

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2022

or  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-33805

**SCULPTOR CAPITAL MANAGEMENT, INC.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

26-0354783  
(I.R.S. Employer Identification No.)

9 West 57th Street, New York, New York 10019  
(Address of principal executive offices)

(212) 790-0000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Shares	SCU	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 2, 2022, there were 25,519,876 Class A Shares, 5,249,768 of Restricted Class A Shares and 33,676,331 Class B Shares outstanding.

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
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## Defined Terms

<b>2007 Offerings</b>	Refers collectively to our IPO and the concurrent private offering of approximately 3.81 million Class A Shares to DIC Sahir Limited, a wholly owned indirect subsidiary of Dubai Holdings LLC.
<b>Accrued but unrecognized incentive income</b>	Accrued but unrecognized incentive income (“ABURI”) is the amount of incentive income accrued at the fund level on longer-term AUM that has not yet been recognized in our revenues. These amounts may ultimately not be recognized as revenue by us in the event of future losses in the respective funds.
<b>Annual Report</b>	Our annual report on Form 10-K for the year ended December 31, 2021, dated February 25, 2022 and filed with the SEC
<b>Advisers Act</b>	Investment Advisers Act of 1940, as amended.
<b>Assets Under Management</b>	<p>Assets Under Management (“AUM”) refers to the assets for which we provide investment management, advisory or certain other investment-related services. Specifically:</p> <ol style="list-style-type: none"><li>AUM for our multi-strategy and opportunistic credit funds is generally based on the net asset value of those funds plus any unfunded commitments, if applicable. AUM is reduced for unfunded commitments that will be funded through transfers from other funds.</li><li>AUM for Institutional Credit Strategies is generally based on the amount of equity outstanding for CLOs and CBOs (during the warehouse period) and the par value of the collateral assets and cash held (after warehouse period). For aircraft securitization vehicles, AUM is based on the adjusted portfolio appraisal values for the aircraft collateral within the securitization. AUM is reduced for any investments in these CLOs and securitization vehicles held by our other funds. AUM also includes the net asset value of other investment vehicles within this strategy.</li><li>AUM for our real estate funds is generally based on the amount of capital committed by our fund investors during the investment period and the amount of actual capital invested for periods following the investment period. AUM is reduced for unfunded commitments that will be funded through transfers from other funds.</li><li>AUM for our special purpose acquisition company (“SPAC”) sponsored by us includes the proceeds raised in the initial public offering that are currently held in a trust for use in a business combination.</li></ol> <p>AUM includes amounts that are not subject to management fees, incentive allocation or other amounts earned on AUM, including without limitation, investments by the Company, its executive managing directors, employees and certain other related parties. Our calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Our calculations of AUM are not based on any definition set forth in the governing documents of the investment funds and are not calculated pursuant to any regulatory definitions.</p>
<b>Class A Shares</b>	Our Class A Shares, representing Class A common stock of Sculptor Capital Management, Inc., which are publicly traded and listed on the NYSE.
<b>Class B Shares</b>	Class B Shares of Sculptor Capital Management, Inc., which are not publicly traded, are currently held solely by our executive managing directors and have no economic rights but entitle the holders thereof to one vote per share together with the holders of our Class A Shares.
<b>CLOs</b>	Collateralized loan obligations.
<b>the Company, Sculptor Capital, the firm, we, us, our</b>	Refers, unless the context requires otherwise, to the Registrant and its consolidated subsidiaries, including the Sculptor Operating Group.

<b><i>Consolidated Entities</i></b>	Refers to funds, special purpose entities, investment vehicles and other similar structures for which the Company is required to consolidate in accordance with GAAP.
<b><i>Distribution Holiday</i></b>	The Sculptor Operating Partnerships initiated a distribution holiday (the “Distribution Holiday”) on the Group A Units, Group E Units and Group P Units and on certain RSUs and RSAs that will terminate on the earlier of (x) 45 days after the last day of the first calendar quarter as of which the achievement of \$600.0 million of Distribution Holiday Economic Income is realized and (y) April 1, 2026. Holders of Group A Units, Group E Units and Group P Units and certain RSUs and RSAs, do not receive distributions during the Distribution Holiday.
<b><i>Distribution Holiday Economic Income</i></b>	Distribution Holiday Economic Income is the cumulative amount of Economic Income earned since October 1, 2018, less any dividends paid to Class A Shareholders or on the now-retired Preferred Units. Distribution Holiday Economic Income is a non-GAAP measure that is defined in the agreements of limited partnership of the Sculptor Operating Partnerships and is being presented to provide an update on the progress made toward the \$600.0 million target required to exit the Distribution Holiday.
<b><i>Economic Income</i></b>	Economic Income is a non-GAAP measure of pre-tax operating performance that excludes the following from our results on a GAAP basis: noncontrolling interests, equity based compensation expense, net of cash settled RSUs, depreciation and amortization expenses, components of our other income (loss), non-cash interest expense accretion on debt, and amounts related to consolidated entities, in addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized. The fair value of RSUs that are settled in cash to employees or executive managing directors, where the number of RSUs to be settled in cash is not certain at the time of grant, is included as an expense at the time of settlement. Where the number of RSUs to be settled in cash is certain on the grant date, the expense is recognized during the performance period to which the award relates. Similarly, deferred cash compensation is expensed in full during the performance period to which the award relates for Economic Income, rather than over the service period for GAAP. Further, impairment of right-of-use lease assets is excluded from Economic Income at the time the impairment is recognized for GAAP and the impact is then amortized over the lease term for Economic Income. Additionally, rent expense is offset by subrental income as management evaluates rent expenses on a net basis.
<b><i>Exchange Act</i></b>	Securities Exchange Act of 1934, as amended.
<b><i>executive managing directors</i></b>	The current executive managing directors of the Company, and, except where the context requires otherwise, also includes certain executive managing directors who are no longer active in our business.
<b><i>Fee Paying Assets Under Management</i></b>	Fee Paying Assets Under Management (“FP AUM”) refers to the AUM on which we earn management fees and/or incentive income.
<b><i>funds</i></b>	The multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products, real estate funds and other alternative investment vehicles for which we provide asset management services, as well as the SPAC we sponsor.
<b><i>GAAP</i></b>	U.S. generally accepted accounting principles.
<b><i>Group A Units</i></b>	Refers collectively to one Class A operating group unit in each of the Sculptor Operating Partnerships. Group A Units are limited partner interests held by our executive managing directors.
<b><i>Group A-1 Units</i></b>	Refers collectively to one Class A-1 operating group unit in each of the Sculptor Operating Partnerships. Group A-1 Units are limited partner interests held by our executive managing directors.

