



Fiscal Year 2018 Third Quarter Results

Earnings Presentation - February 6, 2018



Hartley Rogers
Chairman



Erik Hirsch
Vice Chairman



Randy Stilman
Chief Financial Officer



Demetrius Sidberry
Head of Investor Relations

Business Performance

- Total asset footprint (assets under management/advisement) reached a record amount of approximately \$424 billion, growing 28% compared to December 31, 2016
- Assets under management and fee-earning assets under management were approximately \$50 billion and \$30 billion, respectively, as of December 31, 2017, increases of 25% and 13%, respectively, compared to December 31, 2016

Financial Results

USD in millions except per share amounts

	Q3 FY18 QTD	Q3 FY18 YTD	vs. Q3 FY17 YTD
Management and advisory fees	\$48.3	\$146.3	16%
GAAP net income	\$(6.3)	\$3.8	N/A ¹
GAAP EPS	\$(0.35)	\$0.21	N/A ¹
Non-GAAP EPS ²	\$0.46	\$1.05	N/A ¹
Fee Related Earnings ²	\$19.4	\$62.4	17%
Adjusted EBITDA ²	\$36.1	\$85.1	37%

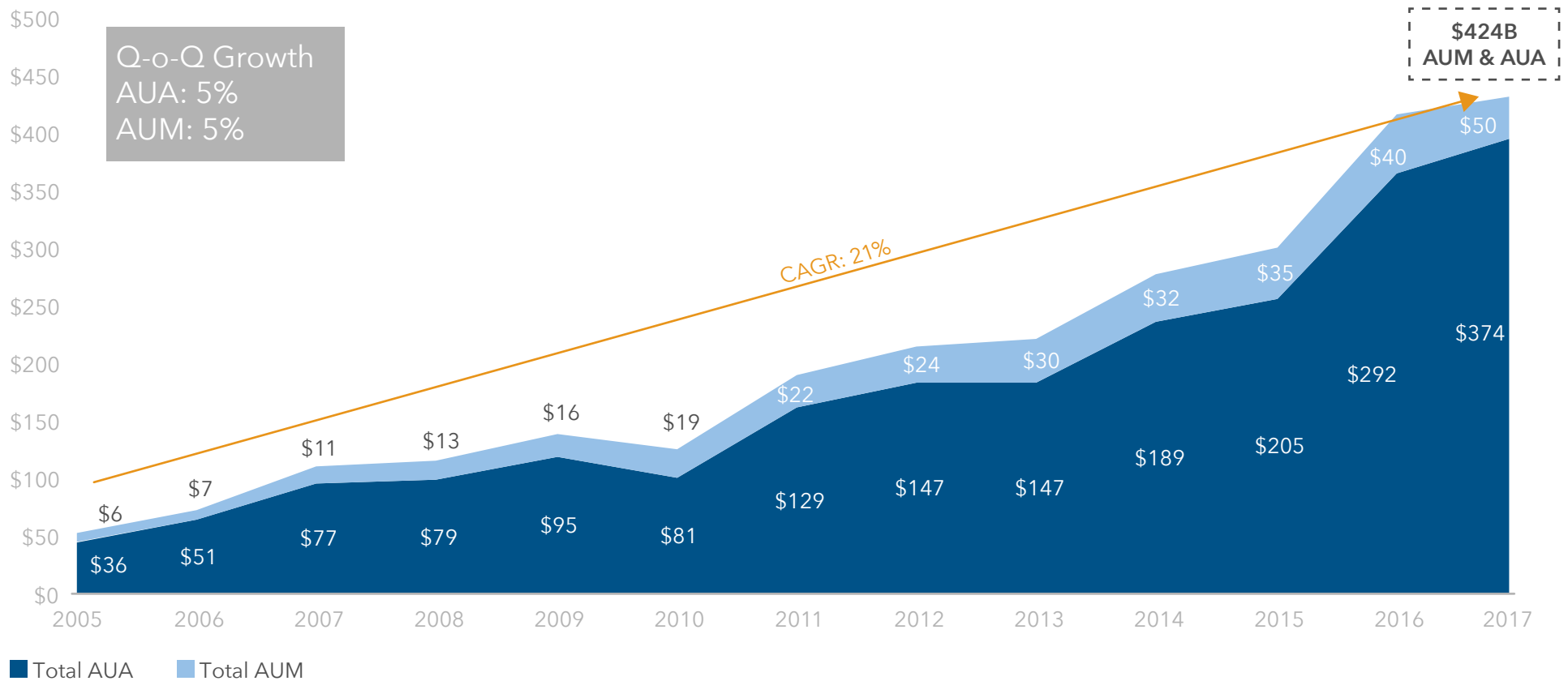
Dividend

- Declared a quarterly dividend of \$0.175 per share of Class A common stock to record holders at the close of business on March 15, 2018

¹ Figures not available as a result of the company going public after the stated period.

² 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 21 and 27 of this presentation.

