

# TiptreeInc.

NASDAQ: TIPT

INVESTOR PRESENTATION - THIRD QUARTER - 2017

**November 2017**

Financial information for nine months ended September 30, 2017

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This document contains "forward-looking statements" which involve risks, uncertainties and contingencies, many of which are beyond Tiptree's control, which may cause actual results, performance, or achievements to differ materially from anticipated results, performance, or achievements. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "should," "target," "will," or similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, but are not limited to, statements about Tiptree's plans, objectives, expectations and intentions. The forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecast in the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to those described in the section entitled "Risk Factors" in Tiptree's Annual Report on Form 10-K, and as described in the Tiptree's other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date of this release. The factors described therein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could affect our forward-looking statements. Consequently, our actual performance could be materially different from the results described or anticipated by our forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by the federal securities laws, we undertake no obligation to update any forward-looking statements.

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Certain market data and industry data used in this presentation were obtained from reports of governmental agencies and industry publications and surveys. We believe the data from third-party sources to be reliable based upon our management's knowledge of the industry, but have not independently verified such data and as such, make no guarantees as to its accuracy, completeness or timeliness.

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## NON-GAAP MEASURES

In this document, we sometimes use financial measures derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the SEC rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Management's reasons for using these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted in the Appendix.

## OVERVIEW & FINANCIAL RESULTS

### **Key Highlights**

# 3Q'17 PERFORMANCE SUMMARY

## Financial Results

### Revenue

**\$164.5** million

24.5% vs. prior year

### Net loss

**\$3.4** million

vs. prior year income of \$7.8 million

### Adjusted EBITDA<sup>(1)</sup>

**\$4.8** million

vs. prior year of \$20.1 million

### Book Value

per share, as exchanged<sup>(1)</sup>

**\$9.67**

(2.6)% vs. 9/30/16

## Business highlights

- ☑ Net loss for the quarter and the year to date primarily driven by unrealized losses on equities in the Insurance investments portfolio
- ☑ Specialty Insurance continued to change the product mix to achieve a balance between growing near-term earned premiums and increasing investable assets
  - Gross written premiums of \$209m, up 15%, driven by growth in warranty and credit products
  - Net written premiums of \$119m, up from \$56m driven by the assumption of a portion of our ceded reinsurance in late 2016
- ☑ On October 16, 2017, we completed a 40 year \$125m Junior Subordinated Note offering at our insurance company
  - Proceeds were used to repay an existing credit facility and reposition the balance sheet as part of our strategy to strengthen the capital position for future growth
- ☑ Asset Management operations completed its first risk retention compliant CLO, with a vertical tranche purchased in our insurance investment portfolio
- ☑ Additional senior living acquisitions have increased our gross investments to \$430m
- ☑ As of October 1, 2017, we exited our position in Siena
- ☑ We continue to focus on returning capital to shareholders through dividends and share buybacks, totaling \$10.6m year-to-date

(1) For a reconciliation of Non-GAAP metrics Adjusted EBITDA and book value per share as exchanged to GAAP financials, see the Appendix.

# FINANCIAL RESULTS

(\$ in millions, except per share information)

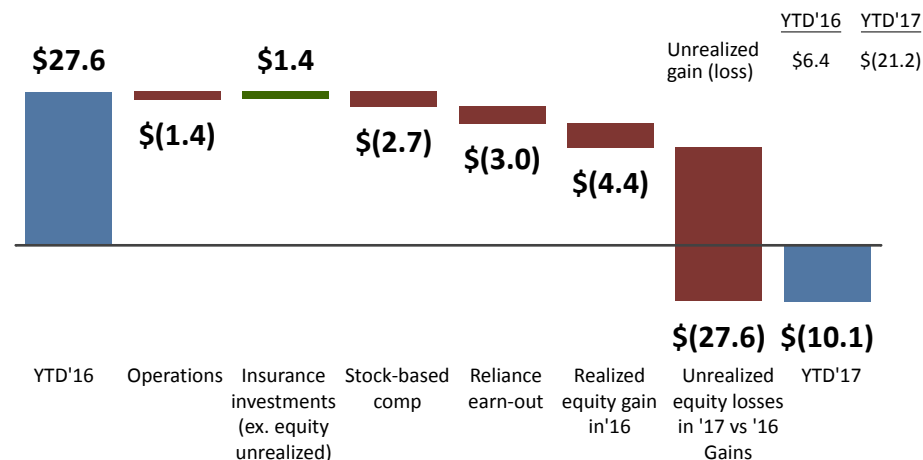
## Financial metrics

|                                   | 3Q'17   | 3Q'16   | YTD'17   | YTD'16   |
|-----------------------------------|---------|---------|----------|----------|
| Total Revenues                    | \$164.5 | \$132.2 | \$ 486.3 | \$ 395.1 |
| Pre-tax income (loss)             | (5.4)   | 11.6    | (10.1)   | 27.6     |
| Net income (loss) before NCI      | (3.4)   | 7.8     | (7.4)    | 22.3     |
| Diluted EPS                       | (0.11)  | 0.19    | (0.22)   | 0.53     |
| Adjusted EBITDA <sup>(1)</sup>    | 4.8     | 20.1    | 23.3     | 52.9     |
| BVPS, as exchanged <sup>(1)</sup> |         |         | 9.67     | 9.93     |

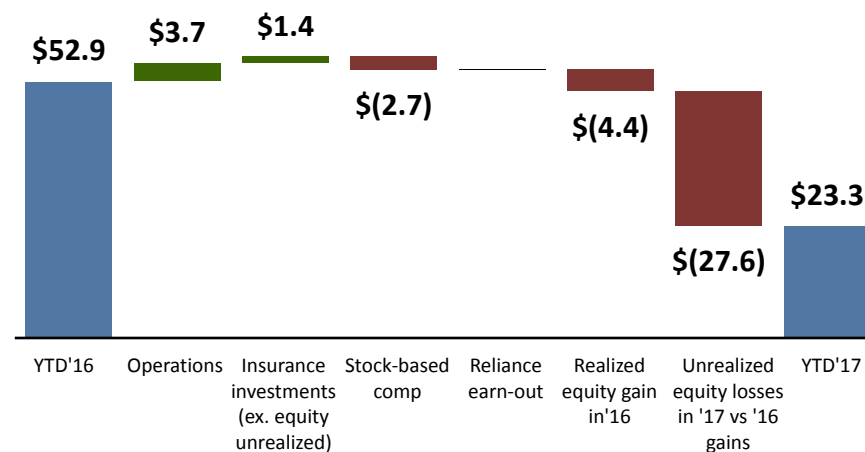
## Highlights

- Continued improvement in underlying operations Adjusted EBITDA across segments
  - Improved underlying operating performance at Reliance resulted in additional earn-out payments and stock based compensation
- Mark-to-market adjustments in our equity positions were the primary drivers of period-over period decline in pre-tax income and Adjusted EBITDA

## Pre-tax income



## Adjusted EBITDA <sup>(1)</sup>



<sup>(1)</sup> See the appendix for a reconciliation of book value per share as exchanged and Adjusted EBITDA

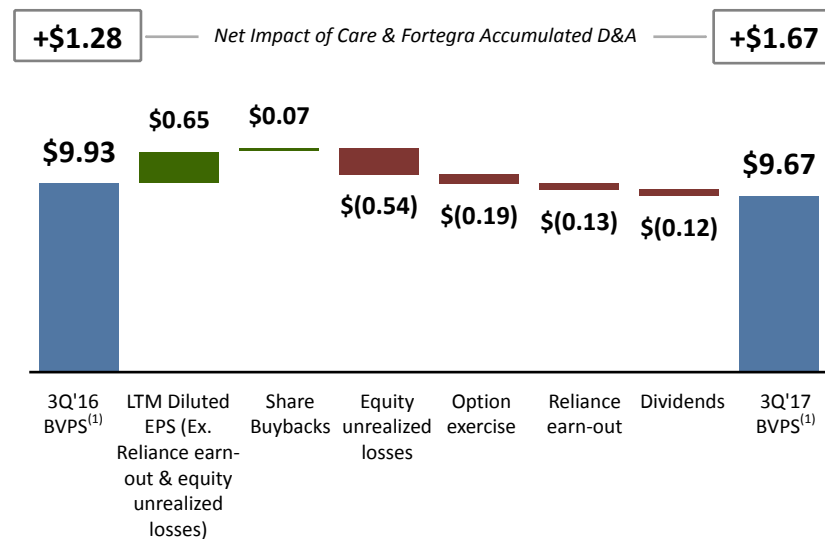
# CAPITAL ALLOCATION

(\$ in millions, except per share information)