<b><i>Group B Units</i></b>	Refers collectively to one Class B operating group unit in each of the Sculptor Operating Partnerships. Group B Units are limited partner interests held by Sculptor Corp.
<b><i>Group E Units</i></b>	Refers collectively to one Class E operating group unit in each of the Sculptor Operating Partnerships. Group E Units are limited partner interests held by our executive managing directors.
<b><i>Group P Units</i></b>	Refers collectively to one Group P operating group unit in each of the Sculptor Operating Partnerships. Group P Units are limited partner interests held by our executive managing directors.
<b><i>Institutional Credit Strategies</i></b>	Our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/bespoke financing and investment grade credit via CLOs, aircraft securitization vehicles, collateralized bond obligations, and other customized solutions.
<b><i>IPO</i></b>	Our initial public offering of 3.6 million Class A Shares that occurred in November 2007.
<b><i>Longer-term AUM</i></b>	AUM from investors that are subject to initial commitment periods of three years or longer. Investors with longer-term AUM may have less than three years remaining in their commitment period. This excludes AUM that had initial commitment periods of three years or longer and subsequently moved to shorter commitment periods at the end of their initial commitment period.
<b><i>NYSE</i></b>	New York Stock Exchange.
<b><i>Partner Equity Units</i></b>	Refers collectively to the Group A Units, Group E Units and Group P Units.
<b><i>Preferred Units</i></b>	One Class A cumulative preferred unit in each of the Sculptor Operating Partnerships collectively represented one “Preferred Unit.” Certain of our executive managing directors collectively owned 100% of the Preferred Units. We redeemed in full the Preferred Units in the fourth quarter of 2020, and as of December 31, 2020 and 2021 there were no Preferred Units outstanding.
<b><i>PSUs</i></b>	Class A performance-based RSUs.
<b><i>Recapitalization</i></b>	Refers to the recapitalization of our business that occurred in February 2019. As part of the Recapitalization, a portion of the interests held by our former executive management were reallocated to existing members of senior management. In addition, we restructured the previously outstanding senior debt and Preferred Units.
<b><i>Registrant</i></b>	Sculptor Capital Management, Inc., a Delaware corporation.
<b><i>RSAs</i></b>	Refers to restricted Class A Shares that were granted in December 2021 and January 2022, and that may be granted from time to time.
<b><i>RSUs</i></b>	Class A restricted share units.
<b><i>Sculptor Corp</i></b>	Sculptor Capital Holding Corporation, a Delaware corporation.
<b><i>Sculptor Operating Group</i></b>	Refers collectively to the Sculptor Operating Partnerships and their consolidated subsidiaries.
<b><i>Sculptor Operating Group Units</i></b>	Refers collectively to Sculptor Operating Group A, B, E, and P Units.
<b><i>Sculptor Operating Partnerships</i></b>	Refers collectively to Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP.

<b><i>SEC</i></b>	U.S. Securities and Exchange Commission.
<b><i>Securities Act</i></b>	Securities Act of 1933, as amended.
<b><i>SPAC</i></b>	Refers to special purpose acquisition company.
<b><i>Special Investments</i></b>	Investments that we, as investment manager, believe lack a readily ascertainable market value, are illiquid or should be held until the resolution of a special event or circumstance.

### Available Information

We file annual, quarterly and current reports, proxy statements and other information required by the Exchange Act with the SEC. We make available free of charge on our website ([www.sculptor.com](http://www.sculptor.com)) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to those filings as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also use our website to distribute company information, including Assets Under Management by investment strategy, and such information may be deemed material. Accordingly, investors should monitor our website, in addition to our press releases, SEC filings and public conference calls and webcasts. The contents of our website are not, however, a part of this report.

Also posted on our website in the “Investor Relations—Corporate Governance” section are charters for our Audit Committee; Compensation Committee; Nominating, Corporate Governance and Conflicts Committee and Corporate Responsibility and Compliance Committee, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics governing our directors, officers and employees. Information on, or accessible through, our website is not a part of, and is not incorporated into, this report or any other SEC filing. Copies of our SEC filings or corporate governance materials are available without charge upon written request to Sculptor Capital Management, Inc., 9 West 57th Street, New York, New York 10019, Attention: Office of the Secretary. Any materials we file with the SEC are also publicly available through the SEC’s website ([www.sec.gov](http://www.sec.gov)).

No statements herein, available on our website or in any of the materials we file with the SEC constitute, or should be viewed as constituting, an offer of any fund.

### Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that reflect our current views with respect to, among other things, future events, our operations and our financial performance. We generally identify forward-looking statements by terminology such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “will,” “should,” “could,” “seek,” “approximately,” “predict,” “intend,” “plan,” “estimate,” “anticipate,” “opportunity,” “comfortable,” “assume,” “remain,” “maintain,” “sustain,” “achieve,” “see,” “think,” “position” or the negative version of those words or other comparable words.

Any forward-looking statements contained herein are based upon historical information and on our current plans, estimates and expectations. The inclusion of this or other forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved.

We caution that forward-looking statements are subject to numerous assumptions, estimates, risks and uncertainties, including but not limited to the following: global economic, business, market and geopolitical conditions, the United Kingdom’s withdrawal from the European Union; poor investment performance of, or lack of capital flows into, the funds we manage; our investors’ right to redeem their investments from our funds on a regular basis; the highly variable nature of our revenues, results of operations and cash flows; difficult market conditions that could adversely affect our funds; counterparty default risks; the outcome of third-party litigation involving us; the consequences of the Foreign Corrupt Practices Act settlements with the SEC and the U.S. Department of Justice (the “DOJ”) and any claims or negative publicity arising therefrom or from matters involving the Company’s founding CEO; conditions impacting the alternative asset management industry; our ability to retain existing investor capital; our ability to successfully compete for fund investors, assets, professional talent and investment opportunities; our ability to retain our executive managing directors, managing directors and other investment professionals; our successful formulation and execution of our business and growth strategies; our ability to appropriately manage conflicts of interest and tax and other regulatory factors relevant to our business; United States (“U.S.”) and foreign regulatory developments relating to, among other things, financial institutions and markets, government oversight, fiscal and tax policy; and assumptions relating to our operations, investment performance, financial results, financial condition, business prospects, growth strategy and liquidity.

If one or more of these or other risks or uncertainties materialize, or if our assumptions or estimates prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors are not and should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our filings with the SEC, including but not limited to those described in our Annual Report.

There may be additional risks, uncertainties and factors that we do not currently view as material or that are not known. The forward-looking statements contained in this report are made only as of the date of this report. We do not undertake to update any forward-looking statement because of new information, future developments or otherwise.

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
**CONSOLIDATED BALANCE SHEETS — UNAUDITED**

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 135,951	\$ 170,781
Restricted cash	7,188	7,289
Investments (includes assets measured at fair value of \$226,552 and \$424,910, including assets sold under agreements to repurchase of \$171,195 and \$157,721 as of March 31, 2022 and December 31, 2021, respectively)	391,680	583,622
Income and fees receivable	65,198	193,636
Due from related parties	20,446	28,037
Deferred income tax assets	236,665	241,759
Operating lease assets	84,095	85,735
Other assets, net	95,612	77,091
<i>Assets of consolidated entities:</i>		
Cash and cash equivalents	343,486	—
Restricted cash and cash equivalents	234,623	234,601
Other assets of consolidated entities	5,179	5,304
<b>Total Assets</b>	<b>\$ 1,620,123</b>	<b>\$ 1,627,855</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Compensation payable	\$ 31,823	\$ 246,261
Unearned income and fees	79,093	62,800
Tax receivable agreement liability	178,986	195,752
Operating lease liabilities	102,314	104,753
Debt obligations	122,103	126,474
Warrant liabilities, at fair value	40,951	65,287
Securities sold under agreements to repurchase	172,519	156,448
Other liabilities	33,664	38,790
<i>Liabilities of consolidated entities:</i>		
Loans payable, at fair value	215,733	—
Warrant liabilities, at fair value	3,450	7,590
Other liabilities of consolidated entities	10,772	10,817
<b>Total Liabilities</b>	<b>991,408</b>	<b>1,014,972</b>
<b>Commitments and Contingencies (Note 16)</b>		
<b>Redeemable Noncontrolling Interests of Consolidated Entities (Note 3)</b>	<b>234,600</b>	<b>234,600</b>
<b>Shareholders' Equity</b>		
Class A Shares, par value \$0.01 per share, 100,000,000 and 100,000,000 shares authorized, 26,052,113 and 25,668,987 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	261	257
Class B Shares, par value \$0.01 per share, 75,000,000 and 75,000,000 shares authorized, 33,676,331 and 33,613,023 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	337	336
Treasury stock, at cost; 473,719 and 0 Class A shares as of March 31, 2022 and December 31, 2021, respectively	(6,249)	—
Additional paid-in capital	202,305	184,691
Accumulated deficit	(239,776)	(253,521)
Accumulated other comprehensive (loss) income	(699)	51
Shareholders' deficit attributable to Class A Shareholders	(43,821)	(68,186)
Shareholders' equity attributable to noncontrolling interests	437,936	446,469
<b>Total Shareholders' Equity</b>	<b>394,115</b>	<b>378,283</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,620,123</b>	<b>\$ 1,627,855</b>