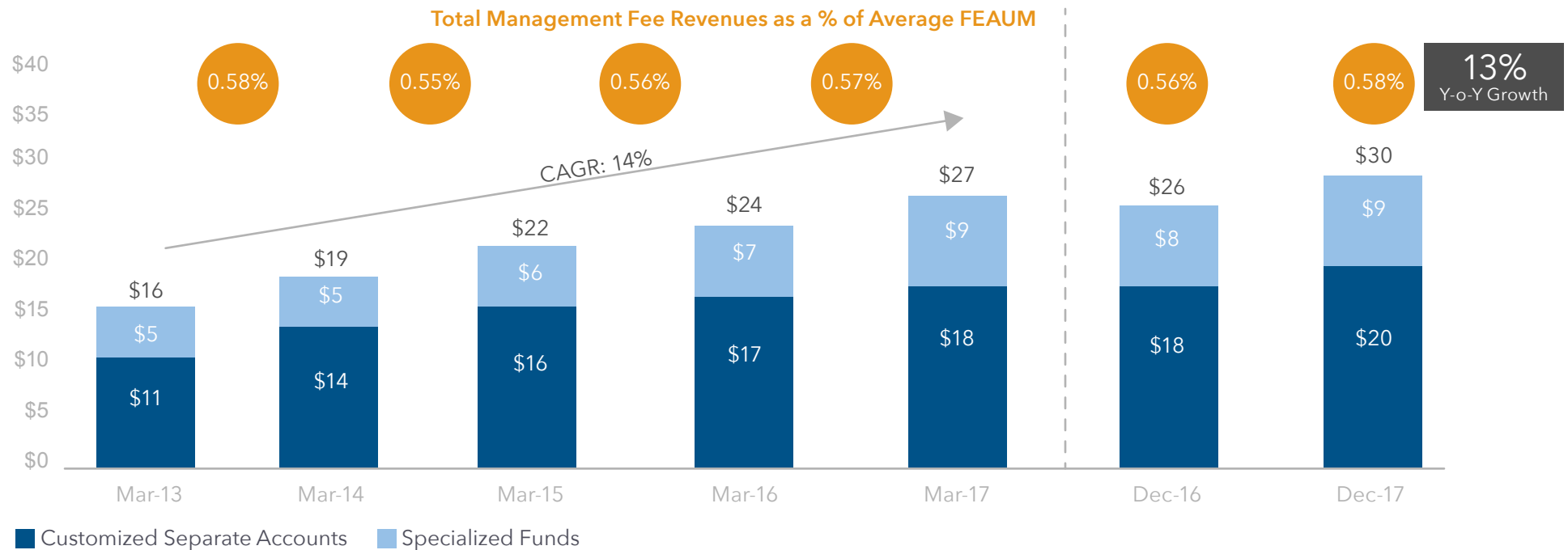
Total Assets Under Management/Advisement (\$B)¹



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

Fee-earning AUM growth continues...

Total Fee-Earning Assets Under Management (\$B)¹



¹ Data as of fiscal year end 3/31 unless otherwise noted. Numbers may not tie due to rounding.

...and annual fee rates are stable

Drivers of Growth

* Customized Separate Accounts:

- New client wins
- Client re-ups

* Acquisition of Real Assets firm:

- Closed Q2 FY18
- Q3 reflects ~\$300M of incremental FEAUM
- ~\$700M of FEAUM in total acquired

Expanding Client Base and Asset Footprint

- New client adds and separate account re-ups continue
- Completed the raise of our latest flagship secondary fund, Hamilton Lane Secondary Fund IV, L.P., which attracted \$1.9 billion in commitments--our largest specialized product to date
- Closed our credit-focused annual series fund, Hamilton Lane Strategic Opportunities Fund 2017, on \$435 million in commitments, which is more than twice the size of the prior year's fund

Investment Performance

- 522 bps of realized outperformance vs. MSCI World PME over a 10 year span¹

Growing Global Presence

- Continued expanding our global footprint with the addition of three new offices in Sydney, Australia Munich, Germany and Portland, Oregon
- Approximately 340 professionals dedicated to private markets around the globe

Continuation of Data & Technology Initiatives

- Partnered with Ipreo to form Private Market Connect, a data collection and management initiative

Transacting in Areas of Growth

- Closed the acquisition of Real Asset Portfolio Management, LLC, which broadens the firm's real assets capabilities

Enhanced Governance

- Added two new independent board members

Driving Shareholder Returns

- Declared dividends in our first four quarters as a public company
- Meaningful share price appreciation since the IPO

¹ As of June 30, 2017

Keeping clients
in sight

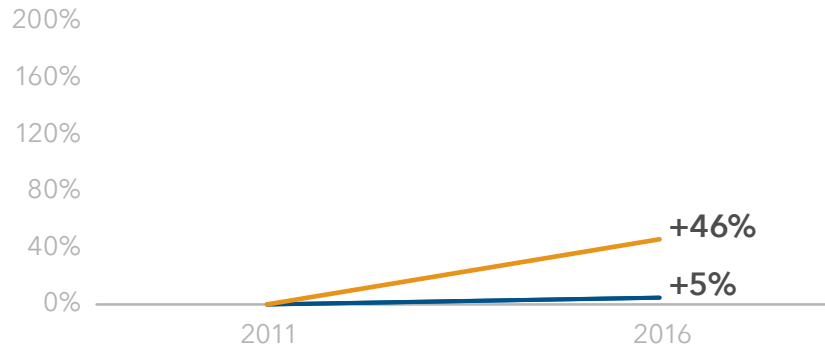
People matter

Award-winning
culture



The investable universe of private companies continues to grow

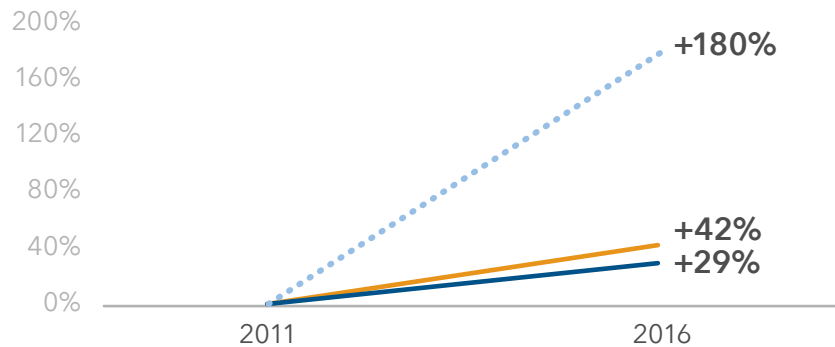
Public Markets Growth



— Growth in Number of Public Companies
— Growth in Listed Equities Market Cap

Source: World Bank, Capital IQ (October 2017)

