

Fiscal Year 2020 Fourth Quarter and Full Year Results

Earnings Presentation - May 28, 2020

Today's Speakers



Business Performance

- Assets under management and fee-earning assets under management were approximately \$69 billion and \$39 billion, respectively, as of March 31, 2020, increases of 12% and 15%, respectively, compared to March 31, 2019
- Management and advisory fees increased 12% compared to fiscal 2019

Financial Results

USD in millions except per share amounts

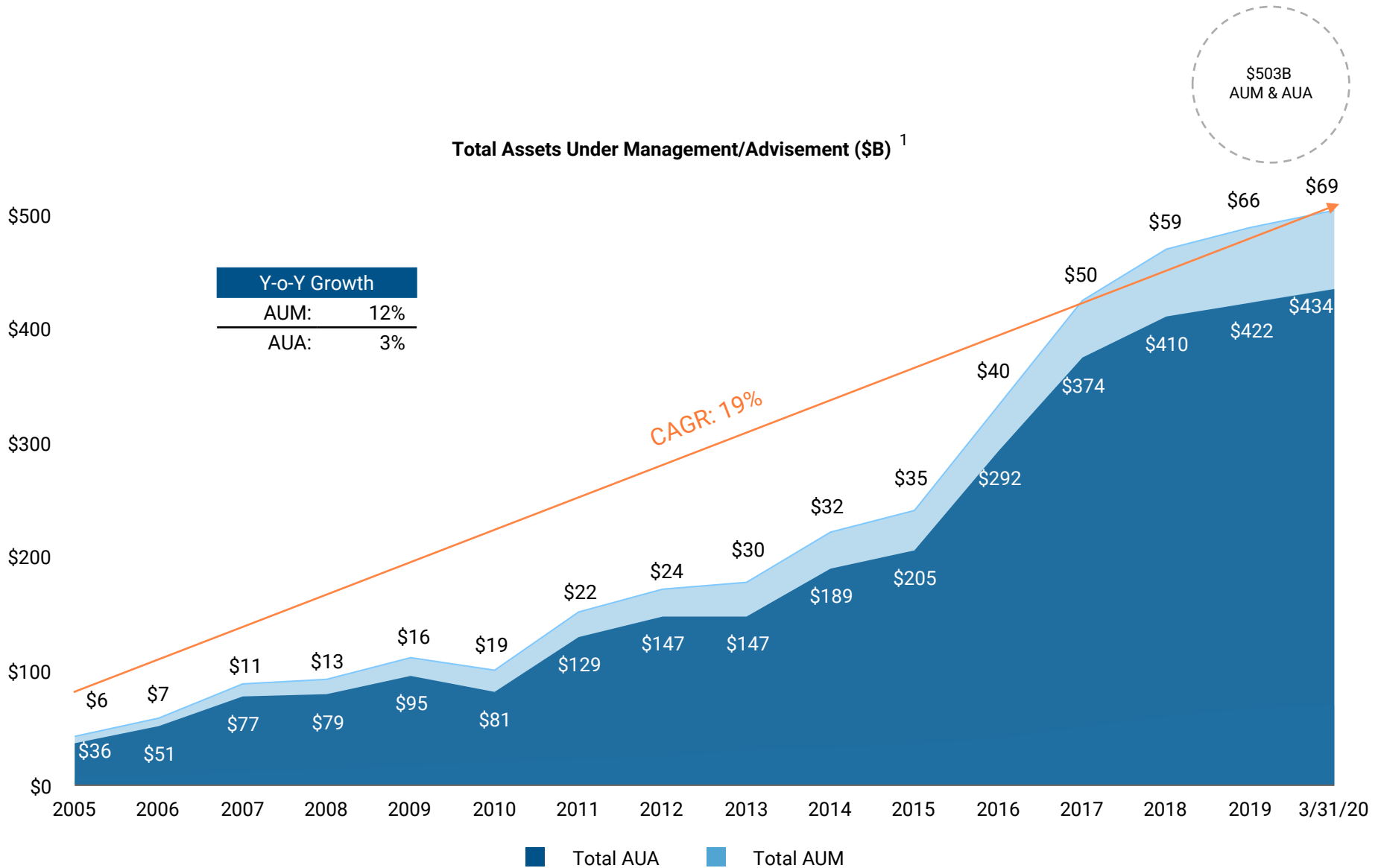
	Q4 FY20	FY20	vs. FY19
Management and advisory fees	\$65.3	\$244.9	12 %
GAAP net income	\$20.6	\$60.8	81 %
GAAP EPS	\$0.70	\$2.15	54 %
Non-GAAP EPS ¹	\$0.59	\$2.01	5 %
Fee Related Earnings ¹	\$27.5	\$101.0	12 %
Adjusted EBITDA ¹	\$36.5	\$127.3	8 %

Dividend

- Declared a quarterly dividend of \$0.3125 per share of Class A common stock to record holders at the close of business on June 15, 2020

¹Non-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 and for the reasons we believe the non-GAAP measures provide useful information, see pages 21 and 22 of this presentation.