See notes to consolidated financial statements.

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED**

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
<b>Revenues</b>		
Management fees	\$ 73,437	\$ 73,961
Incentive income	21,642	47,804
Other revenues	2,430	1,581
(Loss) income of consolidated entities	(161)	3
<b>Total Revenues</b>	<b>97,348</b>	<b>123,349</b>
<b>Expenses</b>		
Compensation and benefits	77,785	89,234
Interest expense	3,285	4,868
General, administrative and other	27,316	27,376
Expenses of consolidated entities	244	2
<b>Total Expenses</b>	<b>108,630</b>	<b>121,480</b>
<b>Other Income (Loss)</b>		
Changes in fair value of warrant liabilities	24,336	(24,944)
Changes in tax receivable agreement liability	(7)	580
Net losses on retirement of debt	—	(23,673)
Net (losses) gains on investments	(5,344)	5,362
Net gains of consolidated entities	4,140	—
<b>Total Other Income (Loss)</b>	<b>23,125</b>	<b>(42,675)</b>
<b>Income (Loss) Before Income Taxes</b>	<b>11,843</b>	<b>(40,806)</b>
Income taxes	6,967	(1,715)
<b>Consolidated Net Income (Loss)</b>	<b>4,876</b>	<b>(39,091)</b>
Less: Net loss attributable to noncontrolling interests	12,006	18,798
Less: Net income attributable to redeemable noncontrolling interests	(3,068)	—
<b>Net Income (Loss) Attributable to Sculptor Capital Management, Inc.</b>	<b>13,814</b>	<b>(20,293)</b>
Change in redemption value of redeemable noncontrolling interests	3,068	—
<b>Net Income (Loss) Attributable to Class A Shareholders</b>	<b>\$ 16,882</b>	<b>\$ (20,293)</b>
<b>Earnings (Loss) per Class A Share</b>		
Earnings (Loss) per Class A Share - basic	\$ 0.63	\$ (0.85)
Loss per Class A Share - diluted	\$ (0.29)	\$ (0.99)
Weighted-average Class A Shares outstanding - basic	26,596,572	23,853,428
Weighted-average Class A Shares outstanding - diluted	43,693,932	39,872,934

See notes to consolidated financial statements.

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED**

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	(dollars in thousands)	
Consolidated net income (loss)	\$ 4,876	\$ (39,091)
<b>Other Comprehensive Income (Loss), Net of Tax</b>		
Other comprehensive loss - currency translation adjustment	(750)	(868)
<b>Comprehensive Income (Loss)</b>	<b>4,126</b>	<b>(39,959)</b>
Less: Comprehensive loss attributable to noncontrolling interests	12,006	19,284
Less: Comprehensive income attributable to redeemable noncontrolling interests	(3,068)	—
<b>Comprehensive Income (Loss) Attributable to Sculptor Capital Management, Inc.</b>	<b>\$ 13,064</b>	<b>\$ (20,675)</b>

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) — UNAUDITED

Sculptor Capital Management, Inc. Shareholders												
Class A Shares	Class B Shares	Treasury Stock Shares	Class A Shares Par Value	Class B Shares Par Value	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock, at cost	Shareholders' Deficit Attributable to Class A Shareholders	Shareholders' Equity Attributable to Noncontrolling Interests	Total Shareholders' Equity	
(dollars in thousands, except share data)												
<b>Balance at January 1, 2022</b>	<b>25,668,987</b>	<b>33,613,023</b>	<b>—</b>	<b>\$ 257</b>	<b>\$ 336</b>	<b>\$ 184,691</b>	<b>\$ (253,521)</b>	<b>\$ 51</b>	<b>\$ —</b>	<b>\$ (68,186)</b>	<b>\$ 446,469</b>	<b>\$ 378,283</b>
Equity-based compensation, net of taxes	856,845	63,308	—	9	1	14,477	—	—	—	14,487	1,924	16,411
Repurchase of Class A Shares	(473,719)	—	473,719	(5)	—	—	—	—	(6,249)	(6,254)	—	(6,254)
Dividend equivalents on Class A restricted share units	—	—	—	—	—	69	(69)	—	—	—	—	—
Change in redemption value of SPAC Class A Shares	—	—	—	—	—	3,068	—	—	—	3,068	—	3,068
Consolidated net loss (gain), excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	13,814	—	—	13,814	(12,006)	1,808
Currency translation adjustment	—	—	—	—	—	—	—	(750)	—	(750)	—	(750)
Capital contributions	—	—	—	—	—	—	—	—	—	—	4,997	4,997
Capital distributions	—	—	—	—	—	—	—	—	—	—	(3,448)	(3,448)
<b>Balance at March 31, 2022</b>	<b>26,052,113</b>	<b>33,676,331</b>	<b>473,719</b>	<b>\$ 261</b>	<b>\$ 337</b>	<b>\$ 202,305</b>	<b>\$ (239,776)</b>	<b>\$ (699)</b>	<b>\$ (6,249)</b>	<b>\$ (43,821)</b>	<b>\$ 437,936</b>	<b>\$ 394,115</b>
<b>Balance at January 1, 2021</b>	<b>22,903,571</b>	<b>32,824,538</b>	<b>—</b>	<b>\$ 229</b>	<b>\$ 328</b>	<b>\$ 166,917</b>	<b>\$ (178,674)</b>	<b>\$ 732</b>	<b>\$ —</b>	<b>\$ (10,468)</b>	<b>\$ 445,348</b>	<b>\$ 434,880</b>
Equity-based compensation, net of taxes	996,206	63,345	—	10	1	18,454	—	—	—	18,465	10,074	28,539
Dividend equivalents on Class A restricted share units	—	—	—	—	—	590	(590)	—	—	—	—	—
Cash dividends declared on Class A Shares (\$2.35 per share)	—	—	—	—	—	—	(55,965)	—	—	(55,965)	—	(55,965)
Consolidated net gain, excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(20,293)	—	—	(20,293)	(18,798)	(39,091)
Currency translation adjustment	—	—	—	—	—	—	—	(382)	—	(382)	(486)	(868)
Capital contributions	—	—	—	—	—	—	—	—	—	—	468	468
Capital distributions	—	—	—	—	—	—	—	—	—	—	(1,016)	(1,016)
<b>Balance at March 31, 2021</b>	<b>23,899,777</b>	<b>32,887,883</b>	<b>—</b>	<b>\$ 239</b>	<b>\$ 329</b>	<b>\$ 185,961</b>	<b>\$ (255,522)</b>	<b>\$ 350</b>	<b>\$ —</b>	<b>\$ (68,643)</b>	<b>\$ 435,590</b>	<b>\$ 366,947</b>

See notes to consolidated financial statements.