## Invested Capital <sup>(1)</sup>

|   | 4Q'14           | 3Q'16           | 3Q'17           |
|---|-----------------|-----------------|-----------------|
| Class A equity                          | \$ 284.5        | \$ 286.8        | \$ 292.0        |
| Tiptree Financial Partners              | 90.1            | 74.6            | 74.1            |
| <b>Total stockholders equity</b>        | <b>\$ 374.6</b> | <b>\$ 361.4</b> | <b>\$ 366.1</b> |
| Fortegra/Care accumulated D&A, net      | 8.1             | 46.4            | 63.2            |
| Acquisition costs, net                  | 5.2             | 7.2             | 7.8             |
| <b>Invested Capital</b>                 | <b>\$ 387.9</b> | <b>\$ 415.0</b> | <b>\$ 437.1</b> |
| Corporate debt <sup>(2)</sup>           | 192.5           | 204.9           | 202.0           |
| <b>Total Capital</b>                    | <b>\$ 580.4</b> | <b>\$ 619.9</b> | <b>\$ 639.1</b> |
| <b>Total shares, as exchanged</b>       | <b>41.6</b>     | <b>36.4</b>     | <b>37.8</b>     |
| Returned to shareholders <sup>(3)</sup> | \$ —            | \$ 49.0         | \$ 11.5         |

## Book value per share <sup>(1)</sup> as exchanged



## Capital allocation across segments

|                     | As of Sep'17                    |                              | Normalized EBITDA <sup>(1)</sup> |                |
|---------------------|---------------------------------|------------------------------|----------------------------------|----------------|
|                     | Invested Capital <sup>(1)</sup> | Total Capital <sup>(1)</sup> | 3Q'16 LTM                        | 3Q'17 LTM      |
| Specialty Insurance | \$ 265.0                        | \$ 410.0                     | \$ 48.1                          | \$ 51.6        |
| Asset Management    | 38.5                            | 38.5                         | 24.4                             | 14.8           |
| Senior Living       | 116.9                           | 116.9                        | 8.1                              | 10.0           |
| Specialty Finance   | 44.6                            | 44.6                         | 7.7                              | 9.5            |
| Corporate           | (27.9)                          | 29.1                         | (31.1)                           | (25.1)         |
| <b>Total</b>        | <b>\$ 437.1</b>                 | <b>\$ 639.1</b>              | <b>\$ 57.2</b>                   | <b>\$ 60.8</b> |

(1) See the appendix for a reconciliation of Invested Capital, Total Capital and Normalized EBITDA.

(2) Corporate debt includes secured corporate credit agreements and preferred trust securities.

(3) Last twelve months dividends and share buy-backs for each respective period.

Return on total capital of 9.5%, increases over prior year LTM driven by:

- Insurance operations contributed \$51.6m, up 7.3% given warranty and programs growth, along with investment portfolio returns (ex. unrealized losses)
- Additional capital allocated to senior living with expected improvements in occupancy and NOI over 2017-2018
- Reduced corporate expenses from improvements in reporting infrastructure

## KEY PERFORMANCE HIGHLIGHTS

**Nine Months Ended September 30, 2017**

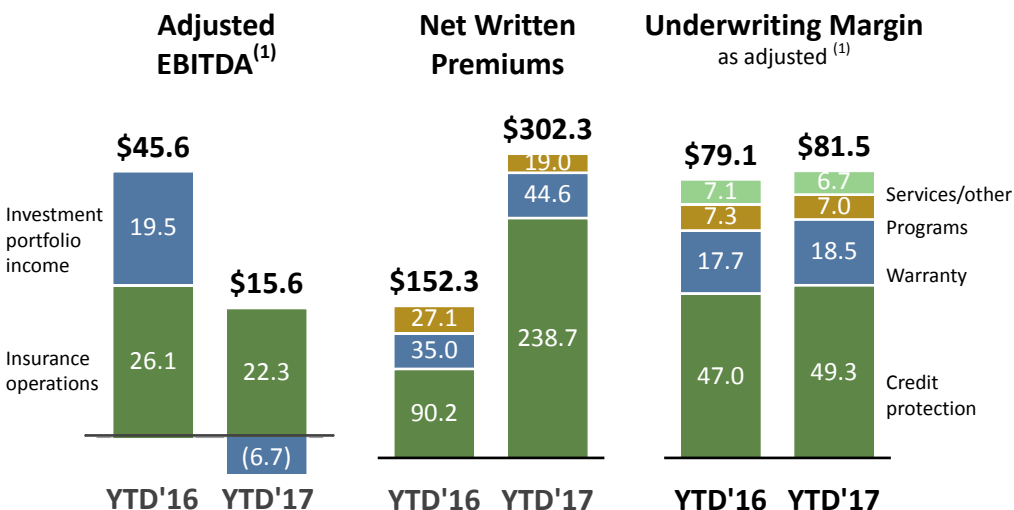
# SPECIALTY INSURANCE

(\$ in millions)

## Key financials <sup>(1)</sup>

|                                      | 3Q'16   | 3Q'17   | YTD'16  | YTD'17  |
|--------------------------------------|---------|---------|---------|---------|
| Gross Written Premiums               | \$181.4 | \$209.2 | \$540.2 | \$560.6 |
| Pre-tax income                       | \$10.7  | \$(2.3) | \$35.6  | \$1.7   |
| Adjusted EBITDA                      | \$14.2  | \$2.3   | \$45.6  | \$15.6  |
| Net portfolio income                 | \$6.4   | \$(6.4) | \$19.5  | \$(6.7) |
| Combined ratio, as adjusted          | 89.4%   | 92.8%   | 88.5%   | 93.6%   |
| Unearned premiums & Deferred revenue |         |         | \$469.3 | \$529.0 |

## Insurance products



<sup>(1)</sup> See the appendix for a reconciliation of Non-GAAP measures underwriting margin as adjusted, combined ratio as adjusted and Adjusted EBITDA, Net portfolio income to GAAP financials.

## Year-to-date highlights & outlook

- Continuing to expand product offerings and focused on growth in written premiums

  - \$529m of unearned premiums and deferred revenue, representing 12.7% year-over-year growth
  - Net written premiums grew by \$150m, driven by increased retention in credit and warranty products
- Financial performance driven by:

  - Adjusted underwriting margin of \$81.5m, up \$2.4m driven by strong performance in our credit protection and warranty products
  - Stock-based comp increased by \$2.0m, including a \$1.0m expense relating to prior year
  - Other expenses increased by \$4.0m (incl. premium taxes) as we make additional investments in our warranty and programs products
- Investment portfolio pre-tax loss of \$6.7m, down \$26.2m year-over-year primarily from unrealized losses



# SPECIALTY INSURANCE - INVESTMENT PORTFOLIO

(\$ in millions)

## Investments <sup>(1)</sup>

|  | 3Q'16          | 3Q'17          |
|--|----------------|----------------|
| Cash & cash equivalents <sup>(2)</sup>       | \$4.4          | \$60.2         |
| Available for sale securities, at fair value | 137.2          | 164.1          |
| Equity securities, at fair value             | 44.7           | 28.1           |
| Loans, at fair value, net <sup>(3)</sup>     | 101.4          | 84.5           |
| Real estate, net                             | 10.2           | 23.1           |
| Other investments                            | 4.0            | 4.0            |
| <b>Net investments <sup>(2)(3)</sup></b>     | <b>\$301.9</b> | <b>\$364.0</b> |

## Overview

We actively manage our investment portfolio to achieve a balance of two primary objectives:

- Cash and liquid short and medium term securities to cover near-term claims obligations
- Enhanced risk-adjusted returns through selective alternative investments with a focus on stable, longer-term higher yielding assets

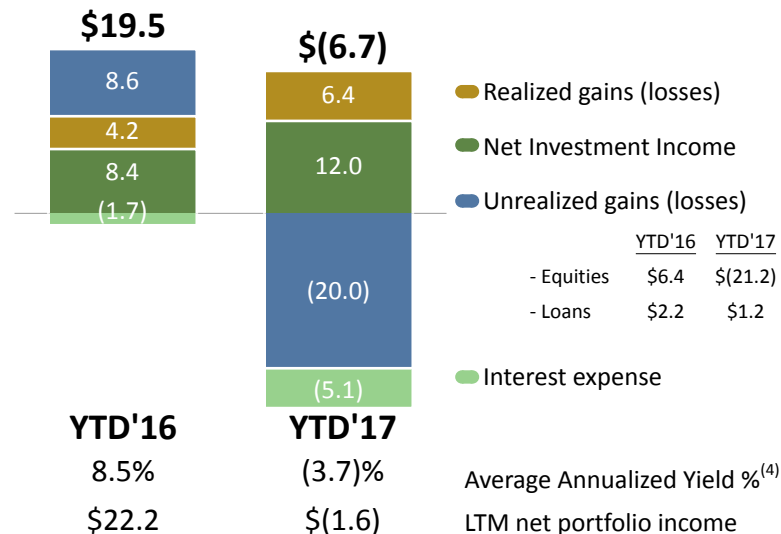
(1) See the appendix for a reconciliation of Non-GAAP measures net investments and net portfolio income to GAAP financials.

(2) Cash and cash equivalents, plus restricted cash, net of due to/due from brokers See appendix for reconciliation to GAAP financials.

(3) Net of non-recourse asset based financing of \$123.0 million and \$101.0 million for 3Q'17 and 3Q'16, respectively.