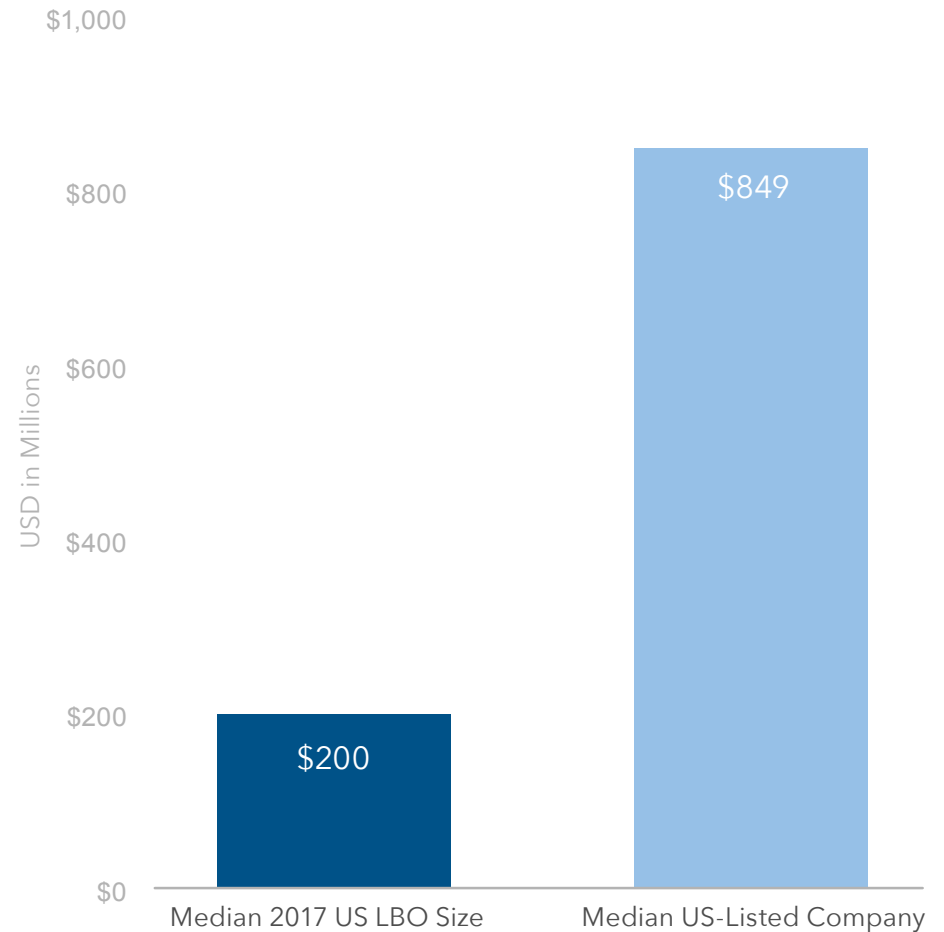
Private Markets Growth



— Growth in Number of U.S. Private Equity-Backed Companies
— Growth in Private Markets NAV
... Growth in Number of Private Companies Globally

Source: Hamilton Lane Data via Cobalt, Pitchbook, Capital IQ (October 2017)

Public vs. Private Company Valuations



Source: Pitchbook, Capital IQ (January 2018). Median 2017 LBO size as of 9/30/2017. Median US-Listed company size as of 1/9/2018

1
AUM Growth

2
Incentive Fee
Revenue

3
Tax Reform Impact

AUM

Customized Separate Accounts



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

- \$2.4B of net FEAUM added fiscal year-to-date through 12/31/17
- ~70% of our gross contributions added fiscal year-to-date through 12/31/17 came from existing clients

Specialized Funds



Select funds in market:

- Co-Investment Fund
- Credit-Oriented Fund
- Private Equity Fund-of-Funds

- \$481M of net FEAUM added fiscal year-to-date through 12/31/17
- FEAUM added subsequent to 12/31/17:
 - Co-Investment Fund: ~\$690M
 - Private Equity Fund-of-Funds: ~\$60M