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED**

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
<b>Cash Flows from Operating Activities</b>		
Consolidated net income (loss)	\$ 4,876	\$ (39,091)
<i>Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:</i>		
Amortization of equity-based compensation	24,843	30,897
Depreciation, amortization and net gains and losses on fixed assets	1,394	1,735
Changes in fair value of warrant liabilities	(24,336)	24,944
Net losses on retirement of debt	—	23,673
Deferred income taxes	5,522	(3,311)
Non-cash lease expense	4,803	5,645
Net losses (gains) on investments, net of dividends	6,706	(4,622)
<i>Operating cash flows due to changes in:</i>		
Income and fees receivable	128,362	457,239
Due from related parties	7,607	(2,855)
Other assets, net	(17,708)	3,321
Compensation payable	(218,098)	(196,865)
Unearned income and fees	16,293	(4,410)
Tax receivable agreement liability	(16,766)	(17,642)
Operating lease liabilities	(5,508)	(5,744)
Other liabilities	(5,123)	(5,980)
<i>Consolidated entities related items:</i>		
Net gains of consolidated entities	(4,140)	—
Purchases of investments	(32,778)	—
Proceeds from sale of investments	8,760	—
Other assets of consolidated entities	(3,687)	(3)
Other liabilities of consolidated entities	27,785	2
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(91,193)</b>	<b>266,933</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(418)	(1,290)
Purchases of United States government obligations	(13,992)	(91,533)
Maturities and sales of United States government obligations	219,144	90,892
Investments in funds	(42,472)	(25,477)
Return of investments in funds	15,757	4,996
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>178,019</b>	<b>(22,412)</b>

**SCULPTOR CAPITAL MANAGEMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED — (continued)**

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
<b>Cash Flows from Financing Activities</b>		
Contributions from noncontrolling and redeemable noncontrolling interests	4,997	468
Distributions to noncontrolling and redeemable noncontrolling interests	(3,447)	(1,016)
Dividends on Class A Shares	—	(55,965)
Proceeds from debt obligations, net of issuance costs	4,852	1,746
Repayment of debt obligations, including prepayment costs	(9,424)	(174,400)
Proceeds from securities sold under agreements to repurchase, net of issuance costs	20,395	—
Purchases of treasury stock	(6,249)	—
Proceeds from debt obligations of consolidated entities, net of issuance costs	215,733	—
Other, net	(4,969)	(787)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>221,888</b>	<b>(229,954)</b>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(137)	(286)
Net change in cash and cash equivalents and restricted cash	308,577	14,281
Cash and cash equivalents and restricted cash, beginning of period	412,671	186,977
<b>Cash and Cash Equivalents and Restricted Cash, End of Period</b>	<b>\$ 721,248</b>	<b>\$ 201,258</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
<i>Cash paid during the period:</i>		
Interest	\$ 2,922	\$ 4,678
Income taxes	\$ 3,439	\$ 974
<i>Non-cash transactions:</i>		
Assets related to initial consolidation of funds	\$ 16,699	\$ —
Liabilities related to initial consolidation of funds	\$ 2,364	\$ —
Assets related to deconsolidation of funds	\$ 44,042	\$ —
Liabilities related to deconsolidation of funds	\$ 29,632	\$ —
<i>Reconciliation of cash and cash equivalents and restricted cash:</i>		
Cash and cash equivalents	\$ 135,951	\$ 198,039
Restricted cash	7,188	3,219
Cash and cash equivalents of consolidated entities	343,486	—
Restricted cash and cash equivalents of the consolidated SPAC	234,623	—
<b>Total Cash and Cash Equivalents and Restricted Cash</b>	<b>\$ 721,248</b>	<b>\$ 201,258</b>

See notes to consolidated financial statements.

**SCULPTOR CAPITAL MANAGEMENT, INC. — UNAUDITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**1. ORGANIZATION**

Sculptor Capital Management, Inc. (the “Registrant”), a Delaware corporation, together with its consolidated subsidiaries (collectively, the “Company” or “Sculptor Capital”), is a leading institutional alternative asset management firm with a global presence with offices in New York, London, Hong Kong and Shanghai. The Company provides asset management services and investment products across Multi-Strategy, Credit, and Real Estate. The Company serves global clients through commingled funds, separate accounts and specialized products, as well as sponsoring a special purpose acquisition company (“SPAC”) (collectively, the “funds”). Sculptor Capital’s distinct investment process seeks to generate attractive and consistent risk-adjusted returns across market cycles through a combination of bottom-up fundamental analysis, a high degree of flexibility, a collaborative team and integrated risk management. The Company’s capabilities span all major geographies and asset classes, including fundamental equities, corporate credit, real estate debt and equity, merger arbitrage and structured credit.

The Company manages multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products, real estate funds and other alternative investment vehicles. Through Institutional Credit Strategies, the Company’s asset management platform that invests in performing credits, the Company manages collateralized loan obligations (“CLOs”), aircraft securitization vehicles, collateralized bond obligations (“CBOs”), structured alternative investment solutions, commingled products and other customized solutions for clients.

The Company’s primary sources of revenues are management fees, which are generally based on the amount of the Company’s AUM, as defined below, and incentive income, which is based on the investment performance of its funds. Accordingly, for any given period, the Company’s revenues will be driven by the combination of Assets Under Management and the investment performance of the funds. Assets Under Management (“AUM”) refer to the assets of the funds to which the Company provides investment management and advisory services. The Company’s AUM are a function of the capital that is allocated to it by the investors in its funds and the investment performance of its funds.

The Company conducts its business and generates substantially all of its revenues primarily in the United States (the “U.S.”) through one operating and reportable segment. The single reportable segment reflects how the Company’s chief operating decision makers allocate resources, make operating decisions and assess financial performance on a consolidated basis under the Company’s ‘one-firm approach,’ which includes operating collaboratively across business lines, with predominantly a single expense pool. The Company conducts its operations through Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP (collectively, the “Sculptor Operating Partnerships” and collectively with their consolidated subsidiaries, the “Sculptor Operating Group”). The Registrant holds its interests in the Sculptor Operating Group indirectly through Sculptor Capital Holding Corporation (“Sculptor Corp”), a wholly owned subsidiary of the Registrant.

References to the Company’s “executive managing directors” include the current executive managing directors of the Company, and, except where the context requires otherwise, also include certain former executive managing directors who are no longer active in the Company’s business.

**Company Structure**

The Registrant is a holding company that, through Sculptor Corp, holds equity ownership interests in the Sculptor Operating Group. The Registrant had issued and outstanding the following share classes:

- **Class A Shares**—Class A Shares are publicly traded and entitle the holders thereof to one vote per share on matters submitted to a vote of shareholders. The holders of Class A Shares are entitled to any distributions declared on the Class A Shares by the Registrant’s Board of Directors (other than RSAs, where entitlement to distributions may be subject to limitations and conditions).

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- **Class B Shares**—Class B Shares are held by executive managing directors, as further discussed below. These shares are not publicly traded but rather entitle the executive managing directors to one vote per share on matters submitted to a vote of shareholders. These shares do not participate in the earnings of the Registrant, as the executive managing directors participate in the related economics of the Sculptor Operating Group through their direct ownership in the Sculptor Operating Group, subject to the Distribution Holiday discussed below.