(4) Average Annualized Yield % represents the ratio of annualized net investment income, realized and unrealized gains (losses) less investment portfolio interest expense to the average of the prior three quarters total investments less investment portfolio debt plus cash.

## Year-to-date investment portfolio income



## Highlights

- Net investments grew \$62.1 million, or 20.6% from 3Q'16
- Net portfolio income, ex. unrealized losses, of \$13.3m, up \$2.4m from prior year
  - Investment income related to non-performing residential mortgages up year-over-year as portfolio matures and generates more consistent realized gains
  - Portfolio income down year-over-year driven primarily by unrealized losses on equities in '17 compared to gains in '16

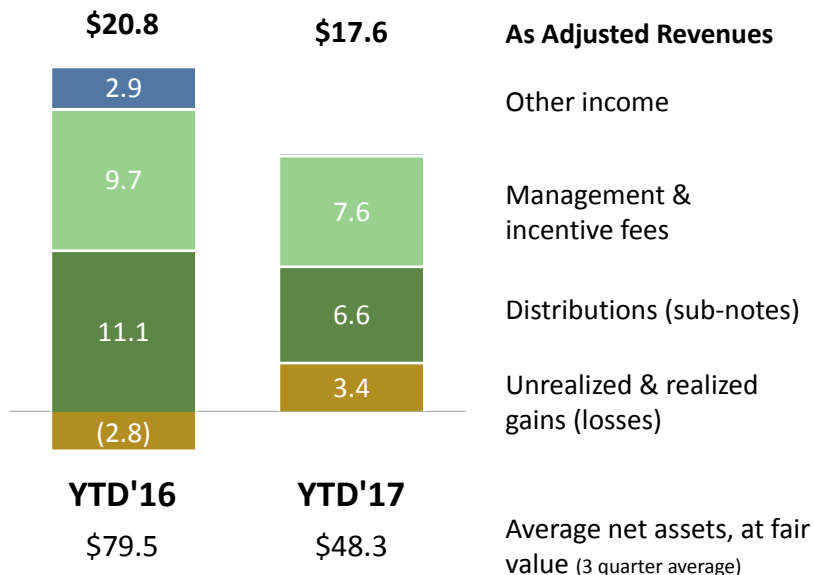
# ASSET MANAGEMENT

(\$ in millions)

## Key financials <sup>(1)</sup>

|  | 3Q'16 | 3Q'17 | YTD'16 | YTD'17 |
|--|-------|-------|--------|--------|
| Fee-earning AUM <sup>(2)</sup> (\$B)     | \$1.9 | \$1.6 | \$1.9  | \$1.6  |
| Revenue                                  | \$4.7 | \$1.4 | \$10.8 | \$8.2  |
| Income attributable to consolidated CLOs | \$4.0 | \$2.6 | \$10.0 | \$9.4  |
| Pre-tax Income                           | \$6.5 | \$3.0 | \$14.7 | \$13.1 |
| Adjusted EBITDA                          | \$6.5 | \$3.0 | \$14.7 | \$13.1 |

## As adjusted revenue components <sup>(1)</sup>



## Year-to-date financial highlights

Year-over-year decline in pre-tax income driven by:

- Declining management fees as older vintage CLOs run-off
- Distributions from investments decreased as we continued to reduce our sub-note holdings

Partially offset by:

- \$3.4m of unrealized and realized gains compared to \$2.8m of unrealized losses in 2016

## Recent developments and outlook

In 3Q'17, completed first risk retention CLO

Year-to-date sales reduced exposure in CLOs subordinated notes to \$20.2m as of Sep'17

Continued focus on developing asset management opportunities in other asset classes that leverage our expertise

<sup>1)</sup> See the appendix for a reconciliation of Adjusted EBITDA and As Adjusted Revenue to GAAP financials.  
<sup>(2)</sup> AUM is estimated and unaudited. Consists of NOPCB for CLOs, excludes Credit Opportunities Fund as it was not earning third party fees as of 9/30/2017.

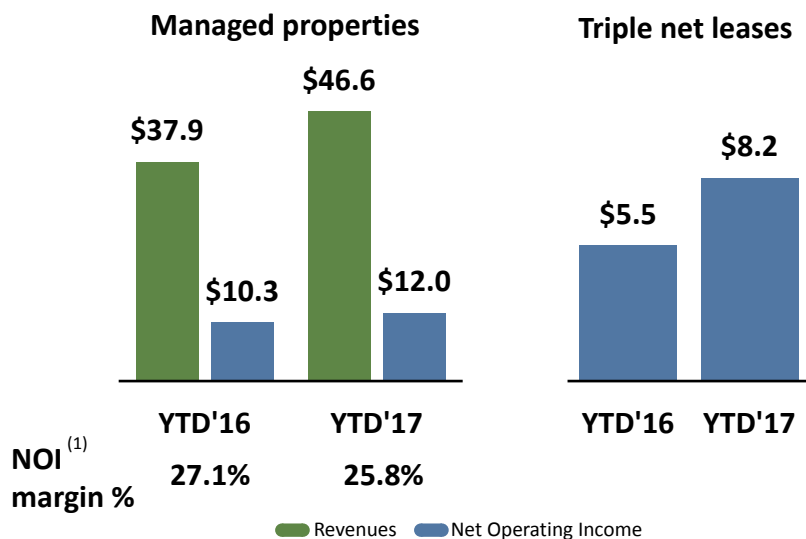
# SENIOR LIVING

(\$ in millions)

## Key financials <sup>(1)</sup>

|   | 3Q'16   | 3Q'17   | YTD'16  | YTD'17  |
|---|---------|---------|---------|---------|
| Revenue                                 | \$15.7  | \$19.6  | \$44.2  | \$55.9  |
| Pre-tax income                          | \$(0.5) | \$(1.5) | \$(5.5) | \$(5.4) |
| Adjusted EBITDA                         | \$2.9   | \$2.9   | \$7.2   | \$8.3   |
| Net Operating Income (NOI)              | \$5.1   | \$7.2   | \$15.8  | \$20.2  |
| Accumulated depreciation <sup>(2)</sup> |         |         | \$34.6  | \$51.6  |

## NOI by product



## Year-to-date highlights and outlook

Pre-tax income flat over prior year driven by higher depreciation and other expenses from recently acquired properties

- Quarterly pre-tax income down over prior year as industry softness delays improvements in occupancy and rental rates for recently renovated projects

## Property overview

| Property type               | 3Q'15           | 3Q'16           | 3Q'17*          |
|-----------------------------|-----------------|-----------------|-----------------|
| Managed properties          | \$ 135.7        | \$ 220.3        | \$ 246.0        |
| NNN leases                  | 97.2            | 97.2            | 161.6           |
| <b>Total purchase price</b> | <b>\$ 232.9</b> | <b>\$ 317.5</b> | <b>\$ 407.6</b> |
| Debt outstanding            | 166.6           | 205.4           | 301.2           |
| Average ownership           | 87.8%           | 85.9%           | 86.6%           |
| Number of properties        | 24              | 27              | 40              |

\*Excludes \$21.8m of real estate managed by Care and owned by our insurance subsidiary

Adjusted EBITDA of \$8.3m, up 15.3% driven by properties acquired during 2017

For the remainder of 2017 and 2018:

- ✓ NOI improvement driven by increases in occupancy rates, property improvements and expense management

(1) For explanation of Adjusted EBITDA, NOI, NOI Margin % and reconciliation to GAAP senior living segment pre-tax income, see the Appendix.

(2) Includes accumulated depreciation and in-place lease amortization.

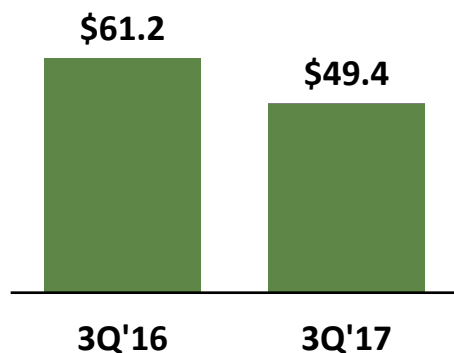
# OUTLOOK

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## Book value per share <sup>(1)</sup> as exchanged



## Adjusted EBITDA <sup>(1)</sup> Trailing Twelve Months



## 3Q'17 highlights

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- ✓ Continued focus on more stable, repeatable earnings
- ✓ Continued re-investment in core businesses
- ✓ Year-to-date operating earnings trending positively

## Looking ahead ...

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- Continued growth in specialty insurance operations
  - Unearned premiums and deferred revenue growth of 12.7%
- Improvements in long-term, net investment income as our insurance investment portfolio grows
- Increasing NOI in our senior living operations through stabilizing existing properties and additional investments in new properties
- A reduction in expenses over time as a result of improved corporate infrastructure
- Re-investing capital from non-core asset sales into our businesses

(1) See the appendix for a reconciliation of Book value per share, as exchanged and Adjusted EBITDA to GAAP financials.