AUA

Advisory Services

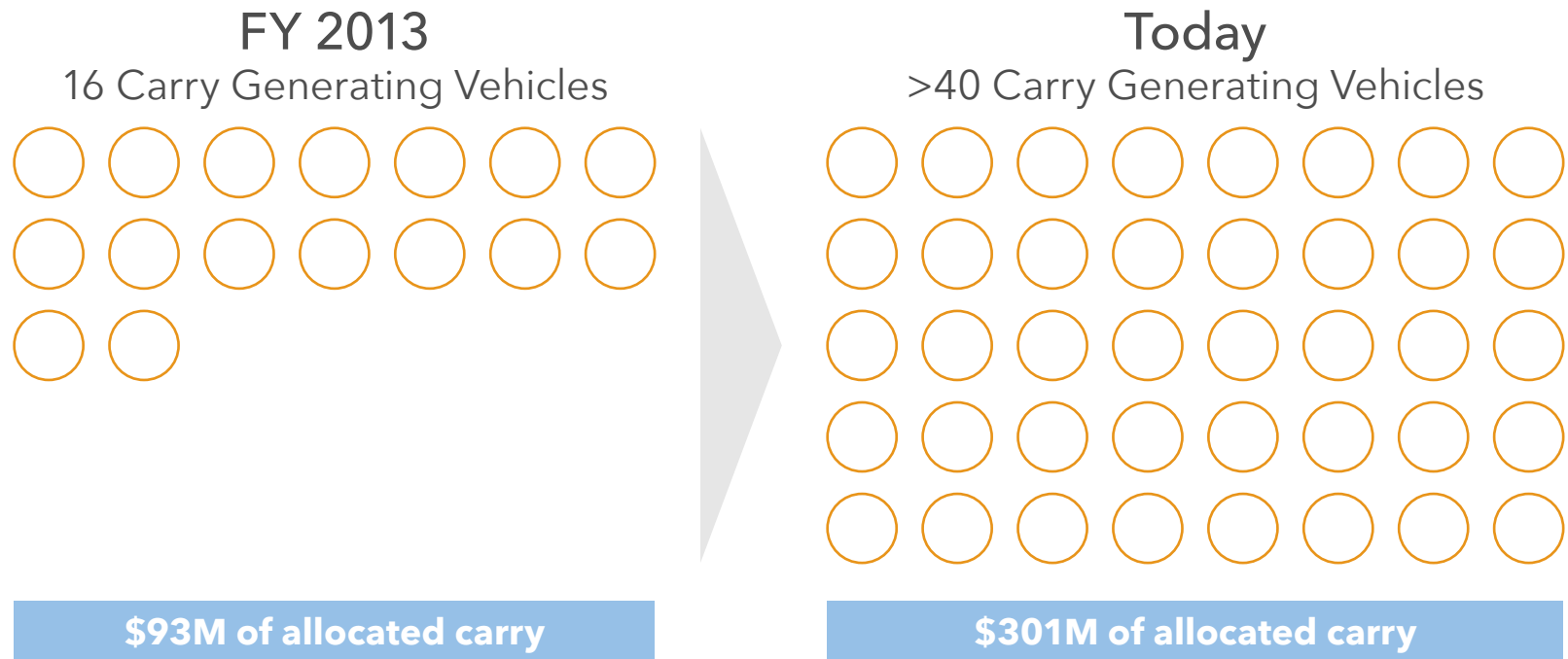


Typically larger clients with wide-ranging mandates; opportunity set continues to be robust

- \$74.5B in AUA added fiscal year-to-date through 12/31/17

Over the past five fiscal years, incentive fees represented an average of 7% of total revenue

Carry Evolution



“Private equity is very much a big winner out of the reform”

- *The Wall Street Journal* 1/24/18

- Several items in the tax reform bill will significantly impact the profitability and cash flow of private deals. Some will result in lower tax expenses while others might raise them. For domestically-focused U.S. companies we expect the overall impact to be positive, but much depends on the level of debt relative to profitability and the capital intensity of the business.
- Overall, we expect the improvements in the tax rate and expensing capital goods to more than outweigh the cost of limiting interest deductibility. The largest gains accrue to those companies with little interest expense relative to EBIT and those with high current capital spending.
- One area of concern would be companies with high interest expense to EBITDA. These companies may already be experiencing stress, and with the tax reform they would lose some interest deduction. The associated negative cash flow impact only worsens their stress.

Our analysis suggests values of private-equity-owned companies will get a boost of 3% to 17% on average

Q2 FY18 total
estimated statutory
tax rate¹

39.7%

FY18 total
estimated statutory
tax rate post U.S. tax
reform²

36.5%

FY19 total
estimated statutory
tax rate³

26.7%

Expected impact = ~20% tax impact to HLNE earnings

¹ 39.7% based on a federal tax statutory rate of 35.0% and a combined state income tax rate net of federal benefits of 4.7% estimated as of 9/30/17.

² 36.5% based on a blended 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% estimated as of 12/31/17.

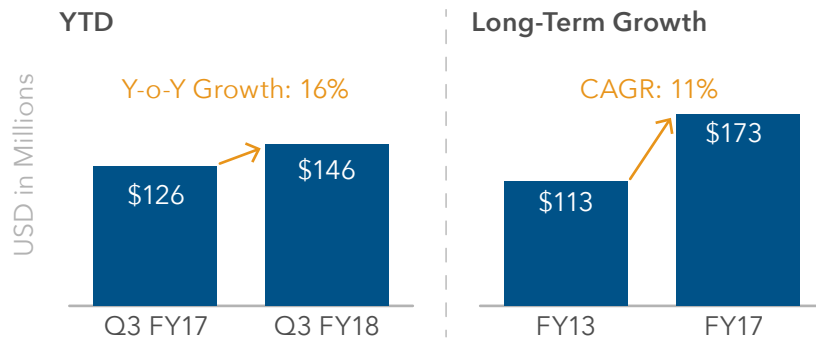
³ 26.7% based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 5.7% estimated as of 12/31/17.



Financial Highlights

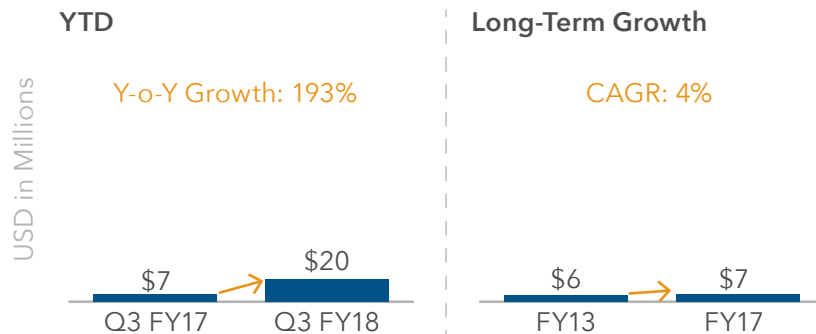
Revenues continue to be driven primarily by management and advisory fees

Management and Advisory Fees



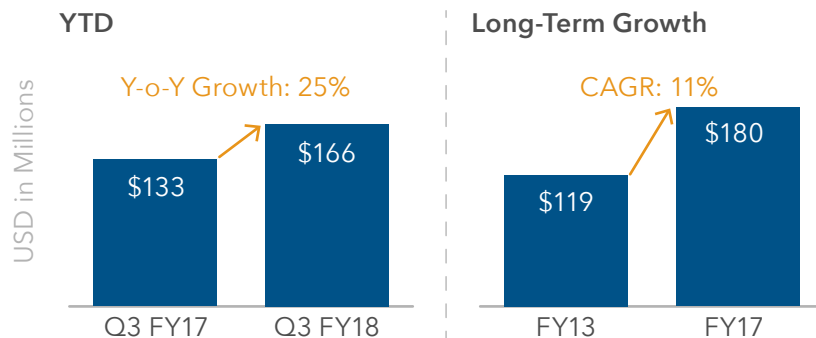
- Represented an average of 93% of total revenues over the past five fiscal years
- Y-o-Y growth of 16%
- Growth across all management and advisory fee offerings
- 19% Y-o-Y growth in specialized funds' management fees driven by \$0.5B raised in Secondary Fund IV during the nine months ended December 31, 2017