Growing Asset Footprint & Influence

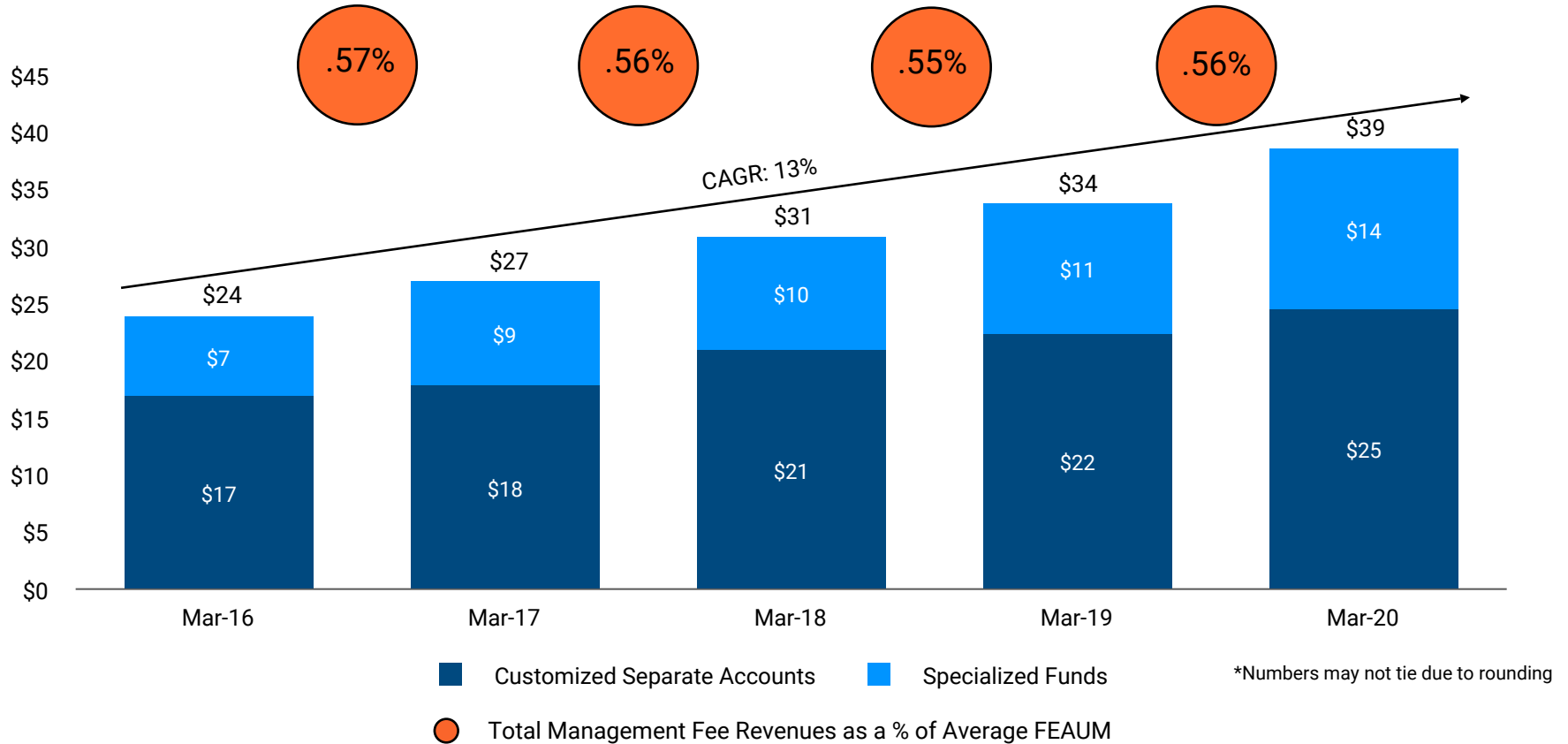


¹Data as of calendar year end 12/31 unless otherwise noted. Numbers may not tie due to rounding.

Fee-Earning AUM Driving Revenues

Fee-Earning AUM growth continues and annual fee rates are stable

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



Y-o-Y Drivers of Growth

Customized Separate Accounts:

- New client wins
- Client re-ups

Specialized Funds:

- Closed 4th co-investment fund, credit-oriented (2019 series) fund and fund-of-funds
- Fundraising 5th secondary fund, credit-oriented (2020 series) fund and evergreen fund

AUM

Customized Separate Accounts



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

- \$2.4B year-over-year increase in FEAUM
- +80% of our gross contributions during the last 12 months came from existing clients

Specialized Funds



Select funds in market:

- Secondary fund
- Credit-oriented fund
- Evergreen fund

- \$2.7B year-over-year increase in FEAUM
- FEAUM closed during Q4 FY20:
 - Secondary fund: \$354M

AUA

Advisory Services



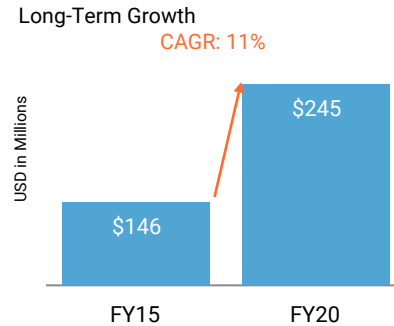
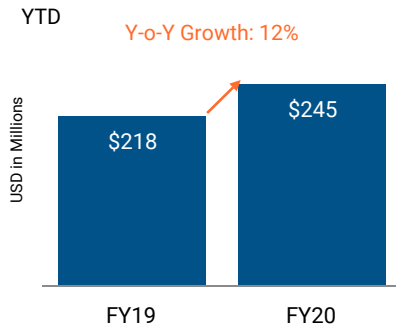
Typically larger clients with wide-ranging mandates which include technology-driven reporting, monitoring and analytics services and consulting services; opportunity set continues to be robust