The Company conducts its operations through the Sculptor Operating Group. The following is a list of the outstanding units of the Sculptor Operating Partnerships as of March 31, 2022:

- **Group A Units**—Group A Units are limited partner interests issued to certain executive managing directors. In connection with the Recapitalization, as defined below, the Sculptor Operating Partnerships initiated a distribution holiday (the “Distribution Holiday”). Holders of Group A Units do not receive distributions on such units during the Distribution Holiday. Each executive managing director may exchange his or her vested and booked-up (as defined below) Group A Units for an equal number of Class A Shares (or the cash equivalent thereof) over a period of two years in three equal installments commencing upon the final day of the Distribution Holiday and on each of the first and second anniversary thereof (or, for units that become vested and booked-up Group A Units after the final day of the Distribution Holiday, from the later of the date on which they would have been exchangeable in accordance with the foregoing and the date on which they become vested and booked-up Group A Units) (and thereafter such units will remain exchangeable), in each case, subject to certain restrictions. A “book-up” is achieved when sufficient appreciation has occurred to meet a prescribed capital account book-up target under the terms of the Sculptor Operating Partnership limited partnership agreements.

Group A Unit grants are accounted for as equity-based compensation. See Note 13 in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022 (“Annual Report”) for additional information. The Company completed a recapitalization in February 2019 (“Recapitalization”). See Note 3 in the Company's Annual Report for additional details. In connection with the Recapitalization each Group A Unit outstanding on the Recapitalization date was recapitalized into 0.65 Group A Units and 0.35 Group A-1 Units.

- **Group A-1 Units**—Group A-1 Units are limited partner interests into which 0.35 of each Group A Unit was recapitalized in connection with the reallocation that was effectuated by the Recapitalization. The Group A-1 Units will be canceled at such time and to the extent that the Group E Units granted in connection with the Recapitalization vest and achieve a book-up. Group A-1 Units are not eligible to receive distributions at any time and do not participate in the net income (loss) of the Sculptor Operating Group. However, the holders of Group A-1 Units shall participate in any sale, change of control or other liquidity event that takes place prior to cancellation of the Group A-1 Units.
- **Group B Units**—Sculptor Corp holds a general partner interest and Group B Units in each Sculptor Operating Partnership. Sculptor Corp owns all of the Group B Units, which represent equity interest in the Sculptor Operating Partnerships. Except during the Distribution Holiday as described above, the Group B Units are economically identical to the Group A Units held by executive managing directors but are not exchangeable for Class A Shares and are not subject to vesting, book-up, forfeiture or minimum retained ownership requirements.
- **Group E Units**—Group E Units are limited partner interests issued to certain executive managing directors that are only entitled to future profits and gains. Each Group E Unit converts into a Group A Unit and becomes exchangeable for one Class A Share (or the cash equivalent thereof) to the extent there has been a sufficient amount of appreciation for a Group E Unit to achieve a book-up target and, subject to other conditions contained in the limited partnership agreements of the Sculptor Operating Partnerships, the Distribution Holiday has ended (or an earlier exchange date is established by the Exchange Committee). The Group E Units are entitled to share in residual assets upon liquidation, dissolution or winding up and become eligible to participate in any tag along right, in a change of control transaction or other liquidity event only to the extent of their relative positive capital accounts

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(if any). Holders of Group E Units do not receive distributions during the Distribution Holiday. See Note 3 in the Company's Annual Report for additional details. Group E Unit grants are accounted for as equity-based compensation. See Note 13 in the Company's Annual Report for additional information.

- **Group P Units**—Group P Units are limited partner interests issued to certain executive managing directors that are only entitled to future profits and gains upon satisfaction of certain service and market conditions. Each Group P Unit becomes exchangeable for one Class A Share (or the cash equivalent thereof), in each case upon satisfaction of certain service and market conditions at such time and, with respect to exchanges, to the extent there has been sufficient appreciation for a Group P Unit to achieve a book-up target and, subject to other conditions contained in the limited partnership agreements of the Sculptor Operating Partnerships, the Distribution Holiday has ended (or an earlier exchange date is established by the Exchange Committee). The Group P Units are entitled to share in residual assets upon liquidation, dissolution or winding up and become eligible to participate in any tag along right, in a change of control transaction or other liquidity event only to the extent that certain market conditions are met and to the extent of their relative positive capital accounts (if any). The terms of the Group P Units may be varied for certain executive managing directors. See Note 13 in the Company's Annual Report for additional information.

Executive managing directors hold a number of Class B Shares equal to the number of Group A Units, vested Group E Units, Group A-1 Units (to the extent the corresponding Class B Shares have not been canceled in connection with the vesting of certain Group E Units issued in connection with the Recapitalization, as further discussed in Note 3 in the Company's Annual Report), and Group P Units held. Upon the exchange of a Group A Unit or Group P Unit for a Class A Share, the corresponding Class B Share is canceled and a Group B Unit is issued to Sculptor Corp. Class B Shares that relate to Group A-1 Units will be voted pro rata in accordance with the vote of the Class A Shares.

The following table presents the number of shares and units of the Registrant and the Sculptor Operating Partnerships, respectively, that were outstanding as of March 31, 2022:

	<b>As of March 31, 2022</b>
<b>Sculptor Capital Management, Inc.</b>	
Class A Shares	26,052,113
Class B Shares	33,676,331
Restricted Class A Shares (“RSAs”)	5,249,768
Warrants to purchase Class A Shares (Note 7)	4,338,015
<b>Sculptor Operating Partnerships</b>	
Group A Units	15,025,994
Group A-1 Units	9,244,477
Group B Units	26,052,113
Group E Units	13,009,158
Group P Units	5,455,715

The Company has 473,719 of treasury stock shares as of March 31, 2022. In addition, the Company grants Class A restricted share units (“RSUs”) and performance-based RSUs (“PSUs”) to its employees and executive managing directors as a form of compensation. RSU and PSU grants are accounted for as equity-based compensation. See Note 13 in the Company's Annual Report in the Company's Annual Report for additional information.

*Share Repurchase Program*

In February 2022, the Company's Board of Directors authorized the Company to repurchase up to \$100.0 million of its outstanding common stock. The Company records its treasury stock repurchases at cost on a trade date basis. As of March 31,

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2022, the Company repurchased 473,719 Class A Shares at a cost of \$6.2 million for an average price of \$13.19 per share through open market purchase transactions. As of March 31, 2022, \$93.8 million remained available for repurchase of the Company's common stock under the share repurchase program. All of the repurchased shares are classified as treasury stock in the Company's consolidated balance sheets.

The repurchase program has no expiration date. The Company may purchase shares on a discretionary basis from time to time through open market purchases, privately negotiated transactions or other means, including through Rule 10b5-1 trading plans or through the use of other techniques such as accelerated share repurchases. The timing and amount of any transactions will be subject to the discretion of the Company based upon market conditions and other opportunities that the Company may have for the use or investment of its cash balances. The repurchase program does not require the purchase of any minimum number of shares and may be suspended, modified or discontinued at any time without prior notice.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

These unaudited, interim, consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"), and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's unaudited, interim, consolidated financial statements have been included and are of a normal and recurring nature. All significant intercompany transactions and balances have been eliminated in consolidation.