Incentive Fees



- Incentive fees derived from a highly diversified pool of assets and funds
- Allocated carried interest of \$301M as of 12/31/17 diversified across +3,000 assets and ~40 funds
- Y-o-Y growth in incentive fees driven by \$14.6M recognition of deferred carried interest from Co-Investment Fund II
- Recognition of deferred carried interest positively impacted Q3's EPS by \$0.16

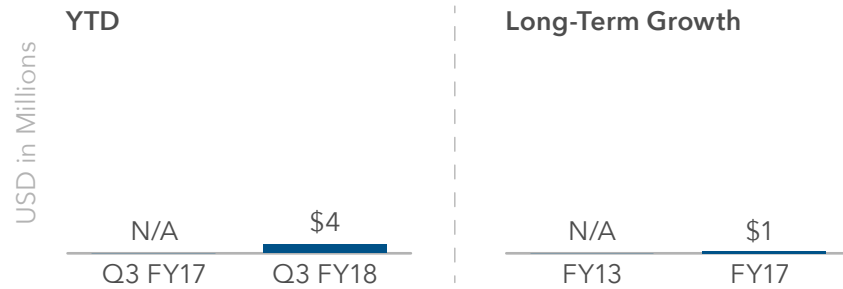
Total Revenues



- Total revenues increased by 25%, driven by growth across core offerings

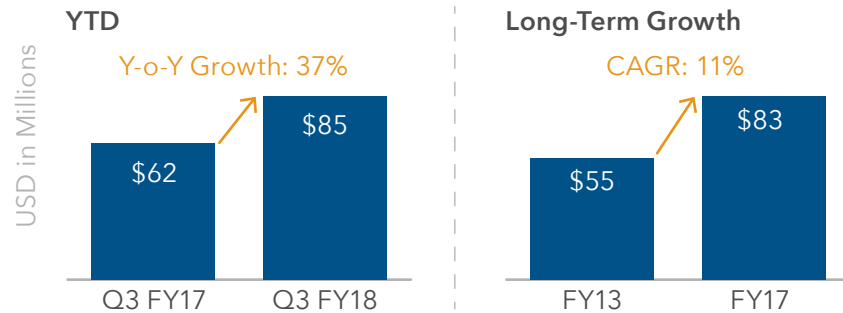
Profitability stable and growing

Net Income Attributable to HLI



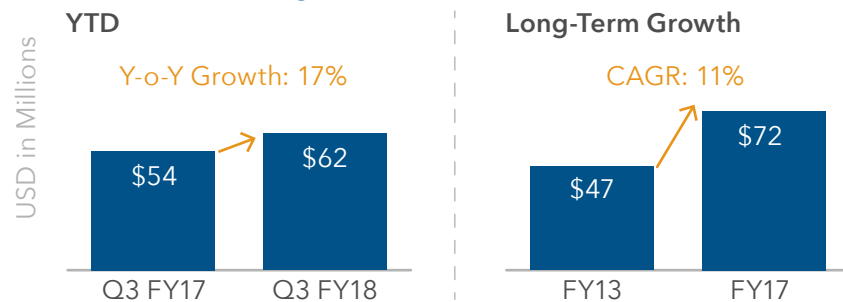
- \$(6.3)M in net income attributable to HLI for the quarter
- No comparable measure in prior period as that was before the Company's IPO

Adjusted EBITDA¹



- Y-o-Y growth of 37%
- Margins increased Y-o-Y due to recognition of deferred carried interest with no associated expense due to accounting treatment

Fee Related Earnings¹

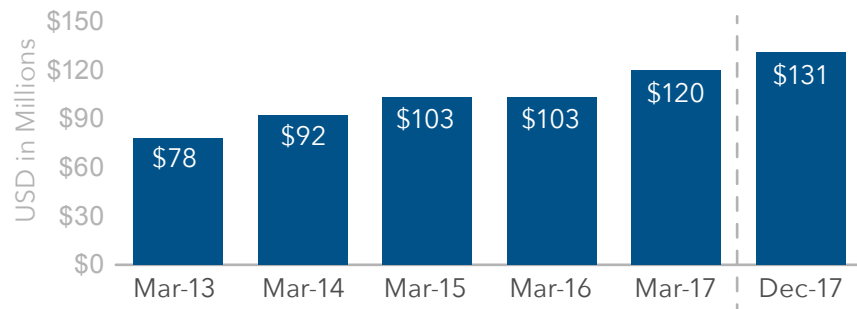


- Y-o-Y growth of 17%
- Long-term double digit growth in Fee Related Earnings

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 page 27 of this presentation.

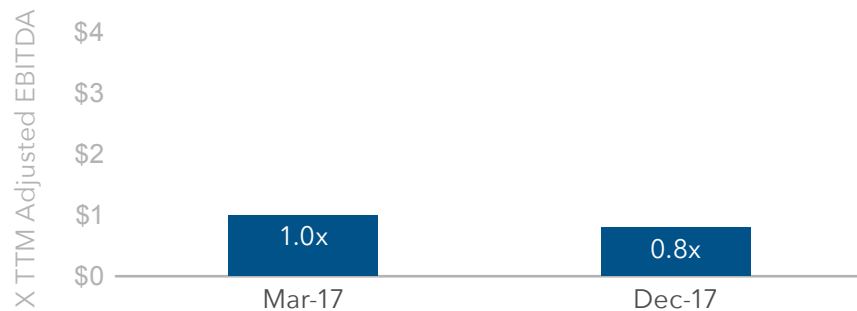
Strong balance sheet with investments in our own products and a modest amount of leverage...