## APPENDIX

# NON-GAAP RECONCILIATIONS - EBITDA AND ADJUSTED EBITDA

Management uses EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. The Company believes that use of these financial measures on a consolidated basis and for each segment provide supplemental information useful to investors as it is frequently used by the financial community to analyze performance period to period, to analyze a company's ability to service its debt and to facilitate comparison among companies. The Company believes segment EBITDA and Adjusted EBITDA provides additional supplemental information to compare results among our segments. Adjusted EBITDA is also used in determining incentive compensation for the Company's executive officers. These measures are not a measurement of financial performance or liquidity under GAAP and should not be considered as an alternative or substitute for net income. The Company's presentation of these measures may differ from similarly titled non-GAAP financial measures used by other companies. The Company defines EBITDA as GAAP net income of the Company adjusted to add consolidated interest expense, consolidated income taxes and consolidated depreciation and amortization expense as presented in its financial statements and Adjusted EBITDA as EBITDA adjusted to (i) subtract interest expense on asset-specific debt incurred in the ordinary course of its subsidiaries' business operations, (ii) adjust for the effect of purchase accounting, (iii) add back significant acquisition related costs, (iv) adjust for significant relocation costs and (v) any significant one-time expenses.

(\$ in thousands, unaudited)

|  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           | Last Twelve Months Ended<br>September 30, |           |
|--|-------------------------------------|-----------|------------------------------------|-----------|---|-----------|
|  | 2017                                | 2016      | 2017                               | 2016      | 2017                                      | 2016      |
| Net income (loss) available to Class A common stockholders                             | \$ (3,114)                          | \$ 5,905  | \$ (6,457)                         | \$ 17,593 | \$ 1,270                                  | \$ 13,942 |
| Add: net (loss) income attributable to noncontrolling interests                        | (264)                               | 1,933     | (903)                              | 4,680     | 1,435                                     | 5,746     |
| Less: net income from discontinued operations  | —                                   | —         | —                                  | —         | —   | (730)     |
| Net income (loss) before non-controlling interests                                     | \$ (3,378)                          | \$ 7,838  | \$ (7,360)                         | \$ 22,273 | \$ 2,705                                  | \$ 20,418 |
| Consolidated interest expense  | 10,361                              | 7,839     | 28,444                             | 20,770    | 37,375                                    | 26,609    |
| Consolidated income taxes  | (2,052)                             | 3,712     | (2,761)                            | 5,298     | 2,919                                     | 5,713     |
| Consolidated depreciation and amortization expense                                     | 7,775                               | 6,437     | 23,781                             | 21,899    | 30,350                                    | 30,166    |
| EBITDA   | \$ 12,706                           | \$ 25,826 | \$ 42,104                          | \$ 70,240 | \$ 73,349                                 | \$ 82,906 |
| Consolidated non-corporate and non-acquisition related interest expense <sup>(1)</sup> | (7,340)                             | (4,989)   | (19,510)                           | (13,223)  | (25,470)                                  | (16,957)  |
| Effects of Purchase Accounting <sup>(2)</sup>  | (306)                               | (957)     | (1,205)                            | (4,446)   | (1,813)                                   | (8,635)   |
| Non-cash fair value adjustments <sup>(3)</sup>   | (309)                               | —         | 3,378                              | 1,416     | 4,655                                     | 116       |
| Significant acquisition expenses <sup>(4)</sup>  | 25                                  | 248       | 302                                | 631       | 382                                       | 1,141     |
| Separation expense adjustments <sup>(5)</sup>  | —                                   | —         | (1,736)                            | (1,736)   | (1,736)                                   | 3,473     |
| Adjusted EBITDA from continuing operations   | \$ 4,776                            | \$ 20,128 | \$ 23,333                          | \$ 52,882 | \$ 49,367                                 | \$ 62,044 |
| Income from Discontinued Operations of the Company                                     | \$ —                                | \$ —      | \$ —                               | \$ —      | \$ —                                      | \$ (730)  |
| EBITDA from Discontinued Operations  | \$ —                                | \$ —      | \$ —                               | \$ —      | \$ —                                      | \$ (730)  |
| Adjusted EBITDA of the Company   | \$ 4,776                            | \$ 20,128 | \$ 23,333                          | \$ 52,882 | \$ 49,367                                 | \$ 61,175 |

- (1) The consolidated non-corporate and non-acquisition related interest expense is subtracted from EBITDA to arrive at Adjusted EBITDA. This includes interest expense associated with asset-specific debt at subsidiaries in the specialty insurance, asset management, senior living and specialty finance segments.
- (2) Following the purchase accounting adjustments, current period expenses associated with deferred costs were more favorably stated and current period income associated with deferred revenues were less favorably stated. Thus, the purchase accounting effect related to Fortegra increased EBITDA above what the historical basis of accounting would have generated. The impact of this purchase accounting adjustments have been reversed to reflect an adjusted EBITDA without such purchase accounting effect. The impact for the three months ended September 30, 2017 and 2016 was an effective increase to pre-tax earnings of \$307 thousand and \$408 thousand, respectively.
- (3) For our senior living segment, Adjusted EBITDA excludes the impact of the change of fair value of interest rate swaps hedging the debt at the property level. For Reliance, within our specialty finance segment, Adjusted EBITDA excludes the impact of changes in contingent earn-outs. For our specialty insurance segment, depreciation and amortization on senior living real estate that is within net investment income is added back to Adjusted EBITDA.
- (4) Acquisition costs include legal, taxes, banker fees and other costs associated with senior living acquisitions in 2017 and 2016.
- (5) Consists of payments pursuant to a separation agreement, dated as of November 10, 2015.

# NON-GAAP RECONCILIATIONS - EBITDA AND ADJUSTED EBITDA

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| (\$ in thousands)                      | Three Months Ended September 30, |           |                  |          |               |          |                   |          |                     |            |            |           |
|--|----------------------------------|-----------|------------------|----------|---------------|----------|-------------------|----------|---------------------|------------|------------|-----------|
|  | Specialty insurance              |           | Asset management |          | Senior living |          | Specialty finance |          | Corporate and other |            | Total      |           |
|  | 2017                             | 2016      | 2017             | 2016     | 2017          | 2016     | 2017              | 2016     | 2017                | 2016       | 2017       | 2016      |
| Pre-tax income/(loss)                  | \$ (2,345)                       | \$ 10,659 | \$ 2,973         | \$ 6,475 | \$ (1,535)    | \$ (473) | \$ 2,595          | \$ 4,181 | \$ (7,118)          | \$ (9,292) | \$ (5,430) | \$ 11,550 |
| Add back:                              |                                  |           |                  |          |               |          |                   |          |                     |            |            |           |
| Interest expense                       | 3,499                            | 2,322     | 5                | —        | 3,609         | 2,271    | 1,949             | 1,932    | 1,299               | 1,314      | 10,361     | 7,839     |
| Depreciation and amortization expenses | 3,134                            | 3,032     | —                | —        | 4,369         | 3,094    | 209               | 248      | 63                  | 63         | 7,775      | 6,437     |
| Segment EBITDA                         | \$ 4,288                         | \$ 16,013 | \$ 2,978         | \$ 6,475 | \$ 6,443      | \$ 4,892 | \$ 4,753          | \$ 6,361 | \$ (5,756)          | \$ (7,915) | \$ 12,706  | \$ 25,826 |
| EBITDA adjustments:                    |                                  |           |                  |          |               |          |                   |          |                     |            |            |           |
| Asset-specific debt interest           | (1,777)                          | (836)     | (5)              | —        | (3,609)       | (2,271)  | (1,949)           | (1,882)  | —                   | —          | (7,340)    | (4,989)   |
| Effects of purchase accounting         | (306)                            | (957)     | —                | —        | —             | —        | —                 | —        | —                   | —          | (306)      | (957)     |
| Non-cash fair value adjustments        | 113                              | —         | —                | —        | —             | —        | (422)             | —        | —                   | —          | (309)      | —         |
| Significant acquisition expenses       | —                                | —         | —                | —        | 25            | 248      | —                 | —        | —                   | —          | 25         | 248       |
| Separation expenses                    | —                                | —         | —                | —        | —             | —        | —                 | —        | —                   | —          | —          | —         |
| Segment Adjusted EBITDA                | \$ 2,318                         | \$ 14,220 | \$ 2,973         | \$ 6,475 | \$ 2,859      | \$ 2,869 | \$ 2,382          | \$ 4,479 | \$ (5,756)          | \$ (7,915) | \$ 4,776   | \$ 20,128 |