The results of operations presented for the interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. For example, incentive income for the majority of the Company's multi-strategy assets under management is recognized in the fourth quarter each year, based on full year investment performance.

In 2021, the Company consolidated a SPAC, which it continues to consolidate as of March 31, 2022. The SPAC accrues interest income on money market investments held in a trust account, and incurs certain operational expenses related to legal, insurance and deal research costs.

In the first quarter of 2022, the Company consolidated two funds it manages. One of the funds was consolidated as a result of increasing the Company's investment in the vehicle, which provided the Company with a controlling financial interest in the VIE; the fund was subsequently deconsolidated in the quarter as the Company determined it was no longer the primary beneficiary as a result of the Company's redemption of its economic exposure to the fund. Refer below for further details on consolidation of structured alternative investment solution. The Company recognized no gain or loss from consolidation and deconsolidation of the funds in first quarter of 2022.

### ***Consolidation of Structured Alternative Investment Solution***

In the first quarter of 2022, the Company closed on a \$350.0 million structured alternative investment solution. The vehicle is a collateralized financing vehicle that issues senior and subordinated notes to investors and uses those proceeds to invest in a diversified portfolio of funds managed by the Company. Senior and mezzanine notes issued by the vehicle make periodic payments based on a stated interest rate, while the most subordinated notes have no stated interest rate but receive periodic payments from excess cash flows remaining after periodic payments have been made to the other notes and for fees and expenses due, as prescribed by the terms of the notes. As of March 31, 2022, the cash proceeds from the issuance of the notes were not yet invested in the Company's funds.

The structured alternative investment solution is a variable interest entity ("VIE") since it lacks sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties, as it is financed through senior, mezzanine and subordinated notes. The Company consolidates the entity, as it has the power to direct the activities that

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most significantly impact the vehicle's economic performance and the Company has the right to receive benefits or the obligation to absorb losses of the vehicle in the form of its retained interest that could potentially be significant to the vehicle. The Company invested approximately \$127.8 million in the vehicle. The collateral assets of the consolidated entity are held solely to satisfy the obligations of the entity and the investors in the consolidated vehicle have no recourse against the Company for any losses sustained in the entity.

**Policies of Consolidated Entities**

*Consolidated Entities*

For purposes of these consolidated financial statements, "Consolidated Entities" refers to funds, special purpose entities, investment vehicles and other similar structures which the Company is required to consolidate in accordance with GAAP. The funds are considered investment companies for GAAP purposes. Pursuant to specialized accounting guidance for investment companies and the retention of that guidance in the Company's consolidated financial statements, the investments held by the consolidated entities' are reflected in the consolidated financial statements at their estimated fair values.

*Income of Consolidated Entities*

Income of consolidated entities consists of interest income, dividend income and other miscellaneous items. Interest income is recorded on an accrual basis. The consolidated entities may place debt obligations, including bank debt and other participation interests, on non-accrual status and, when necessary, reduce current interest income by charging off any interest receivable when collection of all or a portion of such accrued interest has become doubtful. The balance of non-accrual investments as of March 31, 2022, and the impact of such investments for the three months ended March 31, 2022 were not material. Dividend income is recorded on the ex-dividend date, net of withholding taxes, if applicable. Premiums and discounts are amortized and accreted, respectively, to income of consolidated funds in the consolidated statements of comprehensive income (loss).

*Expenses of Consolidated Entities*

Expenses of consolidated entities consist of interest expense, general and administrative and other miscellaneous expenses. Interest expense is recorded on an accrual basis.

*Certain Assets and Liabilities of Consolidated Entities*

Investments of consolidated entities, at fair value include the consolidated entities' investments in securities, investment companies and other investments. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments of the funds are determined on a specific identification basis and are included within net gains (losses) of consolidated funds in the consolidated statements of comprehensive income (loss).

The fair value of investments held by the consolidated entities is based on observable market prices when available. Such values are generally based on the last reported sales price as of the reporting date. In the absence of readily ascertainable market values, the determination of the fair value of investments held by the consolidated funds may require significant judgment or estimation. For information regarding the valuation of these assets, see Note 4.

The Company measures the financial assets of the consolidated structured alternative investment solution at fair value through profit and loss as it meets the classification of an investment company and has elected the fair value option for the financial liabilities of the consolidated entity. The Company measures the financial liabilities of its consolidated entity based on the fair value of the financial assets of its consolidated entity, as the Company believes the fair value of the financial assets are more observable. The financial liabilities are measured as (i) the sum of the fair value of the consolidated fund assets less (ii) the sum of the fair value of any beneficial interests retained by the Company. Assets of the consolidated fund are presented within assets of consolidated entities and liabilities due to third parties as notes payable within liabilities of consolidated entities in the consolidated

**SCULPTOR CAPITAL MANAGEMENT, INC. — UNAUDITED**  
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balance sheets. Changes in the fair value of the vehicle's financial assets and liabilities and related interest and other income are presented within net gains (losses) of consolidated entities and ongoing expenses of the fund are presented as expenses of consolidated entities in the consolidated statements of operations.

**Recently Adopted Accounting Pronouncements**

No changes to GAAP that went into effect in the three months ended March 31, 2022, had a material effect on the Company's consolidated financial statements.

**Future Adoption of Accounting Pronouncements**

No changes to GAAP that are not yet effective are expected to have a material effect on the Company's consolidated financial statements.

See Note 2 of the Annual Report for the complete listing of our accounting policies.

**3. NONCONTROLLING INTERESTS**

Noncontrolling interests represent ownership interests in the Company's subsidiaries held by parties other than the Company, and primarily relate to the Group A Units held by executive managing directors.

Prior to the Recapitalization, the attribution of net income (loss) of each Sculptor Operating Partnership was based on the relative ownership percentages of the Group A Units (noncontrolling interests) and the Group B Units (indirectly held by the Registrant). In applying the substantive profit-sharing arrangements in the Sculptor Operating Partnerships' limited partnership agreements to the Company's consolidated financial statements, for periods subsequent to the Recapitalization and for the duration of the Distribution Holiday, the Company will allocate net income of each Sculptor Operating Partnership in any fiscal year solely to the Group B Units and any net loss on a pro rata basis based on the relative ownership percentages of the Group A Units and Group B Units. To the extent a Sculptor Operating Partnership incurs a net loss in an interim period, any net income recognized in a subsequent interim period in the same fiscal year is allocated on a pro rata basis to the extent of previously allocated net loss. Conversely, to the extent a Sculptor Operating Partnership recognizes net income in an interim period, any net loss incurred in a subsequent interim period in the same fiscal year is allocated solely to the Group B Units to the extent of previously allocated net income.

Noncontrolling interests are presented as a separate component of shareholders' equity on the Company's consolidated balance sheets. The primary components of noncontrolling interests are separately presented in the Company's consolidated statements of changes in shareholders' equity (deficit) to distinguish the shareholders' equity (deficit) attributable to Class A shareholders and noncontrolling interest holders. Net income (loss) includes the net income (loss) attributable to the holders of noncontrolling interest on the Company's consolidated statements of operations.