Investments



- Vast majority of our investments are those made alongside our clients
- For 12/31/17, the total investment balance consisted of ~\$114M in equity method investments in our funds and ~\$17M in technology-related investments

Gross Leverage Profile¹



- Principal amount of debt outstanding of \$85.0M as of 12/31/17

¹ Ratio of principal amount of debt outstanding to trailing twelve months Adjusted EBITDA. See page 28 for additional detail on calculation of gross leverage ratio.



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Appendix



Hamilton Lane Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2016	2017	% Change	2016	2017	% Change
<i>(Dollars in thousands except share and per share amounts)</i>						
Revenues						
Management and advisory fees	\$42,009	\$48,344	15%	\$126,273	\$146,326	16%
Incentive fees	322	16,670	5,077%	6,868	20,098	193%
Total revenues	42,331	65,014	54%	133,141	166,424	25%
Expenses						
Compensation and benefits	16,739	20,006	20%	53,161	60,247	13%
General, administrative and other	8,840	10,704	21%	22,925	27,586	20%
Total expenses	25,579	30,710	20%	76,086	87,833	15%
Other income (expense)						
Equity in income of investees	3,085	2,895	(6)%	8,882	13,066	47%
Interest expense	(2,924)	(664)	(77)%	(8,780)	(5,282)	(40)%
Interest income	39	67	72%	159	472	197%
Other non-operating income	222	4,188	1,786%	232	4,169	1,697%
Total other income	422	6,486	1,437%	493	12,425	2,420%
Income before income taxes	17,174	40,790	138%	57,548	91,016	58%
Income tax expense (benefit)	111	22,957	20,582%	(264)	29,337	N/A
Net income	17,063	17,833	5%	57,812	61,679	7%
Less: Income attributable to non-controlling interests in general partnerships	64	768	1,100%	1,024	1,750	71%
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	16,999	23,374	38%	56,788	56,086	(1)%
Net (loss) income attributable to Hamilton Lane Incorporated	\$-	\$(6,309)	N/A	\$-	\$3,843	N/A
Basic (loss) earnings per share of Class A common stock		\$(0.35)			\$0.21	
Diluted (loss) earnings per share of Class A common stock		\$(0.35)			\$0.21	
Weighted-average shares of Class A common stock outstanding - basic		18,126,532			18,075,035	
Weighted-average shares of Class A common stock outstanding - diluted		18,126,532			18,703,650	

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2016	2017	% Change	2016	2017	% Change
<i>(Dollars in thousands except share and per share amounts)</i>						
Adjusted EBITDA						
Management and advisory fees	\$42,009	\$48,344	15%	\$126,273	\$146,326	16%
Total expenses	25,579	30,710	20%	76,086	87,833	15%
Less:						
Incentive fee related compensation ¹	(158)	(1,027)	550%	(3,370)	(2,709)	(20)%
Contingent compensation related to acquisition	-	(771)	N/A	-	(1,198)	N/A
Management fee related expenses	25,421	28,912	14%	72,716	83,926	15%
Fee Related Earnings	\$16,588	\$19,432	17%	\$53,557	\$62,400	17%
Incentive fees ²	322	16,670	5,077%	6,868	20,098	193%
Incentive fees attributable to non-controlling interests ²	-	(834)	N/A	-	(834)	N/A
Incentive fee related compensation ¹	(158)	(1,027)	550%	(3,370)	(2,709)	(20)%
Interest income	39	67	72%	159	472	197%
Equity-based compensation	1,169	1,284	10%	3,506	4,272	22%
Depreciation and amortization	467	486	4%	1,440	1,396	(3)%
Adjusted EBITDA	\$18,427	\$36,078	96%	\$62,160	\$85,095	37%
Adjusted EBITDA margin	44%	55%		47%	51%	
Non-GAAP earnings per share reconciliation						
Net (loss) income attributable to Hamilton Lane Incorporated		\$(6,309)			\$3,843	
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.		23,374			56,086	
Income tax expense		22,957			29,337	
Write-off of deferred financing costs ³		-			2,544	
Impact of Tax Act on TRA liability ⁴		(4,186)			(4,186)	
Impact of Tax Act on IPO related compensation ⁵		(669)			(669)	
Contingent compensation related to acquisition		771			1,198	
Adjusted pre-tax net income		35,938			88,153	
Adjusted income taxes ⁶		(11,450)			(32,185)	
Adjusted net income		\$24,488			\$55,968	
Adjusted shares⁷		53,316,965			53,142,319	
Non-GAAP earnings per share		\$0.46			\$1.05	

¹ Incentive fee related compensation includes incentive fee compensation expense as well as bonus and other revenue sharing allocated to carried interest classified as base compensation.

² Incentive fees for the three and nine months ended December 31, 2017 include \$14.6 million of non-cash carry related to the \$41.5 million of incentive fee payments received in fiscal 2016. Of the \$14.6 million, \$13.7 million is included in net income and \$0.8 million is attributable to non-controlling interests.

³ Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility during the nine months ended December 31, 2017.

⁴ Represents change in payable to related parties pursuant to the TRA as a result of being re-measured due to the tax rate change. The change in liability was recorded to other non-operating income in the Condensed Consolidated Statements of Income.

⁵ 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 the Reorganization.