- \$12B year-over-year increase in AUA

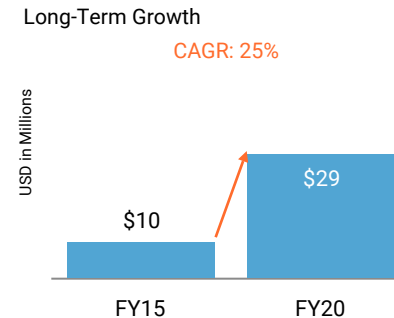
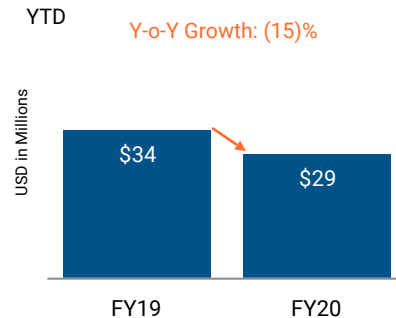
Financial Highlights

Strong revenue growth across management and advisory fees

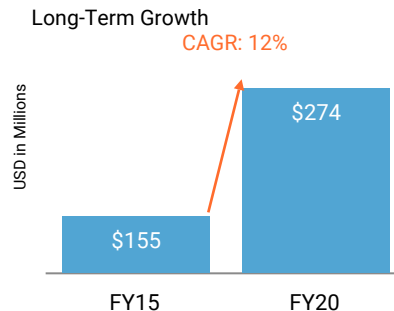
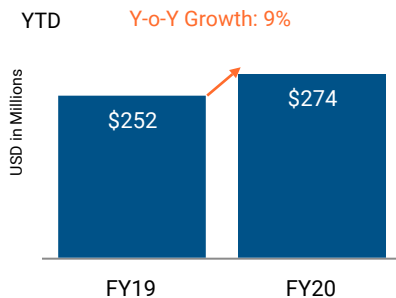
Management and Advisory Fees



Incentive Fees



Total Revenues

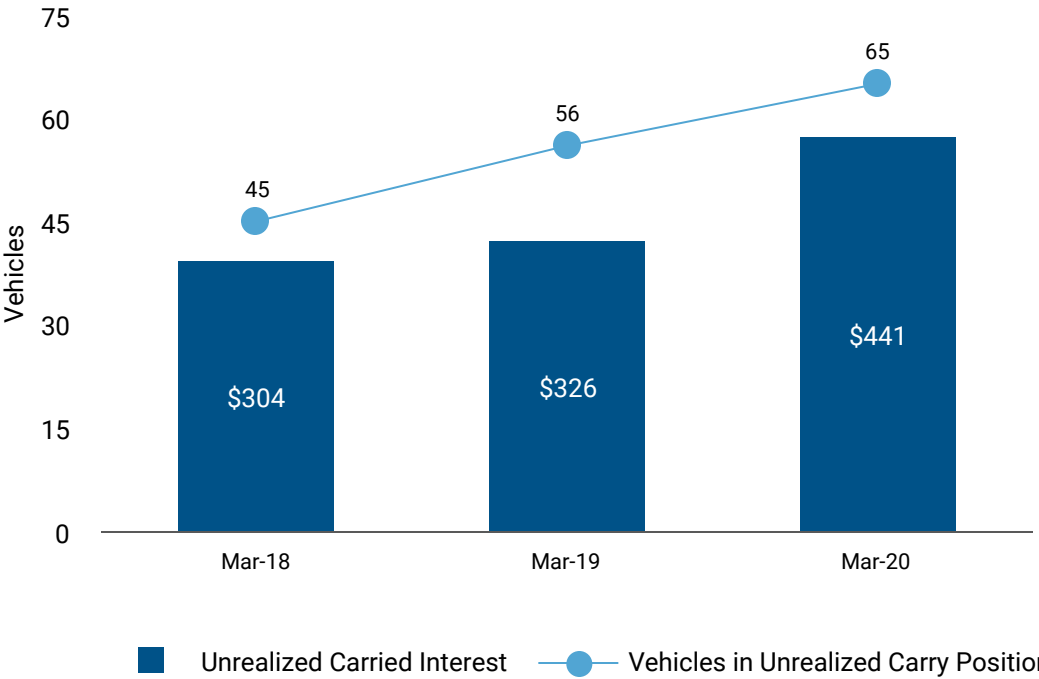


- Recurring management and advisory fees represented an average of just under 90% of total revenues over the past five fiscal years
- \$2.8M in retroactive fees from our latest co-investment fund for the year compared to \$1.7M in the prior year period
- \$2.3M in retroactive fees from our latest secondary fund in the quarter

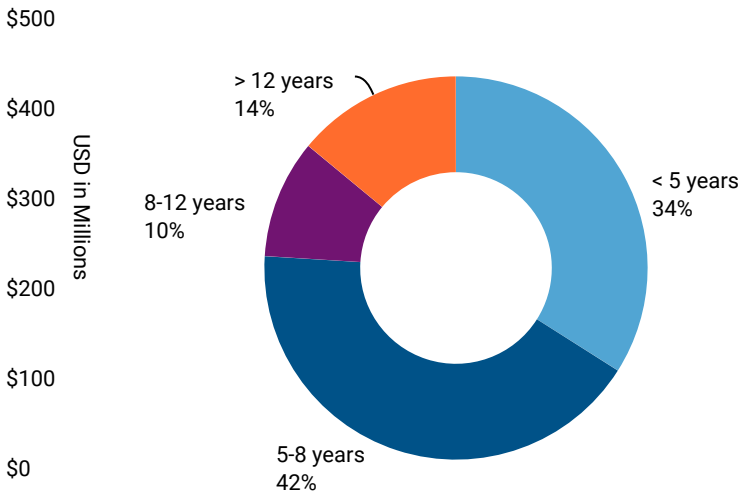
- Incentive fees derived from a highly diversified pool of assets and funds
- Allocated carried interest of \$441M as of 3/31/20 diversified across 3,000+ assets and over 60 funds
- Timing of realizations unpredictable