**Sculptor Operating Group Ownership**

The Company's equity interest in the Sculptor Operating Group increased to 48.2% as of March 31, 2022, from 45.2% as of March 31, 2021. Changes in the Company's interest in the Sculptor Operating Group have historically been, and in the future may be, driven by the following: (i) the exchange of Group A Units and Group P Units for Class A Shares, at which time the related Class B Shares are also canceled; (ii) vesting of RSAs (iii) the issuance of Class A Shares under the Company's Amended and Restated 2007 Equity Incentive Plan and 2013 Incentive Plan related to the settlement of Class A restricted share units (the "RSUs") or Class A performance-based RSUs (the "PSUs"); (iv) the forfeiture of Group A Units and participating Group P Units by a departing executive managing director; and (v) the repurchase of Class A Shares and Group A Units. The Company's interest in the Sculptor Operating Group is expected to continue to increase over time as additional Class A Shares are issued upon the exchange of Group A Units and Group P Units, as well as the settlement of vested RSUs, PSUs and RSAs.

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Additionally, the Company's economic interest in the Sculptor Operating Group will decline when Group P Units begin to participate, as described in Note 13 in the Company's Annual Report.

The table below sets forth the calculation of noncontrolling interests related to the Group A Units for each Sculptor Operating Partnership (rounding differences may occur). The blended participation percentages presented below take into account ownership changes throughout the periods presented.

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
<b>Sculptor Capital LP</b>		
Net income (loss)	\$ 41,216	\$ (47,463)
Blended participation percentage	0 %	40 %
<b>Net Income (Loss) Attributable to Group A Units</b>	<b>\$ —</b>	<b>\$ (19,047)</b>
<b>Sculptor Capital Advisors LP</b>		
Net loss	\$ (16,820)	\$ (513)
Blended participation percentage	37 %	40 %
<b>Net Loss Attributable to Group A Units</b>	<b>\$ (6,153)</b>	<b>\$ (206)</b>
<b>Sculptor Capital Advisors II LP</b>		
Net (loss) income	\$ (17,796)	\$ 5,215
Blended participation percentage	37 %	0 %
<b>Net (Loss) Income Attributable to Group A Units</b>	<b>\$ (6,510)</b>	<b>\$ —</b>
<b>Total Sculptor Operating Group</b>		
Net income (loss)	\$ 6,600	\$ (42,761)
Blended participation percentage	-192 %	45 %
<b>Net Loss Attributable to Group A Units</b>	<b>\$ (12,663)</b>	<b>\$ (19,253)</b>

The following table presents the components of the net loss attributable to noncontrolling interests:

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
Group A Units	\$ (12,663)	\$ (19,253)
Other	657	455
	<b>\$ (12,006)</b>	<b>\$ (18,798)</b>

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The following table presents the components of the shareholders' equity attributable to noncontrolling interests:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	(dollars in thousands)	
Group A Units	\$ 420,566	\$ 431,304
Other	17,370	15,165
	<u>\$ 437,936</u>	<u>\$ 446,469</u>

**Redeemable noncontrolling interests**

In the first quarter of 2022, the Company consolidated certain funds it manages, the fund investors' interests in these funds are redeemable outside of the Company's control therefore, the investors' interests in these consolidated funds are classified within redeemable noncontrolling interests in the consolidated balance sheets. In 2021, the Company consolidated the SPAC it sponsors. The Class A shares issued by the consolidated SPAC are redeemable for cash by the public shareholders in the event the SPAC is unable to complete a business combination or a tender offer provision by a set date. Therefore, the investors' interests in the SPAC are classified within redeemable noncontrolling interests in the consolidated balance sheets. The following table presents the activity in redeemable noncontrolling interests in the first quarter of 2022, there were no redeemable noncontrolling interests outstanding during the first quarter of 2021.

	<u>Three Months Ended</u> <u>March 31,</u> <u>2022</u>
	(dollars in thousands)
Beginning balance	\$ 234,600
Change in redemption value of Class A Shares of consolidated SPAC	(3,068)
Comprehensive income	3,068
<b>Ending Balance</b>	<u>\$ 234,600</u>

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**4. INVESTMENTS AND FAIR VALUE DISCLOSURES**

The following table presents the components of the Company’s investments as reported in the consolidated balance sheets:

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
U.S. government obligations, at fair value	\$ —	\$ 205,400
CLOs, at fair value	226,552	219,510
Equity method investments	165,128	158,712
<b>Total Investments</b>	<b>\$ 391,680</b>	<b>\$ 583,622</b>

The Company invests in U.S. government obligations to manage excess liquidity, and these investments are carried at fair value under the fair value option election. Changes in fair value are recorded within net (losses) gains on investments in the consolidated statements of operations.

CLOs, at fair value, consist of investments in notes of unconsolidated CLOs and are carried at fair value under the fair value option. Changes in fair value are included within net (losses) gains on investments in the consolidated statements of operations.

The Company’s equity investments include investments in funds, which are not consolidated, but in which the Company exerts significant influence. The Company has not elected the fair value option and accounts for such investments under the equity method. The Company recognizes its share of the underlying earnings of such entities within net (losses) gains on investments in the consolidated statements of operations. The carrying amounts of equity method investments are recorded in investments in the consolidated balance sheets. Refer to Note 15 for details of the related party nature of such investments.

**Fair Value Disclosures**

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (i.e., an exit price). The Company and the funds it manages hold a variety of investments, certain of which are not publicly traded or that are otherwise illiquid. Significant judgement and estimation go into the assumptions that drive the fair value of these investments. The fair value of these investments may be estimated using a combination of observed transaction prices, prices from third parties (including independent pricing services and relevant broker quotes), models or other valuation methodologies based on pricing inputs that are neither directly nor indirectly market observable. Due to the inherent uncertainty of valuations of investments that are determined to be illiquid or do not have readily ascertainable fair values, the estimates of fair value may differ from the values ultimately realized, and those differences can be material.

GAAP establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type and the specific characteristics of the financial instrument. Financial instruments with readily available, actively quoted prices or for which fair value can be measured from actively-quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Financial instruments measured at fair value are classified and disclosed into one of the following categories based on the observability of inputs used in the determination of fair values:

- **Level I** – Quoted prices that are available in active markets for identical financial instruments as of the reporting date. The types of financial instruments that would generally be included in this category are certain listed equities, U.S. government obligations and certain listed derivatives.

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- **Level II** – Quotations received from dealers making a market for financial instruments (“broker quotes”), valuations obtained from independent third-party pricing services, the use of models or other valuation methodologies based on pricing inputs that are either directly or indirectly market observable as of the measurement date. The types of financial instruments that would generally be included in this category are certain corporate bonds, certain credit default swap contracts, certain bank debt securities, certain commercial real estate debt, less liquid equity securities, forward contracts and certain over-the-counter (“OTC”) derivatives where the fair value is based on observable inputs. These financial instruments exhibit higher levels of liquid market observability as compared to Level III financial instruments.
- **Level III** – Pricing inputs that are unobservable in the market and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value of financial instruments in this category may require significant management judgment or estimation. The fair value of these financial instruments may be estimated using a combination of observed transaction prices, independent pricing services, relevant broker quotes, models or other valuation methodologies based on pricing inputs that are neither directly or indirectly market observable (e.g., cash flows, implied yields, EBITDA multiples). The types of financial instruments that would generally be included in this category include CLOs, certain warrant liabilities, certain credit default swap contracts, certain bank debt securities, certain OTC derivatives, asset-backed securities, collateralized debt obligations and investments in affiliated credit funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument when the fair value is based on unobservable inputs.

For financial instruments for which the Company uses independent pricing services for valuation, the Company performs analytical procedures and compares independent pricing service valuations to other vendors’ pricing as applicable. The Company also performs due diligence reviews on independent pricing services on an annual basis and performs other due diligence procedures as may be deemed necessary.