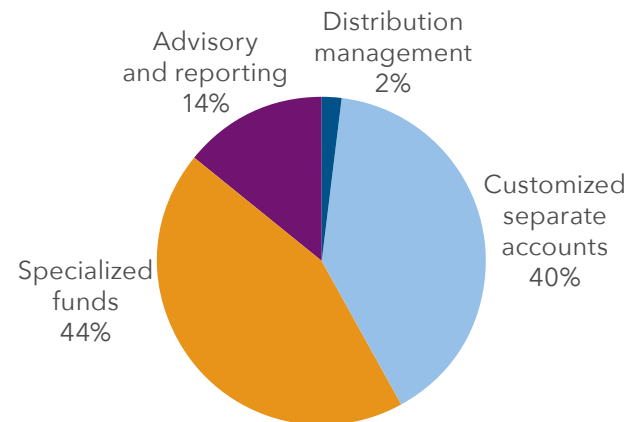
⁶ Represents corporate income taxes at our estimated statutory tax rate of 36.51% for the nine months ended December 31, 2017 applied to adjusted pre-tax net income. The 36.51% is based on a federal tax statutory rate of 31.55% and a combined state income tax rate net of federal benefits of 4.96%.

⁷ Assumes the full exchange of HLA Class B and Class C units for HLI Class A common stock.

(Dollars in thousands)

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2016	2017	% Change	2016	2017	% Change
Management and advisory fees						
Customized separate accounts	\$17,826	\$19,860	11%	\$52,794	\$58,253	10%
Specialized funds	17,124	19,132	12%	53,407	63,582	19%
Advisory and reporting	6,021	7,479	24%	17,680	20,958	19%
Distribution management	1,038	1,873	80%	2,392	3,533	48%
Total management and advisory fees	\$42,009	\$48,344	15%	\$126,273	\$146,326	16%

Nine Months Ended December 31, 2017



<i>(Dollars in thousands)</i>	Three Months Ended December 31,			Nine Months Ended December 31,		
	2016	2017	% Change	2016	2017	% Change
Incentive fees						
Secondary Fund II	\$469	\$1,124	140%	\$2,110	\$2,239	6%
Co-investment Fund II	-	14,579	N/A	-	14,579	N/A
Other specialized funds	86	868	909%	4,174	862	(79)%
Customized separate accounts	(233)	99	N/A	584	2,418	314%
Incentive fees	\$322	\$16,670	5,077%	\$6,868	\$20,098	193%

	December 31, 2016	September 30, 2017	December 31, 2017	YoY % Change	QoQ % Change
Allocated carried interest					
Secondary Fund II	\$8,437	\$7,145	\$6,031	(29)%	(16)%
Secondary Fund III	24,559	32,074	34,158	39%	6%
Secondary Fund IV	2,016	10,884	11,815	486%	9%
Co-investment Fund I	1,144	-	-	(100)%	N/A
Co-investment Fund II	94,863	108,907	94,385	(1)%	(13)%
Co-investment Fund III	11,243	28,775	29,978	167%	4%
Other specialized funds	10,769	24,576	26,641	147%	8%
Customized separate accounts	59,816	87,998	97,519	63%	11%
Total allocated carried interest	\$212,847	\$300,359	\$300,527	41%	0%

(Dollars in millions)

	December 31, 2016	September 30, 2017	December 31, 2017	YoY % Change	QoQ % Change
Assets under management / advisement					
Assets under management	\$40,367	\$47,819	\$50,295	25%	5%
Assets under advisement	292,178	356,774	374,132	28%	5%
Total assets under management / advisement	\$332,545	\$404,593	\$424,427	28%	5%
Fee-earning assets under management					
Customized separate accounts					
Balance, beginning of period	\$17,542	\$18,186	\$19,721	12%	8%
Contributions	488	1,295	783	60%	(40)%
Distributions	(200)	(229)	(443)	121%	94%
Foreign exchange, market value and other	(93)	469	322	N/A	(31)%
Balance, end of period	\$17,737	\$19,721	\$20,383	15%	3%
Specialized funds					
Balance, beginning of period	\$8,311	\$9,437	\$9,439	14%	0%
Contributions	223	97	240	8%	148%
Distributions	(44)	(98)	(401)	818%	309%
Foreign exchange, market value and other	(3)	3	(4)	59%	(239)%
Balance, end of period	\$8,487	\$9,439	\$9,274	9%	(2)%
Total					
Balance, beginning of period	\$25,853	\$27,623	\$29,160	13%	6%
Contributions	711	1,392	1,023	44%	(26)%
Distributions	(244)	(327)	(844)	246%	158%
Foreign exchange, market value and other	(96)	472	318	N/A	(33)%
Balance, end of period	\$26,224	\$29,160	\$29,657	13%	2%

(Dollars in thousands except share and per share amounts)

	March 31, 2017	December 31, 2017
Assets		
Cash and cash equivalents	\$32,286	\$68,677
Restricted cash	1,849	1,787
Fees receivable	12,113	13,287
Prepaid expenses	2,593	1,584
Due from related parties	3,313	4,275
Furniture, fixtures and equipment, net	4,063	4,061
Investments	120,147	130,765
Deferred income taxes	61,223	39,766
Other assets	3,030	8,844
Total assets	\$240,617	\$273,046
Liabilities and Equity		
Accounts payable	\$1,366	\$1,080
Accrued compensation and benefits	3,417	28,051
Deferred incentive fee revenue	45,166	31,422
Debt	84,310	84,617
Accrued members' distributions	2,385	4,520
Dividends payable	-	3,172
Payable to related parties pursuant to tax receivable agreement	10,734	6,436
Other liabilities	6,612	5,730
Total liabilities	153,990	165,028
Preferred stock, \$0.001 par value, 10,000,000 authorized, none issued	-	-
Class A common stock, \$0.001 par value, 300,000,000 authorized; 19,287,882 and 19,151,033 issued and 19,287,882 and 19,036,504 outstanding as of December 31, 2017 and March 31, 2017, respectively	19	19
Class B common stock, \$0.001 par value, 50,000,000 authorized; 27,935,255 issued and outstanding as of December 31, 2017 and March 31, 2017	28	28
Additional paid-in-capital	61,845	62,853
Accumulated other comprehensive loss	(311)	-
(Accumulated deficit) retained earnings	612	(5,057)
Less: Treasury stock, at cost, 114,529 shares of class A common stock as of March 31, 2017	(2,151)	-
Total Hamilton Lane Incorporated stockholders' equity	60,042	57,843
Non-controlling interests in general partnerships	9,901	8,363
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	16,684	41,812
Total equity	86,627	108,018
Total liabilities and equity	\$240,617	\$273,046