- Total revenues increased by 9%, driven by recurring management and advisory fee growth across core offerings

Unrealized Carried Interest

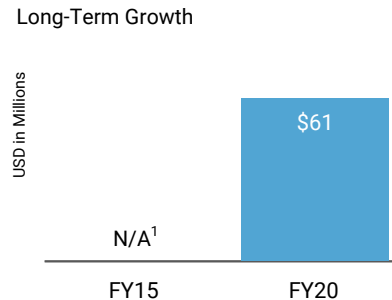
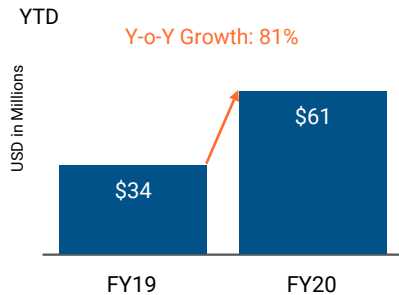


Unrealized Carry by Age



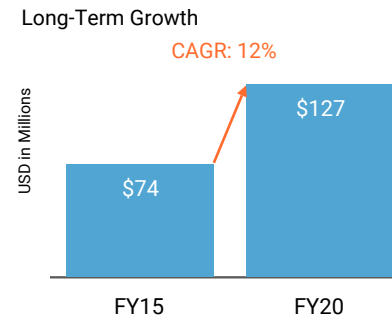
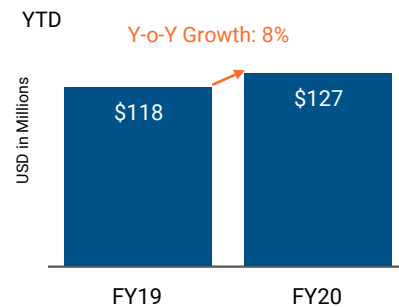
Profitability stable and growing

Net Income Attributable to HLI



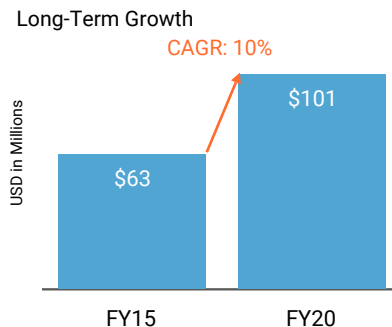
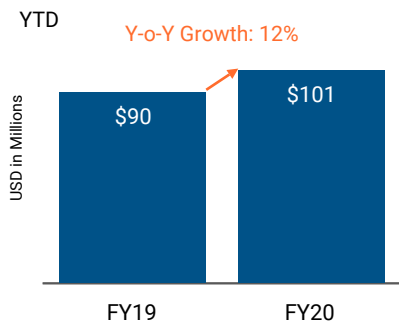
- \$61M in net income attributable to HLI for FY20
- \$21M in net income attributable to HLI for the quarter

Adjusted EBITDA²



- Y-o-Y increase of 8% driven by 12% growth in management and advisory fees, partially offset by decline in realized incentive fees

Fee Related Earnings²



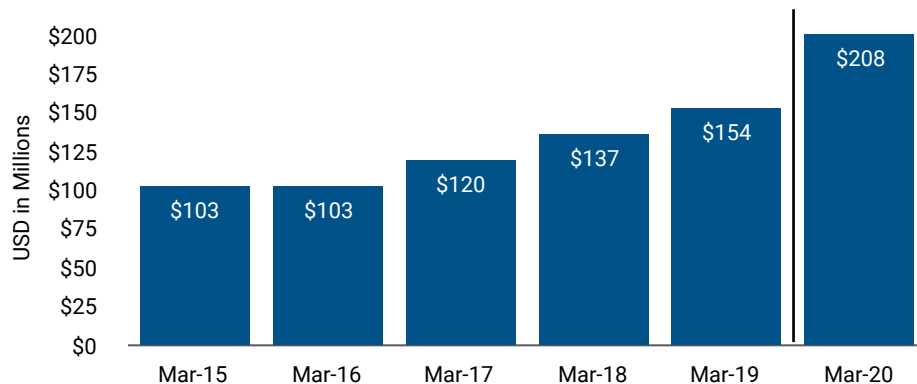
- Y-o-Y growth of 12%
- Long-term double digit growth in Fee Related Earnings

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

²Adjusted EBITDA and Fee Related Earnings are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures and for the reasons we believe the non-GAAP measures provide useful information, see pages 21 and 22 of this presentation.

