Tiptree Inc.

2017

Annual Letter to Shareholders

April 25, 2018

To Our Fellow Shareholders,

In 2017, we continued to focus on our strategic goals to:

1. Expand our insurance operations as a leading provider of specialty insurance products, while maintaining our strong underwriting standards and performance;
2. Grow and refine the investments held within Tiptree Capital; and
3. Generate enhanced, risk-adjusted investment returns.

In our insurance business, we took two key steps to support our growth objectives: 1) we established a presence in Europe to expand our distribution channels, and 2) we refinanced a senior term credit facility with the issuance of 40-year Junior Subordinated Notes to further enhance our capital base.

We present our non-insurance holdings as Tiptree Capital, where we invest across a broad spectrum of asset types. In 2017, we continued to make significant progress toward our goals of simplifying our strategy, improving the transparency of our financial reporting and better allocating our capital to areas we believe will achieve higher returns. As a step toward achieving these goals, in April 2018, we completed a corporate reorganization that eliminates our dual class stock structure.

In February of 2018, we completed the sale of Care Investment Trust ("Care"), our senior living business, to Invesque (IVQ-U) in exchange for a net 16.4 million common shares, which we estimate will result in a $0.91 increase to our book value per share.[1] As a large shareholder of the combined company we believe Invesque's scale and diversification will lead to improved capital markets access which will support its growth objectives. We have confidence in the Invesque leadership and believe the long-term prospects of the senior living sector remain favorable.

We also completed the sale of our commercial lending company and entered into an agreement to sell our jumbo mortgage origination company. Lastly, during the year, we sold a significant portion of our CLO subordinated notes, which resulted in the deconsolidation of our remaining CLOs.

Taken together, these steps have significantly reduced our leverage, added to our insurance company capital base, provided available liquidity to support growth, and helped to simplify our structure and story, which we believe positions us well to meet our long term strategic goals.

This year we earned $5.2 million of net income and $38.0 million of Adjusted EBITDA.[2] Tiptree's book value per-share at year-end was $9.97[1], which combined with dividends, resulted in a total annualized return of 4.6% over the past three years. Investors who participated in our initial capital raise in June 2007 have experienced a compounded annualized total return of 9.7%[3], compared to 8.0% for the S&P 500 and 7.6% for the Russell 2000 over the same period.

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[1] As exchanged.

[2] For a reconciliation to GAAP financials, see "Non-GAAP Measures" beginning on p. 42 of our Form 10-K for the year ended December 31, 2017.

[3] Total annualized return from June 2007 to December 2017 to original investors of Tiptree Financial Partners, L.P. and is defined as total dividends received per share plus GAAP book value per share, as exchanged, as of December 31, 2017.

CONSOLIDATED RESULTS

GAAP FINANCIAL HIGHLIGHTS (dollars in millions, except per share data)	2017	2016	2015
Income before non-controlling interests	$5.2	$32.3	$8.8
Net income attributable to Class A common stockholders	3.6	25.3	5.8
Diluted earnings per Class A share	0.11	0.78	0.17
Cash dividends paid per share	$0.12	$0.10	$0.10
Total assets	$1,989.7	$2,890.1	$2,495.0
Total investments and cash and cash equivalents	636.0	778.5	739.4
Debt	346.1	554.9	502.3
Total stockholders' equity	396.8	390.1	397.7
NON-GAAP FINANCIAL HIGHLIGHTS [1]			
Adjusted EBITDA	$38.0	$78.9	$58.4
Normalized EBITDA	60.9	60.5	53.1
Total Capital	641.1	625.8	598.1
Shares outstanding[2]	37.9	36.4	42.9
Book Value per share[2]	9.97	10.14	8.90
Total cash returned to investors	11.8	47.8	8.2

In reporting our financial results, we have tried to clearly distinguish between our operating and investment performance by disclosing non-GAAP measures such as Adjusted EBITDA and Normalized EBITDA. We have historically reported unrealized investment gains and losses through our earnings because we believe it leads to better transparency of our investment performance.

Normalized EBITDA, which excludes realized and unrealized investment gains and losses and stock based compensation, is a primary measure we consider when evaluating the on-going earnings of our operations and our long-term return on invested capital. This year Normalized EBITDA was $60.9 million, representing a 9.6% return on total capital, relatively flat from last year but reflective of the consistency of our operating businesses.