| (\$ in thousands)                      | Nine Months Ended September 30, |           |                  |           |               |            |                   |           |                     |             |             |           |
|--|---------------------------------|-----------|------------------|-----------|---------------|------------|-------------------|-----------|---------------------|-------------|-------------|-----------|
|  | Specialty insurance             |           | Asset management |           | Senior living |            | Specialty finance |           | Corporate and other |             | Total       |           |
|  | 2017                            | 2016      | 2017             | 2016      | 2017          | 2016       | 2017              | 2016      | 2017                | 2016        | 2017        | 2016      |
| Pre-tax income/(loss)                  | \$ 1,724                        | \$ 35,627 | \$ 13,083        | \$ 14,672 | \$ (5,359)    | \$ (5,487) | \$ 2,629          | \$ 5,510  | \$ (22,198)         | \$ (22,751) | \$ (10,121) | \$ 27,571 |
| Add back:                              |                                 |           |                  |           |               |            |                   |           |                     |             |             |           |
| Interest expense                       | 10,534                          | 6,018     | 7                | 746       | 9,309         | 6,220      | 4,743             | 4,352     | 3,851               | 3,434       | 28,444      | 20,770    |
| Depreciation and amortization expenses | 9,625                           | 10,414    | —                | —         | 13,350        | 10,634     | 620               | 665       | 186                 | 186         | 23,781      | 21,899    |
| Segment EBITDA                         | \$ 21,883                       | \$ 52,059 | \$ 13,090        | \$ 15,418 | \$ 17,300     | \$ 11,367  | \$ 7,992          | \$ 10,527 | \$ (18,161)         | \$ (19,131) | \$ 42,104   | \$ 70,240 |
| EBITDA adjustments:                    |                                 |           |                  |           |               |            |                   |           |                     |             |             |           |
| Asset-specific debt interest           | (5,451)                         | (2,057)   | (7)              | (746)     | (9,309)       | (6,220)    | (4,743)           | (4,200)   | —                   | —           | (19,510)    | (13,223)  |
| Effects of purchase accounting         | (1,205)                         | (4,446)   | —                | —         | —             | —          | —                 | —         | —                   | —           | (1,205)     | (4,446)   |
| Non-cash fair value adjustments        | 339                             | —         | —                | —         | —             | 1,416      | 3,039             | —         | —                   | —           | 3,378       | 1,416     |
| Significant acquisition expenses       | —                               | —         | —                | —         | 302           | 631        | —                 | —         | —                   | —           | 302         | 631       |
| Separation expenses                    | —                               | —         | —                | —         | —             | —          | —                 | —         | (1,736)             | (1,736)     | (1,736)     | (1,736)   |
| Segment Adjusted EBITDA                | \$ 15,566                       | \$ 45,556 | \$ 13,083        | \$ 14,672 | \$ 8,293      | \$ 7,194   | \$ 6,288          | \$ 6,327  | \$ (19,897)         | \$ (20,867) | \$ 23,333   | \$ 52,882 |

# NON-GAAP RECONCILIATIONS - LTM NORMALIZED EBITDA

Management uses EBITDA, Adjusted EBITDA and Normalized EBITDA, which are non-GAAP financial measures. The Company believes that consolidated EBITDA, Adjusted EBITDA and Normalized EBITDA on a consolidated basis and for each segment provide supplemental information useful to investors as it is frequently used by the financial community to analyze performance period to period, to analyze a company's ability to service its debt and to facilitate comparison among companies. The Company believes segment EBITDA, Adjusted EBITDA and Normalized EBITDA provides additional supplemental information to compare results among our segments. Normalized EBITDA is consistent with our debt agreement calculations and provides supplemental information regarding operational earnings. The Company's Adjusted EBITDA is used in determining incentive compensation for the Company's executive officers. These measures are not a measurement of financial performance or liquidity under GAAP and should not be considered as an alternative or substitute for net income. The Company's presentation of these measures may differ from similarly titled non-GAAP financial measures used by other companies. The Company defines EBITDA as GAAP net income of the Company adjusted to add consolidated interest expense, consolidated income taxes and consolidated depreciation and amortization expense as presented in its financial statements and Adjusted EBITDA as EBITDA adjusted to (i) subtract interest expense on asset-specific debt incurred in the ordinary course of its subsidiaries' business operations, (ii) adjust for the effect of purchase accounting, (iii) add back significant acquisition related costs, (iv) adjust for significant relocation costs and (v) any significant one-time expenses.

| (\$ in thousands)   | Last Twelve Months Ended September 30, |           |                  |           |               |            |                   |           |                     |             |           |           |
|---|--|-----------|------------------|-----------|---------------|------------|-------------------|-----------|---------------------|-------------|-----------|-----------|
|   | Specialty insurance                    |           | Asset management |           | Senior living |            | Specialty finance |           | Corporate and other |             | Total     |           |
|   | 2017                                   | 2016      | 2017             | 2016      | 2017          | 2016       | 2017              | 2016      | 2017                | 2016        | 2017      | 2016      |
| Pre-tax income/(loss)                                       | \$ 12,901                              | \$ 46,760 | \$ 23,675        | \$ 13,365 | \$ (5,696)    | \$ (6,260) | \$ 5,289          | \$ 9,521  | \$ (30,545)         | \$ (37,255) | \$ 5,624  | \$ 26,131 |
| Add back:   |  |           |                  |           |               |            |                   |           |                     |             |           |           |
| Interest expense  | 13,760                                 | 7,333     | 7                | 1,193     | 11,780        | 8,048      | 6,681             | 5,348     | 5,147               | 4,687       | 37,375    | 26,609    |
| Depreciation and amortization expenses                      | 12,395                                 | 15,110    | —                | —         | 16,882        | 13,915     | 825               | 910       | 248                 | 231         | 30,350    | 30,166    |
| Segment EBITDA  | \$ 39,056                              | \$ 69,203 | \$ 23,682        | \$ 14,558 | \$ 22,966     | \$ 15,703  | \$ 12,795         | \$ 15,779 | \$ (25,150)         | \$ (32,337) | \$ 73,349 | \$ 82,906 |
| EBITDA adjustments:   |  |           |                  |           |               |            |                   |           |                     |             |           |           |
| Asset-specific debt interest <sup>(1)</sup>                 | (7,046)                                | (2,572)   | (7)              | (1,193)   | (11,780)      | (8,048)    | (6,637)           | (5,144)   | —                   | —           | (25,470)  | (16,957)  |
| Effects of purchase accounting <sup>(2)</sup>               | (1,813)                                | (8,635)   | —                | —         | —             | —          | —                 | —         | —                   | —           | (1,813)   | (8,635)   |
| Non-cash fair value adjustments <sup>(3)</sup>              | 339                                    | —         | —                | —         | —             | 1,416      | 4,316             | (1,300)   | —                   | —           | 4,655     | 116       |
| Significant acquisition expenses <sup>(4)</sup>             | —                                      | —         | —                | —         | 382           | 861        | —                 | —         | —                   | 280         | 382       | 1,141     |
| Separation expenses <sup>(5)</sup>                          | —                                      | —         | —                | —         | —             | —          | —                 | —         | (1,736)             | 3,473       | (1,736)   | 3,473     |
| Segment Adjusted EBITDA                                     | \$ 30,536                              | \$ 57,996 | \$ 23,675        | \$ 13,365 | \$ 11,568     | \$ 9,932   | \$ 10,474         | \$ 9,335  | \$ (26,886)         | \$ (28,584) | \$ 49,367 | \$ 62,044 |
| Plus: Stock based compensation expense                      | 2,922                                  | 618       | —                | —         | —             | —          | 374               | 103       | 1,824               | 1,018       | 5,120     | 1,739     |
| Less: Realized and unrealized gains (losses) <sup>(6)</sup> | (18,177)                               | 10,468    | 8,843            | (11,034)  | —             | 501        | 19                | (240)     | 23                  | 3,556       | (9,292)   | 3,251     |
| Less: Third party NCI Adjusted EBITDA                       | —                                      | —         | —                | —         | 1,547         | 1,329      | 1,348             | 1,935     | —                   | —           | 2,895     | 3,264     |
| Normalized EBITDA   | \$ 51,635                              | \$ 48,146 | \$ 14,832        | \$ 24,399 | \$ 10,021     | \$ 8,102   | \$ 9,481          | \$ 7,743  | \$ (25,085)         | \$ (31,122) | \$ 60,884 | \$ 57,268 |

- (1) The consolidated non-corporate and non-acquisition related interest expense is subtracted from EBITDA to arrive at Adjusted EBITDA. This includes interest expense associated with asset-specific debt at subsidiaries in the specialty insurance, asset management, senior living and specialty finance segments.
- (2) Following the purchase accounting adjustments, current period expenses associated with deferred costs were more favorably stated and current period income associated with deferred revenues were less favorably stated. Thus, the purchase accounting effect related to Fortegra increased EBITDA above what the historical basis of accounting would have generated. The impact of this purchase accounting adjustments have been reversed to reflect an adjusted EBITDA without such purchase accounting effect. The impact for the three months ended September 30, 2017 and 2016 was an effective increase to pre-tax earnings of \$307 thousand and \$408 thousand, respectively.
- (3) For our senior living segment, Adjusted EBITDA excludes the impact of the change of fair value of interest rate swaps hedging the debt at the property level. For Reliance, within our specialty finance segment, Adjusted EBITDA excludes the impact of changes in contingent earn-outs. For our specialty insurance segment, depreciation and amortization on senior living real estate that is within net investment income is added back to Adjusted EBITDA.
- (4) Acquisition costs include legal, taxes, banker fees and other costs associated with senior living acquisitions in 2017 and 2016.
- (5) Consists of payments pursuant to a separation agreement, dated as of November 10, 2015.
- (6) Deduction excludes Mortgage realized/unrealized gains – Performing and NPLs (including related expenses) from this line as those are recurring in nature and align with those particular business models.