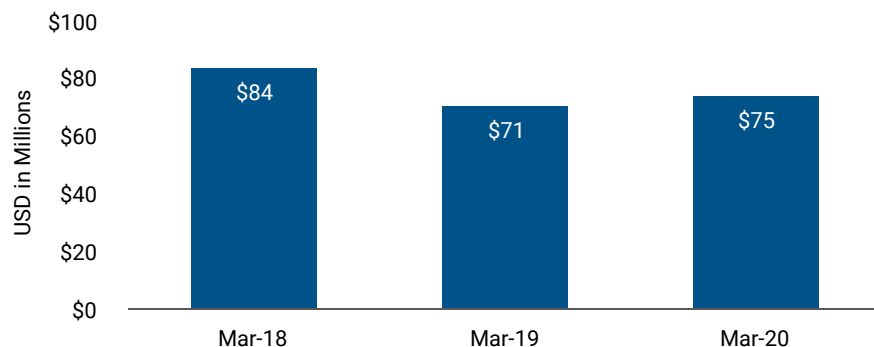
Strong balance sheet with investments in our own products and a modest amount of leverage...

Investments



- For 3/31/20, the total investment balance consisted of:
 - ~\$176M in equity method investments in our funds
 - ~\$32M in technology related and other investments

Leverage



- Modest leverage
- \$75M of debt as of 3/31/20



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Appendix

Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended March 31,			Year Ended March 31,		
	2019	2020	% Change	2019	2020	% Change
<i>(Dollars in thousands except share and per share amounts)</i>						
Revenues						
Management and advisory fees	\$57,929	\$65,336	13%	\$217,773	\$244,920	12 %
Incentive fees	9,059	11,596	28 %	34,406	29,128	(15) %
Total revenues	66,988	76,932	15 %	252,179	274,048	9 %
Expenses						
Compensation and benefits	24,483	28,151	15 %	97,719	98,519	1 %
General, administrative and other	13,577	15,162	12 %	50,236	59,100	18 %
Total expenses	38,060	43,313	14 %	147,955	157,619	7 %
Other income (expense)						
Equity in (loss) income of investees	(2,894)	5,919	N/A	7,202	20,250	181 %
Interest expense	(779)	(603)	(23) %	(3,039)	(2,816)	(7) %
Interest income	88	85	(3) %	255	709	178 %
Non-operating (loss) income	(36)	1,997	N/A	20,915	6,172	(70) %
Total other income (expense)	(3,621)	7,398	(304) %	25,333	24,315	(4) %
Income before income taxes	25,307	41,017	62 %	129,557	140,744	9 %
Income tax expense	4,900	2,404	(51) %	30,560	13,968	(54) %
Net income	20,407	38,613	89 %	98,997	126,776	28 %
Less: Income (loss) attributable to non-controlling interests in general partnerships	(511)	(508)	(1) %	564	85	(85) %
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	12,870	18,473	44 %	64,860	65,866	2 %
Net income attributable to Hamilton Lane Incorporated	\$8,048	\$20,648	157 %	\$33,573	\$60,825	81 %
Basic earnings per share of Class A common stock	\$0.32	\$0.71		\$1.41	\$2.17	
Diluted earnings per share of Class A Common stock	\$0.31	\$0.70		\$1.40	\$2.15	
Weighted-average shares of Class A common stock outstanding - basic	25,386,382	29,230,799		23,836,401	28,088,578	
Weighted-average shares of Class A common stock outstanding - diluted	25,852,163	29,613,377		24,298,795	28,438,772	

Non-GAAP Financial Measures

	Three Months Ended March 31,			Year Ended March 31,		
	2019	2020	% Change	2019	2020	% Change
<i>(Dollars in thousands except share and per share amounts)</i>						
Adjusted EBITDA¹						
Management and advisory fees	\$57,929	\$65,336	13%	\$217,773	\$244,920	12 %
Total expenses	38,060	43,313	14%	147,955	157,619	7 %
Less:						
Incentive fee related compensation ²	(4,267)	(5,473)	28%	(14,983)	(13,677)	(9) %
Contingent compensation related to acquisition	—	—	—	(5,100)	—	N/A
Management fee related expenses	33,793	37,840	12%	127,872	143,942	13 %
Fee Related Earnings	\$24,136	\$27,496	14%	\$89,901	\$100,978	12 %
Incentive fees ³	9,059	11,596	28%	34,406	29,128	(15) %
Incentive fees attributable to non-controlling interests ³	(74)	(58)	(22%)	(725)	(320)	(56) %
Incentive fee related compensation ²	(4,267)	(5,473)	28%	(14,983)	(13,677)	(9) %
Interest income	88	85	(3%)	255	709	178 %
Equity-based compensation	1,604	1,939	21%	6,382	7,183	13 %
Depreciation and amortization	741	912	23%	2,500	3,291	32 %
Adjusted EBITDA	\$31,287	\$36,497	17%	\$117,736	\$127,292	8 %
Adjusted EBITDA margin	47 %	47 %		47 %	46 %	
Non-GAAP earnings per share¹						
Net income attributable to Hamilton Lane Incorporated	\$8,048	\$20,648	157 %	\$33,573	\$60,825	81 %
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	12,870	18,473	44%	64,860	65,866	2 %
Income tax expense	4,900	2,404	(51%)	30,560	13,968	(54) %
Contingent compensation related to acquisition	—	—	N/A	5,100	—	(100) %
Adjusted pre-tax net income	\$25,818	\$41,525	61%	\$134,093	\$140,659	5 %
Adjusted income taxes ⁴	(6,387)	(9,742)	53%	(32,048)	(33,336)	4 %
Adjusted net income	\$19,431	\$31,783	64%	\$102,045	\$107,323	5 %
Adjusted shares outstanding⁵	53,392,232	53,582,371		53,339,000	53,506,312	
Non-GAAP earnings per share	\$0.36	\$0.59	64 %	\$1.91	\$2.01	5 %

¹ Adjusted EBITDA and non-GAAP earnings per share are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures, see page 21.