This year, our Adjusted EBITDA, which does not eliminate the above exclusions, was significantly impacted by unrealized investment losses of approximately $23.8 million on equity securities held in our Insurance investment portfolio. Although one of our equity investments made in 2016 significantly underperformed our expectations in 2017, over the long-term we continue to believe our actively managed equity investments will deliver attractive returns. Also, in December, Congress made significant changes to our tax laws which positively impacted our financial results by $15.2 million.

Our book value per share declined to $9.97[2] per share primarily attributable to the combination of unrealized investment losses, the exercise of founders' options issued in 2007, and acquisition earn-out payments which together exceeded the total of our operational performance, share repurchases and the tax law benefit.

In previous communications we have mentioned that GAAP accounting requires us to depreciate our real estate assets, which we believe creates a separation between intrinsic value of our assets and what is reported in our

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[2] As exchanged.

book value. Accumulated depreciation has reduced our book value by $1.77[1] per share, and we estimate the sale of Care will eliminate approximately half of this reduction.

SPECIALTY INSURANCE

We focus our products on providing niche and specialty coverages which we believe allows us to focus on sectors of the insurance market that among other characteristics are underserved or require specialized product knowledge. We generally like to focus on risk exposures that result in high frequency and low severity claims activity and have limited exposure to catastrophic events. So in 2017, which was a record year for catastrophes, our underwriting results were not materially impacted, as we have been able to maintain a high portion of fee earnings and our combined ratios remained in the low 90s.

Our insurance operations had a strong year generating $53.3 million of Normalized EBITDA[2] for the year, driven by growth in both our credit protection and warranty products. With a larger capital base, we made the strategic decision to increase the retention of the premiums we write going forward, and as such, both our net written and earned premiums should continue to grow significantly, both organically and through acquisitions.

Our insurance investment portfolio has grown to $396 million. We believe our access to in-house investment resources allows us to combine strong underwriting results with superior risk-adjusted returns as a result of our access to alternative investment opportunities. As an example, our insurance investment portfolio includes portions of the CLOs completed and managed by our asset management business, which significantly improved investment yields. We also replaced certain low yielding municipal investments with real estate assets that were managed by our Care business, enabling us to increase investment returns while being able to maintain the same tax benefits.

TIPTREE CAPITAL

Tiptree Capital contributed $29.8 million of Normalized EBITDA to our financial results. During the year, we made a strategic decision to decrease our overall exposure to the CLO credit markets. While this was a good risk management decision, it significantly decreased our earnings from CLO distributions. As interest rates rose during the year, our Mortgage business worked hard to mitigate declining industry origination volumes and take advantage of improved margins.

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CREATING LONG-TERM VALUE FOR OUR SHAREHOLDERS

We believe book value per share plus dividends paid is a fair measurement of the value we create for our shareholders and if we perform as expected, we believe our stock price should trade above our book value per share.[1]

In the last four years, we have repurchased $55.1 million of our stock at an approximate 30% discount to our book value per share.[1] We will always compare the benefits of buying back our stock at appropriate levels with our ability to generate returns on capital. Repurchasing shares at a discount (not only to their intrinsic value, but to their book value) is a benefit that is shared equally by all of our shareholders. We recently announced a new $20 million share buy-back plan split evenly between open market purchases and opportunistic large block purchases.

We have taken several actions that we believe will drive the future prospects of our company, position us for growth and achieve consistent returns. Yet, our share price has not performed as we would like. We believe the intrinsic value of our company is higher than our GAAP book value and is not reflected in our stock price. However, over time, the gap between our intrinsic value and our stock price should shrink as we continue to perform.

LOOKING AHEAD

Efficient deployment of your capital is a top priority for us. We aim to find the best use of capital to help us create long-term value for our shareholders. We hope to achieve this through a combination of acquisitions, additional investments in our existing businesses, opportunistic share repurchases and paying a consistent dividend.

We will continually evaluate our performance in achieving our long-term objectives primarily by our ability to provide consistent returns as measured by Normalized EBITDA[2] and our shareholders' total return as measured by growth in book value per share and dividends received.

As significant shareholders ourselves, we make management decisions with our interests aligned with yours; as of March 31st, 2018, directors, officers, employees and related trusts owned 22.6% of the Company. We believe the actions we take to position our company for the future, combined with our ability to produce consistent returns for our shareholders, should result in a stock price reflecting its appropriate value.

With best regards,

Michael Barnes	Jonathan Ilany
Executive Chairman	Chief Executive Officer

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