# NON-GAAP RECONCILIATIONS - BVPS, INVESTED AND TOTAL CAPITAL

Management uses Book value per share, as exchanged, which is a non-GAAP financial measure. As exchanged assumes full exchange of the limited partners units of TFP for Tiptree Class A common stock. Management believes the use of this financial measure provides supplemental information useful to investors as it is frequently used by the financial community to analyze company growth on a relative per share basis.

Tiptree's book value per share, as exchanged, was \$9.67 as of September 30, 2017 compared with \$9.93 as of September 30, 2016. Total stockholders' equity, net of other non-controlling interests for the Company was \$366.1 million as of September 30, 2017, which comprised total stockholders' equity of \$391.1 million adjusted for \$25.1 million attributable to non-controlling interest at certain operating subsidiaries that are not wholly owned by the Company, such as Siena, Luxury and Care. Total stockholders' equity, net of other non-controlling interests for the Company was \$361.4 million as of September 30, 2016, which comprised total stockholders' equity of \$381.3 million adjusted for \$19.9 million attributable to non-controlling interest at subsidiaries that are not wholly owned by the Company. Additionally, the Company's book value per share is based upon Class A common shares outstanding, plus Class A common stock issuable upon exchange of partnership units of TFP which is equal to the number of Class B outstanding shares. The total shares as of September 30, 2017 and September 30, 2016 were 37.8 million and 36.4 million, respectively.

*(\$ in thousands, unaudited, except per share information)*

|   | September<br>30, 2017 | June 30,<br>2017 | March 31,<br>2017 | December<br>31, 2016 | September<br>30, 2016 |
|---|-----------------------|------------------|-------------------|----------------------|-----------------------|
| Total stockholders' equity  | \$ 391,138            | \$ 390,672       | \$ 393,838        | \$ 390,144           | \$ 381,341            |
| Less non-controlling interest - other                               | 25,081                | 24,867           | 22,970            | 20,636               | 19,939                |
| Total stockholders equity, net of non-controlling interests - other | \$ 366,057            | \$ 365,805       | \$ 370,868        | \$ 369,508           | \$ 361,402            |
| Total Class A shares outstanding <sup>(1)</sup>                     | 29,793                | 29,017           | 28,492            | 28,388               | 28,351                |
| Total Class B shares outstanding                                    | 8,049                 | 8,049            | 8,049             | 8,049                | 8,049                 |
| Total shares outstanding  | 37,842                | 37,066           | 36,541            | 36,437               | 36,400                |
| Book value per share, as exchanged                                  | \$ 9.67               | \$ 9.87          | \$ 10.15          | \$ 10.14             | \$ 9.93               |

(1) As of September 30, 2017, excludes 5,209,523 shares of Class A common stock held by subsidiaries of the Company. See Note 23—Earnings per Share, in the Form 10-Q for September 30, 2017, for further discussion of potential dilution from warrants.

Management evaluates the return on Invested Capital and Total Capital, which are non-GAAP financial measures, when making capital investment decisions. Invested capital represents its total cash investment, including any re-investment of earnings, and acquisition costs, net of tax. Total Capital represents Invested Capital plus Corporate Debt. Management believes the use of these financial measures provide supplemental information useful to investors as they are frequently used by the financial community to analyze how the Company has allocated capital over-time and provide a basis for determining the return on capital to shareholders. Management uses both of these measures when making capital investment decisions, including reinvesting distributable cash flow, and evaluating the relative performance of its businesses and investments.

*(\$ in thousands, unaudited, except per share information)*

|  | September<br>30, 2017 | September<br>30, 2016 | December<br>31, 2014 |
|--|-----------------------|-----------------------|----------------------|
| Total stockholders' equity   | \$ 391,138            | \$ 381,341            | \$ 401,621           |
| Less non-controlling interest - other  | 25,081                | 19,939                | 27,015               |
| Total stockholders equity, net of non-controlling interests - other                              | \$ 366,057            | \$ 361,402            | \$ 374,606           |
| Plus: Fortegra/Care accumulated depreciation and amortization, net of tax and NCI <sup>(1)</sup> | 63,244                | 46,438                | 8,087                |
| Plus: Acquisition expenses, net <sup>(2)</sup>   | 7,821                 | 7,177                 | 5,247                |
| Invested Capital   | \$ 437,122            | \$ 415,017            | \$ 387,940           |
| Plus: Corporate Debt <sup>(3)</sup>  | 202,000               | 204,850               | 192,500              |
| Total Capital  | \$ 639,122            | \$ 619,867            | \$ 580,440           |

(1) As of September 2017, add-back of \$52.7 million of accumulated intangible amortization at Fortegra and \$51.5 million of accumulated real estate depreciation and intangible amortization on Care senior living properties. On as exchanged basis, assumes 86.6% ownership of Care properties and 35% tax rate on total accumulated depreciation.

(2) Add-back acquisition costs associated with acquiring Fortegra, Care senior living properties and Reliance net of Care NCI (86.6% ownership) and 35% tax rate.

(3) Corporate debt consists of Secured Corporate Credit Agreements, plus preferred trust securities.

# NON-GAAP RECONCILIATIONS - SPECIALTY INSURANCE

The following table provides a reconciliation between as adjusted underwriting margin and pre-tax income. We generally limit the underwriting risk we assume through the use of both reinsurance (e.g., quota share and excess of loss) and retrospective commission agreements with our partners (e.g., commissions paid adjust based on the actual underlying losses incurred), which manage and mitigate our risk. Period-over-period comparisons of revenues are often impacted by the PORCs and clients' choice as to whether to retain risk, specifically with respect to the relationship between service and administration expenses and ceding commissions, both components of revenue, and the offsetting policy and contract benefits and commissions paid to our partners and reinsurers. Generally, when losses are incurred, the risk which is retained by our partners and reinsurers is reflected in a reduction in commissions paid. In order to better explain to investors the net financial impact of the risk retained by the Company of the insurance contracts written and the impact on profitability, we use the Non-GAAP metric - As Adjusted Underwriting Margin. For the same reasons that we adjust our combined ratio for the effects of purchase accounting, VOPA impacts can also mask the actual relationship between revenues earned and the offsetting reductions in commissions paid, and thus the period over period net financial impact of the risk retained by the Company. Expressed as a percentage, the combined ratio represents the relationship of policy and contract benefits, commission expense (net of ceding commissions), employee compensation and benefits, and other expenses to net earned premiums, service and administrative fees, and other income. Investors use this ratio to evaluate our ability to profitably underwrite the risks we assume over time and manage our operating costs. As such, we believe that presenting underwriting margin and the combined ratio provides useful information to investors and aligns more closely to how management measures the underwriting performance of the business.