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 year ended March 31, 2019 excludes compensation expense related to the recognition of incentive fees included in net income from one of our co-investment funds of \$2.5 million as the related incentive fee compensation was recognized in fiscal 2016.

³ Incentive fees for the year ended March 31, 2020 included \$0.3 million of non-cash carried interest attributable to non-controlling interests. Incentive fees for the year ended March 31, 2019 included \$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.

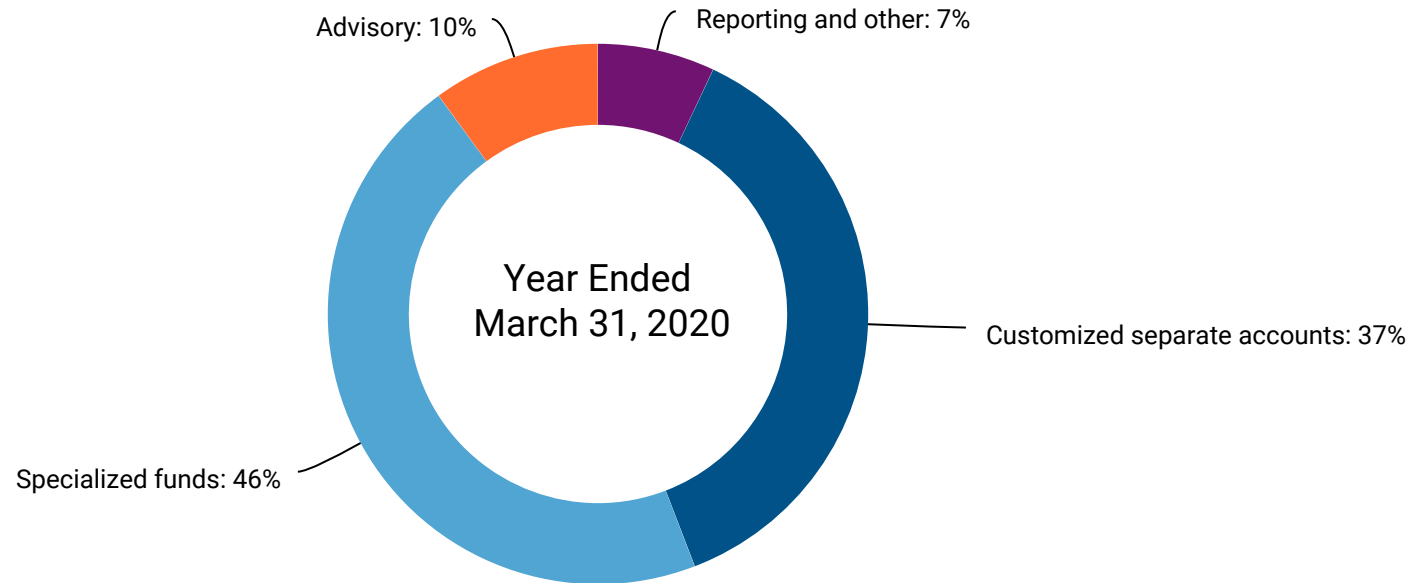
⁴ Represents corporate income taxes at our estimated statutory tax rate of 23.7% for the year ended March 31, 2020 and 23.9% for the year ended March 31, 2019 applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. The 23.9% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.9%.

⁵ 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 March 31,			Year Ended March 31,		
	2019	2020	% Change	2019	2020	% Change
Management and advisory fees						
Specialized funds	\$25,892	\$30,070	16 %	\$93,056	\$111,803	20 %
Customized separate accounts	22,158	23,703	7 %	85,245	90,750	6 %
Advisory	5,843	6,069	4 %	24,130	24,160	0 %
Reporting and other	2,432	2,610	7 %	8,805	9,102	3 %
Distribution management	752	1,751	133 %	4,525	4,920	9 %
Fund reimbursement revenue	852	1,133	33 %	2,012	4,185	108 %
Total management and advisory fees	\$57,929	\$65,336	13 %	\$217,773	\$244,920	12 %



Incentive Fees

<i>(Dollars in thousands)</i>	Three Months Ended March 31,			Year Ended March 31,		
	2019	2020	% Change	2019	2020	% Change
Incentive fees						
Secondary Fund II	\$204	\$120	(25)%	\$1,529	\$832	(46)%
Co-investment Fund II	1,790	1,437	(43)%	16,748	7,691	(54)%
Other specialized funds	5,657	1,555	59 %	7,410	5,848	(21)%
Customized separate accounts	1,408	8,483	82 %	8,719	14,757	69 %
Incentive fees	\$9,059	\$11,595	28 %	\$34,406	\$29,128	(15)%

	As of				
	March 31, 2019	December 31, 2019	March 31, 2020	YoY % Change	QoQ % Change
Unrecognized carried interest					
Secondary Fund II	\$3,874	\$3,446	\$3,818	(1)%	11 %
Secondary Fund III	36,697	36,723	33,993	(7)%	(7)%
Secondary Fund IV	30,587	43,784	54,431	78 %	24 %
Secondary Fund V	—	235	3,237	N/A	1,277 %
Co-investment Fund II	54,374	54,558	46,980	(14)%	(14)%
Co-investment Fund III	39,435	48,490	55,429	41 %	14 %
Co-investment Fund IV	746	10,438	14,401	1,830 %	38 %
Other specialized funds	40,204	72,022	82,792	106 %	15 %
Customized separate accounts	120,549	139,232	146,069	21 %	5 %
Total unrecognized carried interest	\$326,466	\$408,928	\$441,150	35 %	8 %