<i>(Dollars in thousands)</i>	Nine Months Ended December 31,	
	2016	2017
Operating activities		
Net income	\$57,812	\$61,679
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,440	1,396
Change in deferred income taxes	-	22,913
Change in payable to related parties pursuant to tax receivable agreement	-	(4,298)
Amortization of deferred financing costs	661	153
Write-off of deferred financing costs	-	1,657
Equity-based compensation	3,506	4,272
Equity in income of investees	(8,882)	(13,066)
Proceeds received from investments	6,825	11,337
Changes in operating assets and liabilities	16,265	8,271
Other	-	1,029
Net cash provided by operating activities	77,627	95,343
Investing activities		
Purchase of furniture, fixtures and equipment	(719)	(1,152)
Cash paid for acquisition of business	-	(5,227)
Distributions received from investments	6,991	10,792
Contributions to investments	(20,622)	(19,609)
Net cash (used in) investing activities	(14,350)	(15,196)
Financing activities		
Repayments of debt	(1,950)	(86,569)
Borrowings of debt, net of deferred financing costs	-	85,066
Contributions from non-controlling interest in general partnerships	489	231
Distributions to non-controlling interest in general partnerships	(2,372)	(3,519)
Sale of membership interests	4,668	-
Repurchase of Class A shares for employee tax withholding	-	(680)
Purchase of membership interests	(6,059)	-
Proceeds received from option exercises	879	313
Dividends paid	-	(6,340)
Members' distributions	(72,467)	(32,320)
Other	(611)	-
Net cash (used in) financing activities	(77,423)	(43,818)
Increase (decrease) in cash, cash equivalents, and restricted cash	(14,146)	36,329
Cash, cash equivalents, and restricted cash at beginning of the period	70,382	34,135
Cash, cash equivalents, and restricted cash at end of the period	\$56,236	\$70,464

Reconciliation from Net Income

(Dollars in thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2016	2017	2016	2017
Net (loss) income attributable to Hamilton Lane Incorporated¹	\$-	\$(6,309)	\$-	\$3,843
Income attributable to non-controlling interests in general partnerships	64	768	1,024	1,750
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	16,999	23,374	56,788	56,086
Incentive fees ²	(322)	(16,670)	(6,868)	(20,098)
Incentive fee related compensation ³	158	1,027	3,370	2,709
Interest income	(39)	(67)	(159)	(472)
Interest expense	2,924	664	8,780	5,282
Income tax expense (benefit)	111	22,957	(264)	29,337
Equity in income of investees	(3,085)	(2,895)	(8,882)	(13,066)
Contingent compensation related to acquisition	-	771	-	1,198
Other non-operating income	(222)	(4,188)	(232)	(4,169)
Fee Related Earnings	\$16,588	\$19,432	\$53,557	\$62,400
Depreciation and amortization	467	486	1,440	1,396
Equity-based compensation	1,169	1,284	3,506	4,272
Incentive fees ²	322	16,670	6,868	20,098
Incentive fees attributable to non-controlling interests ²	-	(834)	-	(834)
Incentive fee related compensation ³	(158)	(1,027)	(3,370)	(2,709)
Interest income	39	67	159	472
Adjusted EBITDA	\$18,427	\$36,078	\$62,160	\$85,095
Non-GAAP earnings per share reconciliation				
Net (loss) income attributable to Hamilton Lane Incorporated¹		\$(6,309)		\$3,843
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.		23,374		56,086
Income tax expense		22,957		29,337
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
Adjusted pre-tax net income		35,938		88,153
Adjusted income taxes ⁷		(11,450)		(32,185)
Adjusted net income		\$24,488		\$55,968
Weighted-average shares of Class A common stock outstanding				
Exchange of Class B and Class C units in HLA ⁸		18,126,532		18,703,650
Assumed exercise and vesting of employee awards		34,438,669		34,438,669
Adjusted shares		53,316,965		52,142,319
Non-GAAP earnings per share		\$0.46		\$1.05

¹ Prior to our IPO, HLI was a wholly-owned subsidiary of HLA with no operations or assets.

² Incentive fees for the three and nine months ended December 31, 2017 include \$14.6 million of non-cash carry related to the \$41.5 million of incentive fee payments received in fiscal 2016. Of the \$14.6 million, \$13.7 million is included in net income and \$0.8 million is attributable to non-controlling interests.

³ Incentive fee related compensation includes incentive fee compensation expense and bonus and other revenue sharing allocated to carried interest classified as base compensation.

⁴ Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility during the nine months ended December 31, 2017.

⁵ Represents change in payable to related parties pursuant to the TRA as a result of being re-measured due to the tax rate change. The change in liability 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 the Reorganization.

⁷ Represents corporate income taxes at our estimated statutory tax rate of 36.51% for the nine months ended December 31, 2017 applied to adjusted pre-tax net income. The 36.51% is based on a federal tax statutory rate of 31.55% and a combined state income tax rate net of federal benefits of 4.96%.

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

(Dollars in thousands)

	Twelve Months Ended,	
	March 31, 2017	December 31, 2017
Principal amount of debt outstanding	\$86,100	\$84,981
Adjusted EBITDA	83,031	105,966
Gross leverage ratio	1.0x	0.8x

Adjusted EBITDA is our primary internal measure of profitability. 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 loan agreements and predecessor credit facility, (b) income tax expense, (c) depreciation and amortization expense, (d) equity-based compensation expense, (e) non-operating income (loss) 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 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, or fee-earning AUM, 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” and similar expressions are used 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 business 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; the time, expense and effort associated with being a newly public company; 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 10K for the fiscal year ended March 31, 2017, 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.