| (\$ in thousands)                      | Three Months Ended September 30, |                  |                      |                 |                        |                  | Nine Months Ended September 30, |                  |                      |                   |                        |                  |
|--|----------------------------------|------------------|----------------------|-----------------|------------------------|------------------|---------------------------------|------------------|----------------------|-------------------|------------------------|------------------|
|  | GAAP                             |                  | Non-GAAP adjustments |                 | Non-GAAP - As Adjusted |                  | GAAP                            |                  | Non-GAAP adjustments |                   | Non-GAAP - As Adjusted |                  |
|  | 2017                             | 2016             | 2017                 | 2016            | 2017                   | 2016             | 2017                            | 2016             | 2017                 | 2016              | 2017                   | 2016             |
| <b>Revenues:</b>                       |                                  |                  |                      |                 |                        |                  |                                 |                  |                      |                   |                        |                  |
| Net earned premiums                    | \$ 96,073                        | \$ 47,609        | \$ —                 | \$ —            | \$ 96,073              | \$ 47,609        | \$272,781                       | \$138,516        | \$ —                 | \$ —              | \$272,781              | \$138,516        |
| Service and administrative fees        | 24,018                           | 25,842           | 236                  | 1,134           | 24,254                 | 26,976           | 70,861                          | 84,421           | 742                  | 4,976             | 71,603                 | 89,397           |
| Ceding commissions                     | 2,513                            | 1,397            | 10                   | 69              | 2,523                  | 1,466            | 6,801                           | 22,645           | 46                   | 376               | 6,847                  | 23,021           |
| Other income                           | 824                              | 730              | —                    | —               | 824                    | 730              | 2,874                           | 1,985            | —                    | —                 | 2,874                  | 1,985            |
| <b>Less underwriting expenses:</b>     |                                  |                  |                      |                 |                        |                  |                                 |                  |                      |                   |                        |                  |
| Policy and contract benefits           | 31,570                           | 25,881           | —                    | —               | 31,570                 | 25,881           | 94,364                          | 72,436           | —                    | —                 | 94,364                 | 72,436           |
| Commission expense                     | 63,066                           | 24,032           | 538                  | 2,120           | 63,604                 | 26,152           | 176,405                         | 91,906           | 1,892                | 9,494             | 178,297                | 101,400          |
| Underwriting Margin - Non-GAAP         | \$ 28,792                        | \$ 25,665        | \$ (292)             | \$ (917)        | \$ 28,500              | \$ 24,748        | \$ 82,548                       | \$ 83,225        | \$ (1,104)           | \$ (4,142)        | \$ 81,444              | \$ 79,083        |
| <b>Less operating expenses:</b>        |                                  |                  |                      |                 |                        |                  |                                 |                  |                      |                   |                        |                  |
| Employee compensation and benefits     | 10,073                           | 9,180            | —                    | —               | 10,073                 | 9,180            | 30,800                          | 28,065           | —                    | —                 | 30,800                 | 28,065           |
| Other expenses                         | 9,717                            | 7,524            | 31                   | 40              | 9,748                  | 7,564            | 28,279                          | 24,277           | 120                  | 304               | 28,399                 | 24,581           |
| <b>Combined Ratio</b>                  | <b>92.6%</b>                     | <b>87.9%</b>     | <b>—%</b>            | <b>—%</b>       | <b>92.8%</b>           | <b>89.4%</b>     | <b>93.2%</b>                    | <b>86.3%</b>     | <b>—</b>             | <b>—</b>          | <b>93.6%</b>           | <b>88.5%</b>     |
| <b>Plus investment revenues:</b>       |                                  |                  |                      |                 |                        |                  |                                 |                  |                      |                   |                        |                  |
| Net investment income                  | 3,840                            | 3,307            | —                    | —               | 3,840                  | 3,307            | 12,032                          | 8,409            | —                    | —                 | 12,032                 | 8,409            |
| Net realized and unrealized gains      | (8,554)                          | 3,745            | —                    | —               | (8,554)                | 3,745            | (13,618)                        | 12,767           | —                    | —                 | (13,618)               | 12,767           |
| <b>Less other expenses:</b>            |                                  |                  |                      |                 |                        |                  |                                 |                  |                      |                   |                        |                  |
| Interest expense                       | 3,499                            | 2,322            | —                    | —               | 3,499                  | 2,322            | 10,534                          | 6,018            | —                    | —                 | 10,534                 | 6,018            |
| Depreciation and amortization expenses | 3,134                            | 3,032            | (16)                 | (549)           | 3,118                  | 2,483            | 9,625                           | 10,414           | (182)                | (2,977)           | 9,443                  | 7,437            |
| <b>Pre-tax income (loss)</b>           | <b>\$ (2,345)</b>                | <b>\$ 10,659</b> | <b>\$ (307)</b>      | <b>\$ (408)</b> | <b>\$ (2,652)</b>      | <b>\$ 10,251</b> | <b>\$ 1,724</b>                 | <b>\$ 35,627</b> | <b>\$ (1,042)</b>    | <b>\$ (1,469)</b> | <b>\$ 682</b>          | <b>\$ 34,158</b> |

# NON-GAAP RECONCILIATIONS - SPECIALTY INSURANCE

The following table presents product specific revenue and expenses within the specialty insurance segment. We generally limit the underwriting risk we assume through the use of both reinsurance (e.g., quota share and excess of loss) and retrospective commission agreements with our partners (e.g., commissions paid adjust based on the actual underlying losses incurred), which manage and mitigate our risk. Period-over-period comparisons of revenues are often impacted by the PORCs and clients' choice as to whether to retain risk, specifically with respect to the relationship between service and administration expenses and ceding commissions, both components of revenue, and the offsetting policy and contract benefits and commissions paid to our partners and reinsurers. Generally, when losses are incurred, the risk which is retained by our partners and reinsurers is reflected in a reduction in commissions paid. In order to better explain to investors the net financial impact of the risk retained by the Company of the insurance contracts written and the impact on profitability, we use the Non-GAAP metric - As Adjusted Underwriting Margin. For the same reasons that we adjust our combined ratio for the effects of purchase accounting, VOBA impacts can also mask the actual relationship between revenues earned and the offsetting reductions in commissions paid, and thus the period over period net financial impact of the risk retained by the Company. As such, we believe that presenting underwriting margin provides useful information to investors and aligns more closely to how management measures the underwriting performance of the business.

Nine Months Ended September 30,

| <i>(\$ in thousands, unaudited)</i>    | Credit Protection |                  | Warranty         |                  | Programs        |                 | Services and Other |                 | Insurance Total  |                  |
|--|-------------------|------------------|------------------|------------------|-----------------|-----------------|--------------------|-----------------|------------------|------------------|
|  | 2017              | 2016             | 2017             | 2016             | 2017            | 2016            | 2017               | 2016            | 2017             | 2016             |
| <b>As Adjusted Revenues:</b>           |                   |                  |                  |                  |                 |                 |                    |                 |                  |                  |
| Net earned premiums                    | \$ 221,080        | \$ 88,192        | \$ 31,525        | \$ 27,394        | \$ 20,176       | \$ 22,930       | \$ —               | \$ —            | \$ 272,781       | \$ 138,516       |
| Service and administrative fees        | 31,204            | 33,975           | 27,330           | 41,093           | 8,108           | 8,577           | 4,961              | 5,752           | 71,603           | 89,397           |
| Ceding commissions                     | 6,847             | 23,018           | —                | 2                | —               | —               | —                  | 1               | 6,847            | 23,021           |
| Other income                           | 338               | 199              | —                | 64               | —               | 5               | 2,536              | 1,717           | 2,874            | 1,985            |
| <b>Less product specific expenses:</b> |                   |                  |                  |                  |                 |                 |                    |                 |                  |                  |
| Policy and contract benefits           | 44,226            | 21,727           | 32,406           | 30,529           | 17,548          | 20,172          | 184                | 8               | 94,364           | 72,436           |
| Commission expense                     | 165,990           | 76,707           | 7,919            | 20,280           | 3,747           | 4,036           | 641                | 377             | 178,297          | 101,400          |
| As Adjusted underwriting margin        | <u>\$ 49,253</u>  | <u>\$ 46,950</u> | <u>\$ 18,530</u> | <u>\$ 17,744</u> | <u>\$ 6,989</u> | <u>\$ 7,304</u> | <u>\$ 6,672</u>    | <u>\$ 7,085</u> | <u>\$ 81,444</u> | <u>\$ 79,083</u> |

# NON-GAAP RECONCILIATIONS - SPECIALTY INSURANCE

The investment portfolio consists of assets contributed by Tiptree, cash generated from operations, and from insurance premiums written. The investment portfolio of our regulated insurance companies, captive reinsurance company and warranty business are subject to different regulatory considerations, including with respect to types of assets, concentration limits, affiliate transactions and the use of leverage. Our investment strategy is designed to achieve attractive risk-adjusted returns across select asset classes, sectors and geographies while maintaining adequate liquidity to meet our claims payment obligations.

In managing our investment portfolio we analyze net investments and net portfolio income, which are non-GAAP measures. Our presentation of net investments equals total investments plus cash and cash equivalents minus asset based financing of investments. Our presentation of net portfolio income equals net investment income plus realized and unrealized gains and losses and minus interest expense associated with asset based financing of investments. Net investments and net portfolio income are used to calculate average annualized yield, which management uses to analyze the profitability of our investment portfolio. Management believes this information is useful since it allows investors to evaluate the performance of our investment portfolio based on the capital at risk and on a non-consolidated basis. Our calculation of net investments and net portfolio income may differ from similarly titled non-GAAP financial measures used by other companies. Net investments and net portfolio income are not measures of financial performance or liquidity under GAAP and should not be considered a substitute for total investments or net investment income.

(\$ in thousands, unaudited)

|  | As of September 30, |                   |
|--|---------------------|-------------------|
|  | 2017                | 2016              |
| Total Investments                          | \$ 426,753          | \$ 398,505        |
| Investment portfolio debt <sup>(1)</sup>   | (122,999)           | (101,012)         |
| Cash and cash equivalents                  | 62,790              | 16,555            |
| Restricted cash <sup>(2)</sup>             | 3,637               | 6,683             |
| Receivable due from brokers <sup>(3)</sup> | 1,505               | —                 |
| Liability due to brokers <sup>(3)</sup>    | (7,733)             | (18,836)          |
| Net investments - Non-GAAP                 | <u>\$ 363,953</u>   | <u>\$ 301,895</u> |

|   | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                  | Last Twelve Months Ended September 30, |                  |
|---|----------------------------------|-----------------|---------------------------------|------------------|--|------------------|
|   | 2017                             | 2016            | 2017                            | 2016             | 2017                                   | 2016             |
| Net investment income                     | \$ 3,840                         | \$ 3,307        | \$ 12,032                       | \$ 8,409         | \$ 16,606                              | \$ 10,397        |
| Realized gains (losses)                   | 1,462                            | 1,056           | 6,425                           | 4,187            | 6,958                                  | 4,082            |
| Unrealized gains (losses)                 | (10,016)                         | 2,689           | (20,042)                        | 8,580            | (18,580)                               | 9,898            |
| Interest expense                          | (1,678)                          | (697)           | (5,143)                         | (1,708)          | (6,590)                                | (2,136)          |
| Net portfolio income - Non-GAAP           | <u>\$ (6,392)</u>                | <u>\$ 6,355</u> | <u>\$ (6,728)</u>               | <u>\$ 19,468</u> | <u>\$ (1,606)</u>                      | <u>\$ 22,241</u> |
| Average Annualized Yield % <sup>(4)</sup> | (7.2)%                           | 8.3%            | (3.7)%                          | 8.5%             | (0.5)%                                 | 7.7%             |

(1) Consists of asset-based financing on loans, at fair value including certain credit investments and NPLs, net of deferred financing costs, see Note 11 - Debt, net for further details.