Assets Under Management

<i>(Dollars in millions)</i>	March 31, 2019	December 31, 2019	March 31, 2020	YoY % Change	QoQ % Change
Assets under management / advisement					
Assets under management	\$61,130	\$66,271	\$68,571	12 %	3 %
Assets under advisement	422,475	421,799	434,258	3 %	3 %
Total assets under management /advisement	\$483,605	\$488,070	\$502,829	4 %	3 %
Fee-earning assets under management					
Customized separate accounts					
Balance, beginning of period	\$21,211	\$22,877	\$23,287	10 %	2 %
Contributions	1,987	1,030	2,331	17 %	126 %
Distributions	(977)	(547)	(1,235)	26 %	126 %
Foreign exchange, market value and other	(61)	(73)	162	N/A	N/A
Balance, end of period	\$22,160	\$23,287	\$24,545	11 %	5 %
Specialized funds					
Balance, beginning of period	\$11,023	\$13,134	\$13,518	23 %	3 %
Contributions	587	639	717	22 %	12 %
Distributions	(177)	(256)	(100)	(44)%	(61)%
Foreign exchange, market value and other	1	1	(17)	(1,800)%	(1,800)%
Balance, end of period	\$11,434	\$13,518	\$14,118	23 %	4 %
Total					
Balance, beginning of period	\$32,234	\$36,011	\$36,805	14 %	2 %
Contributions	2,574	1,669	3,048	18 %	83 %
Distributions	(1,154)	(803)	(1,335)	16 %	66 %
Foreign exchange, market value and other	(60)	(72)	145	N/A	N/A
Balance, end of period	\$33,594	\$36,805	\$38,663	15 %	5 %

Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands except share and per share amounts)

	March 31, 2019	March 31, 2020
Assets		
Cash and cash equivalents	\$49,357	\$50,124
Restricted cash	2,233	3,086
Fees receivable	20,320	30,384
Prepaid expenses	4,714	6,988
Due from related parties	2,628	2,605
Furniture, fixtures and equipment, net	8,108	7,402
Lease right-of-use assets, net	—	9,577
Investments	154,491	207,747
Deferred income taxes	107,726	137,941
Other assets	11,014	17,675
Total assets	\$360,591	\$473,529
Liabilities and Equity		
Accounts payable	\$2,619	\$1,968
Accrued compensation and benefits	12,216	10,804
Deferred incentive fee revenue	3,704	3,704
Debt	70,954	74,524
Accrued members' distributions	17,081	5,829
Payable to related parties pursuant to tax receivable agreement	69,636	98,956
Accrued dividend	5,673	8,027
Lease liabilities	—	10,184
Other liabilities (includes \$0 and \$13,394 at fair value)	8,986	22,132
Total liabilities	190,869	236,128
Class A common stock, \$0.001 par value, 300,000,000 authorized; 27,367,477 and 29,842,784 issued and outstanding as of March 31, 2019 and 2020, respectively	27	30
Class B common stock, \$0.001 par value, 50,000,000 authorized; 23,516,439 and 22,049,727 issued and outstanding as of March 31, 2019 and 2020, respectively	24	22
Additional paid-in-capital	92,482	107,727
Retained earnings	17,686	47,090
Accumulated other comprehensive income (loss)	7	(78)
Total Hamilton Lane Incorporated stockholders' equity	110,226	154,791
Non-controlling interests in general partnerships	5,716	4,853
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	53,780	77,757
Total equity	169,722	237,401
Total liabilities and equity	\$360,591	\$473,529

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in thousands)	Year Ended March 31,		
	2018	2019	2020
Operating activities			
Net income	\$106,297	\$98,997	\$126,776
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,891	2,979	3,291
Change in deferred income taxes	22,983	21,665	7,929
Change in payable to related parties pursuant to tax receivable agreement	(5,076)	(9,778)	(346)
Write-off of deferred financing costs	1,657	–	–
Equity-based compensation	5,544	6,382	7,183
Gain on sale of investments valued under the measurement alternative	–	(11,133)	(4,973)
Fair value adjustment to investment valued at the measurement alternative	–	–	(1,507)
Equity in income of investees	(17,102)	(7,202)	(20,250)
Proceeds received from investments	14,391	14,077	12,761
Other	1,411	190	418
Changes in operating assets and liabilities	(35,304)	(4,555)	(14,909)
Net cash provided by operating activities	\$96,692	\$111,622	\$116,373
Investing activities			
Purchase of furniture, fixtures and equipment	\$(2,254)	\$(5,366)	\$(1,978)
Purchase of other investments	–	–	(3,967)
Proceeds from sales of investments valued under the measurement alternative	–	22,531	6,419
Cash paid for acquisition of business	(5,228)	–	–
Cash paid for acquisition of intangible assets	–	–	(4,172)
Loan to investee	–	(944)	(157)
Distributions received from investments	16,055	10,614	7,687
Contributions to investments	(30,346)	(46,048)	(53,732)
Net cash used in investing activities	\$(21,773)	\$(19,213)	\$(49,900)
Financing activities			
Proceeds from offering	\$125,200	\$193,504	\$147,122
Purchase of membership interests	(125,200)	(193,504)	(147,122)
Repayments of long term debt	(87,038)	(2,813)	(71,250)
Borrowings of debt, net of deferred financing costs	74,616	–	74,765
Drawdown of revolver	10,450	–	15,000
Repayment of revolver	–	(10,450)	(15,000)
Secured financing	–	–	15,750
Contributions from non-controlling interest in general partnerships	276	81	45
Distributions to non-controlling interest in general partnerships	(5,359)	(2,195)	(993)
Repurchase of Class B common stock	(2)	(2)	(2)
Repurchase of Class A common stock for employee tax withholding	(6,473)	(5,387)	(5,881)
Proceeds received from issuance of shares under employee stock plans	313	264	1,244
Payments to related parties pursuant to the tax receivable agreement	–	(383)	(1,952)
Dividends paid	(9,511)	(18,676)	(29,067)
Members' distributions paid	(36,943)	(50,649)	(47,368)
Net cash used in financing activities	\$(59,671)	\$(90,210)	\$(64,709)
Effect of exchange rate changes on cash and cash equivalents	\$–	\$8	\$(144)
Increase in cash, cash equivalents, and restricted cash	15,248	2,207	1,620
Cash, cash equivalents, and restricted cash at beginning of year	34,135	49,383	51,590
Cash, cash equivalents, and restricted cash at end of year	\$49,383	\$51,590	\$53,210

