public offering.

⁷ Represents corporate income taxes at our estimated statutory tax rate of 23.7% for the nine month period ended December 31, 2018 and 36.5% for the nine month period ended December 31, 2017 applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. The 36.5% was based on a federal tax statutory rate of 35.0% for 275 days and 21.0% for 90 days and a combined state income tax rate net of federal benefits of 5.0%.

⁸ Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

Gross Leverage Ratio

<i>(Dollars in thousands)</i>	Twelve Months Ended	
	March 31, 2018	December 31, 2018
Principal amount of debt outstanding	\$84,513	\$72,188
Adjusted EBITDA	132,586	133,940
Gross leverage ratio	0.6x	0.5x

Adjusted EBITDA is used to measure our profitability including carried interest. We believe Adjusted EBITDA is useful to investors because it enables them to better evaluate the performance of our core business across reporting periods. Adjusted EBITDA represents net income excluding (a) interest expense on our outstanding debt, (b) income tax expense, (c) depreciation and amortization expense, (d) equity-based compensation expense, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance.

Fee Related Earnings ("FRE") is used to highlight our earnings from recurring management fees. FRE represents net income excluding (a) incentive fees and related compensation, (b) interest income and expense, (c) income tax expense, (d) equity in income of investees, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business. FRE is presented before income taxes.

Non-GAAP earnings per share measures our per-share earnings excluding certain significant items that we believe are not indicative of our core performance and assuming all Class B and Class C units in HLA were exchanged for Class A common stock in HLI. Non-GAAP earnings per share is calculated as adjusted net income divided by adjusted shares outstanding. Adjusted net income is income before taxes fully taxed at our estimated statutory tax rate. We believe Non-GAAP earnings per share is useful to investors because it enables them to better evaluate per-share operating performance across reporting periods.

Our **assets under management ("AUM")** comprise primarily the assets associated with our customized separate accounts and specialized funds. We classify assets as AUM if we have full discretion over the investment decisions in an account. We calculate our AUM as the sum of:

- (1) the net asset value of our clients' and funds' underlying investments;
- (2) the unfunded commitments to our clients' and funds' underlying investments; and
- (3) the amounts authorized for us to invest on behalf of our clients and fund investors but not committed to an underlying investment.

Management fee revenue is based on a variety of factors and is not linearly correlated with AUM. However, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our **assets under advisement ("AUA")** comprise assets from clients for which we do not have full discretion to make investments in their account. We generally earn revenue on a fixed fee basis on our AUA client accounts for services including asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments and investment manager review and due diligence. Advisory fees vary by client based on the amount of annual commitments, services provided and other factors. Since we earn annual fixed fees from the majority of our AUA clients, the growth in AUA from existing accounts does not have a material impact on our revenues. However, we view AUA growth as a meaningful benefit in terms of the amount of data we are able to collect and the degree of influence we have with fund managers.

Fee-earning assets under management (Fee-earning "AUM" or "FEAUM"), is a metric we use to measure the assets from which we earn management fees. Our fee-earning AUM comprise assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the majority of our discretionary AUM accounts but also includes certain non-discretionary AUA accounts. Our fee-earning AUM is equal to the amount of capital commitments, net invested capital and net asset value of our customized separate accounts and specialized funds depending on the fee terms. Substantially all of our customized separate accounts and specialized funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Therefore, revenues and fee-earning AUM are not significantly affected by changes in market value. Our calculations of fee-earning AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of fee-earning AUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

Hamilton Lane Incorporated (or "HLI") was incorporated in the State of Delaware on December 31, 2007. The Company was formed for the purpose of completing an initial public offering ("IPO") and related transactions ("**Reorganization**") in order to carry on the business of Hamilton Lane Advisors, L.L.C. ("**HLA**") as a publicly-traded entity. As of March 6, 2017, HLI became the sole managing member of HLA.

Some of the statements in this presentation may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Words such as “will,” “expect,” “believe,” “estimate,” “continue,” “anticipate,” “intend,” “plan,” and similar expressions are intended to identify these forward-looking statements. Forward-looking statements discuss management’s current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. All forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different, including risks relating to our ability to manage growth, fund performance, risk, changes in our regulatory environment and tax status; market conditions generally; our ability to access suitable investment opportunities for our clients; our ability to maintain our fee structure; our ability to attract and retain key employees; our ability to consummate planned acquisitions and successfully integrate the acquired businesses with ours; our ability to manage our obligations under our debt agreements; defaults by clients and third-party investors on their obligations to us; our ability to comply with investment guidelines set by our clients; and our ability to receive distributions from Hamilton Lane Advisors, L.L.C. to fund our payment of dividends, taxes and other expenses.

The foregoing list of factors is not exhaustive. For more information regarding these risks and uncertainties as well as additional risks that we face, you should refer to the “Risk Factors” detailed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, and in our subsequent reports filed from time to time with the Securities and Exchange Commission. The forward-looking statements included in this presentation are made only as of the date presented. We undertake no obligation to update or revise any forward-looking statement as a result of new information or future events, except as otherwise required by law.