(2) Restricted cash available to invest within certain credit investment funds which are consolidated under GAAP.

(3) Receivable due from and Liability due to brokers for unsettled trades within certain credit investment funds which are consolidated under GAAP.

(4) Average Annualized Yield % represents the ratio of annualized net investment income, realized and unrealized gains (losses) less investment portfolio interest expense to the average of the prior two quarters (five quarters for trailing twelve months) total investments less investment portfolio debt plus cash.

# NON-GAAP RECONCILIATIONS - ASSET MANAGEMENT

The Company earns revenues from CLOs under management, whether consolidated or deconsolidated, which include fees earned for managing the CLOs, distributions received from the Company's holdings of subordinated notes issued by the CLOs and realized and unrealized gains and losses from the Company's holdings of subordinated notes. The revenue associated with the management fees and distributions earned and gains and losses on the subordinated notes attributable to the consolidated CLOs are reported as "net income (loss) attributable to the consolidated CLOs" in the Company's financial statements. The table below shows the Company's share of the results attributable to the CLOs, which were consolidated, on a deconsolidated basis. This presentation is a non-GAAP measure. Management believes this information is helpful for period-over-period comparative purposes as certain of our CLOs were consolidated for only some of the periods presented below. In addition, the Non-GAAP presentation allows investors the ability to calculate management fees as a percent of AUM, a common measure used by investors to evaluate asset managers, and which is one of the performance measures upon which management is compensated. While consolidation versus deconsolidation impacts the presentation of revenues, it does not impact expenses or pre-tax income.

| <i>(\$ in thousands)</i>                   | Three Months Ended September 30, |                 |                      |                 |                        |                 |
|--|----------------------------------|-----------------|----------------------|-----------------|------------------------|-----------------|
|  | GAAP                             |                 | Non-GAAP adjustments |                 | Non-GAAP - As Adjusted |                 |
|  | 2017                             | 2016            | 2017                 | 2016            | 2017                   | 2016            |
| Revenues:                                  |                                  |                 |                      |                 |                        |                 |
| Management fee income                      | \$ 1,541                         | \$ 3,839        | \$ 311               | \$ 743          | \$ 1,852               | \$ 4,582        |
| Distributions                              | —                                | —               | 2,168                | 4,368           | 2,168                  | 4,368           |
| Net realized and unrealized gains (losses) | (349)                            | 695             | 360                  | (1,034)         | 11                     | (339)           |
| Other income                               | 256                              | 212             | (256)                | (45)            | —                      | 167             |
| Total revenues                             | <u>\$ 1,448</u>                  | <u>\$ 4,746</u> | <u>\$ 2,583</u>      | <u>\$ 4,032</u> | <u>\$ 4,031</u>        | <u>\$ 8,778</u> |

| <i>(\$ in thousands, unaudited)</i>        | Nine Months Ended September 30, |                  |                      |                  |                        |                  |
|--|---------------------------------|------------------|----------------------|------------------|------------------------|------------------|
|  | GAAP                            |                  | Non-GAAP adjustments |                  | Non-GAAP - As Adjusted |                  |
|  | 2017                            | 2016             | 2017                 | 2016             | 2017                   | 2016             |
| Revenues:                                  |                                 |                  |                      |                  |                        |                  |
| Management fee income                      | \$ 6,578                        | \$ 7,497         | \$ 1,038             | \$ 2,169         | \$ 7,616               | \$ 9,666         |
| Distributions                              | —                               | —                | 6,560                | 11,058           | 6,560                  | 11,058           |
| Net realized and unrealized gains (losses) | 839                             | 226              | 2,604                | (3,050)          | 3,443                  | (2,824)          |
| Other income                               | 822                             | 3,031            | (809)                | (128)            | 13                     | 2,903            |
| Total revenues                             | <u>\$ 8,239</u>                 | <u>\$ 10,754</u> | <u>\$ 9,393</u>      | <u>\$ 10,049</u> | <u>\$ 17,632</u>       | <u>\$ 20,803</u> |

# NON-GAAP RECONCILIATIONS - SENIOR LIVING

In addition to Adjusted EBITDA, we also evaluate performance of our senior living segment based on net operating income (“NOI”), which is a non-GAAP measure. NOI is a common non-GAAP measure in the real estate industry used to evaluate property level operations. We consider NOI an important supplemental measure to evaluate the operating performance of our senior living segment because it allows investors, analysts and our management to assess our unlevered property-level operating results and to compare our operating results between periods and to the operating results of other senior living companies on a consistent basis. It is also the basis upon which the management fees paid to the operators of our Managed Properties are calculated, and is a significant component of the compensation paid to Care’s management team. We define NOI as rental and related revenue less property operating expense. Property operating expenses and resident fees and services are not relevant to Triple Net Lease Properties since we do not manage the underlying operations and substantially all expenses are passed through to the tenant. Our calculation of NOI may differ from similarly titled non-GAAP financial measures used by other companies. NOI is not a measure of financial performance or liquidity under GAAP and should not be considered a substitute for pre-tax income.

| (\$ in thousands, unaudited)        | Three Months Ended September 30, 2017 |                    |                     | Three Months Ended September 30, 2016 |                    |                     | Nine Months Ended September 30, 2017 |                    |                     | Nine Months Ended September 30, 2016 |                    |                     |
|-------------------------------------|---------------------------------------|--------------------|---------------------|---------------------------------------|--------------------|---------------------|--------------------------------------|--------------------|---------------------|--------------------------------------|--------------------|---------------------|
|                                     | NNN Operations                        | Managed Properties | Senior Living Total | NNN Operations                        | Managed Properties | Senior Living Total | NNN Operations                       | Managed Properties | Senior Living Total | NNN Operations                       | Managed Properties | Senior Living Total |
| Rental and related revenue          | \$ 3,371                              | \$ 15,799          | \$ 19,170           | \$ 1,844                              | \$ 13,526          | \$ 15,370           | \$ 8,218                             | \$ 46,600          | \$ 54,818           | \$ 5,533                             | \$ 37,856          | \$ 43,389           |
| Less: Property operating expenses   | —                                     | 11,728             | 11,728              | —                                     | 9,599              | 9,599               | —                                    | 34,576             | 34,576              | —                                    | 27,600             | 27,600              |
| Segment NOI                         | \$ 3,371                              | \$ 4,071           | \$ 7,442            | \$ 1,844                              | \$ 3,927           | \$ 5,771            | \$ 8,218                             | \$ 12,024          | \$ 20,242           | \$ 5,533                             | \$ 10,256          | \$ 15,789           |
| Segment NOI Margin % <sup>(1)</sup> |                                       | 25.8%              |                     |                                       | 29.0%              |                     |                                      | 25.8%              |                     |                                      | 27.1%              |                     |
| Other income                        |                                       |                    | \$ 414              |                                       |                    | \$ 324              |                                      |                    | \$ 1,109            |                                      |                    | \$ 815              |
| Less: Expenses                      |                                       |                    |                     |                                       |                    |                     |                                      |                    |                     |                                      |                    |                     |
| Interest expense                    |                                       |                    | 3,609               |                                       |                    | 2,271               |                                      |                    | 9,309               |                                      |                    | 6,220               |
| Payroll and employee commissions    |                                       |                    | 790                 |                                       |                    | 617                 |                                      |                    | 2,323               |                                      |                    | 1,900               |
| Depreciation and                    |                                       |                    | 4,369               |                                       |                    | 3,095               |                                      |                    | 13,350              |                                      |                    | 10,635              |
| Other expenses                      |                                       |                    | 623                 |                                       |                    | 583                 |                                      |                    | 1,728               |                                      |                    | 3,335               |
| Pre-tax income (loss)               |                                       |                    | <u>\$ (1,535)</u>   |                                       |                    | <u>\$ (471)</u>     |                                      |                    | <u>\$ (5,359)</u>   |                                      |                    | <u>\$ (5,486)</u>   |

(1) NOI Margin % is the relationship between Segment NOI and rental and related revenue.