Non-GAAP Reconciliation

Reconciliation from Net Income

(Dollars in thousands)

	Year Ended March 31,		Three Months Ended March 31,		Year Ended March 31,	
	2015	2020	2019	2020	2019	2020
Net income attributable to Hamilton Lane Incorporated	\$0	\$60,825	\$8,048	\$20,648	\$33,573	\$60,825
Income (loss) attributable to non-controlling interests in general partnerships	2,242	85	(511)	(508)	564	85
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,260	65,866	12,870	18,473	64,860	65,866
Incentive fees ¹	(9,509)	(29,128)	(9,059)	(11,596)	(34,406)	(29,128)
Incentive fee related compensation ²	4,542	13,677	4,267	5,473	14,983	13,677
Interest income	(87)	(709)	(88)	(85)	(255)	(709)
Interest expense	5,883	2,816	779	603	3,039	2,816
Income tax expense	483	13,968	4,900	2,404	30,560	13,968
Equity in income of investees	(10,474)	(20,250)	2,894	(5,919)	(7,202)	(20,250)
Contingent compensation related to acquisition	–	–	–	–	5,100	–
Non-operating loss (income)	1,056	(6,172)	36	(1,997)	(20,915)	(6,172)
Fee Related Earnings	\$63,396	\$100,978	\$24,136	\$27,496	\$89,901	\$100,978
Depreciation and amortization	1,867	3,291	741	912	2,500	3,291
Equity-based compensation	3,390	7,183	1,604	1,939	6,382	7,183
Incentive fees ¹	9,509	29,128	9,059	11,596	34,406	29,128
Incentive fees attributable to non-controlling interests ¹	–	(320)	(74)	(58)	(725)	(320)
Incentive fee related compensation ²	(4,542)	(13,677)	(4,267)	(5,473)	(14,983)	(13,677)
Interest income	87	709	88	85	255	709
Adjusted EBITDA	\$73,707	\$127,292	\$31,287	\$36,497	\$117,736	\$127,292
Non-GAAP earnings per share reconciliation						
Net income attributable to Hamilton Lane Incorporated			\$8,048	\$20,648	\$33,573	\$60,825
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.			12,870	18,473	64,860	65,866
Income tax expense			4,900	2,404	30,560	13,968
Contingent compensation related to acquisition			–	–	5,100	–
Adjusted pre-tax net income			25,818	41,525	134,093	140,659
Adjusted income taxes ³			(6,387)	(9,742)	(32,048)	(33,336)
Adjusted net income			\$19,431	\$31,783	\$102,045	\$107,323
Weighted-average shares of Class A common stock outstanding - diluted			25,852,163	29,613,377	24,298,795	28,438,772
Exchange of Class B and Class C units in HLA ⁴			27,540,069	23,968,994	29,040,205	25,067,540
Adjusted shares outstanding			53,392,233	53,582,371	53,339,000	53,506,312
Non-GAAP earnings per share			\$0.36	\$0.59	\$1.91	\$2.01

¹ Incentive fees for the year ended March 31, 2020 included \$0.3 million of non-cash carried interest attributable to non-controlling interests. Incentive fees for the year ended March 31, 2019 included \$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.

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 the year ended March 31, 2019 excludes compensation expense related to the recognition of incentive fees included in net income from one of our co-investment funds of \$2.5 million as the related incentive fee compensation was recognized in fiscal 2016.

³ Represents corporate income taxes at our estimated statutory tax rate of 23.7% for the the year ended March 31, 2020 and 23.9% for the the year ended March 31, 2019 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 23.9% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.9%.

⁴ 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.

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 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 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**"), a Delaware corporation, 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 the closing of our IPO on 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, 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 manage our obligations under our debt agreements; defaults by clients and third-party investors on their obligations to fund commitments; our ability to comply with investment guidelines set by our clients; our ability to manage the effects of events outside of our control; 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, 2019, 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.

Values appearing in this presentation that are whole numbers are rounded approximations.

As of May 28, 2020