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**Fair Value Measurements Categorized within the Fair Value Hierarchy**

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy as of March 31, 2022:

	As of March 31, 2022			
	Level I	Level II	Level III	Total
(dollars in thousands)				
<b>Assets, at Fair Value</b>				
<i>Included within investments:</i>				
CLOs <sup>(1)</sup>	\$ —	\$ —	\$ 226,552	\$ 226,552
<i>Included within restricted cash and cash equivalents of consolidated entities:</i>				
U.S. government obligations	\$ 234,623	\$ —	\$ —	\$ 234,623
<b>Liabilities, at Fair Value</b>				
Warrants	\$ —	\$ —	\$ 40,951	\$ 40,951
<i>Liabilities of consolidated entities:</i>				
Warrants	\$ 3,450	\$ —	\$ —	\$ 3,450
Notes payable	\$ —	\$ —	\$ 215,733	\$ 215,733

(1) As of March 31, 2022, investments in CLOs had contractual principal amounts of \$217.3 million outstanding, which excludes the Company's investments in subordinated tranches of the notes, as these do not have contractual principal payments.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy as of December 31, 2021:

	As of December 31, 2021			
	Level I	Level II	Level III	Total
(dollars in thousands)				
<b>Assets, at Fair Value</b>				
<i>Included within investments:</i>				
U.S. government obligations	\$ 205,400	\$ —	\$ —	\$ 205,400
CLOs <sup>(1)</sup>	\$ —	\$ —	\$ 219,510	\$ 219,510
<i>Included within restricted cash of consolidated entities:</i>				
U.S. government obligations	\$ 234,601	\$ —	\$ —	\$ 234,601
<b>Liabilities, at Fair Value</b>				
Warrants	\$ —	\$ —	\$ 65,287	\$ 65,287
<i>Liabilities of consolidated entities:</i>				
Warrants	\$ —	\$ —	\$ 7,590	\$ 7,590

(1) As of December 31, 2021, investments in CLOs had contractual principal amounts of \$205.9 million outstanding, which excludes the Company's investments in subordinated tranches of the notes, as these do not have contractual principal payments.

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**Reconciliation of Fair Value Measurements Categorized within Level III**

Gains and losses on investments categorized within Level III, excluding those related to foreign currency translation adjustments, are recorded within net (losses) gains on investments in the consolidated statements of operations. Gains and losses related to foreign currency translation adjustments are recorded in the statements of comprehensive income (loss). Amortization of premium, accretion of discount and foreign exchange gains and losses on non-U.S. dollar investments are also included within gains and losses in the tables below. Changes in fair value of warrant liabilities are included in other income (loss) in the consolidated statements of operations. In the first quarter of 2022, the warrants of the consolidated SPAC began to trade publicly, and as such, were transferred from Level III to Level I. Changes in fair value of warrant liabilities of the consolidated entity are included in net (losses) gains of consolidated entities in the consolidated statements of operations.

The following table summarizes the changes in the Company's Level III financial assets and liabilities for the three months ended March 31, 2022:

	December 31, 2021	Transfers In	Transfers Out	Purchases / Issuances	Investment Sales / Settlements	Gains / (Losses) Included in Earnings	Gains / (Losses) Included in Other Comprehensive Income	March 31, 2022
(dollars in thousands)								
<b>Assets, at Fair Value</b>								
<i>Included within investments:</i>								
CLOs	\$ 219,510	\$ —	\$ —	\$ 28,807	\$ (12,347)	\$ (4,519)	\$ (4,899)	\$ 226,552
<i>Investments of consolidated entities:</i>								
Bank Debt	\$ —	\$ 3,603 <sup>(1)</sup>	\$ (14,666) <sup>(1)</sup>	\$ 14,633	\$ (3,475)	\$ (95)	\$ —	\$ —
<b>Liabilities, at Fair Value</b>								
Warrants	\$ 65,287	\$ —	\$ —	\$ —	\$ —	\$ 24,336	\$ —	\$ 40,951
<i>Liabilities of consolidated entities:</i>								
Warrants	\$ 7,590	\$ —	\$ (3,450) <sup>(2)</sup>	\$ —	\$ —	\$ 4,140	\$ —	\$ —
Notes payable	\$ —	\$ —	\$ —	\$ 215,733	\$ —	\$ —	\$ —	\$ 215,733

<sup>(1)</sup> Transfers into and out of Level III in bank debt include \$2.3 million related to the consolidation and \$14.0 million related to the subsequent deconsolidation of a fund that the Company manages.

<sup>(2)</sup> Transfers out of Level III into Level I related to warrants of consolidated entities that became publicly traded with available quoted prices during the first quarter of 2022.

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The following table summarizes the changes in the Company's Level III financial assets for the three months ended March 31, 2021:

	December 31, 2020	Purchases / Issuances	Investment Sales / Settlements	Gains / (Losses) Included in Earnings	Gains / (Losses) Included in Other Comprehensive Income	March 31, 2021
(dollars in thousands)						
<b>Assets, at Fair Value</b>						
<i>Included within investments:</i>						
CLOs	\$ 205,510	\$ 2,448	\$ (20)	\$ 1,423	\$ (6,519)	\$ 202,842
<b>Liabilities, at Fair Value</b>						
Warrants	\$ 37,827	\$ —	\$ —	\$ (24,944)	\$ —	\$ 62,771

The table below summarizes the net change in unrealized gains and (losses) on the Company's Level III financial instruments still held as of the reporting date:

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
<b>Assets, at Fair Value</b>		
<i>Included within investments:</i>		
CLOs	\$ (9,418)	\$ (5,096)
<b>Liabilities, at Fair Value</b>		
Warrants	\$ 24,336	\$ (24,944)

**Valuation Methodologies for Fair Value Measurements Categorized within Level III**

Investments in CLOs are valued using independent pricing services. The Company performs procedures over the values provided by the pricing services as discussed above. Warrant liabilities of the Company are valued by independent pricing services using a Black-Scholes option pricing model, for which the Company's Class A share price, warrant exercise price, risk free rate, volatility, dividend yield, redemption trigger price and term to expiry are the primary inputs to the valuation. The significant unobservable quantitative input used for the fair value measurement of the warrant liabilities of the Company, which are categorized as Level III under the fair value hierarchy, was volatility. The volatility used in the fair value measurement was 53.00% as of March 31, 2022.

Prior to being transferred to Level I, as discussed above, the warrant liabilities of the consolidated SPAC were valued by independent pricing services using a Monte Carlo simulation model, for which SAC I's Class A share price, exercise price, risk free rate, volatility and term to expiry were the primary inputs to the valuation. The volatility used in the initial fair value measurement on December 13, 2021 (initial measurement) was 13.00%. The Company reviews inputs, assumptions and valuation methodologies used in the warrants' valuations. As noted above, the warrant liabilities of the consolidated SPAC were transferred from Level III to Level I in the first quarter of 2022.

Notes payable of consolidated entities are valued using independent pricing services. The Company measures the financial liabilities of its consolidated entity based on the fair value of the financial assets of its consolidated entity, as the Company believes the fair value of the financial assets are more observable. Refer to Note 2 for additional valuation considerations of the notes payable of consolidated entities.

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**Financial Instruments Not Measured at Fair Value**

Management estimates that the carrying value of the Company’s financial instruments not measured at fair value, including its debt obligations and repurchase agreements, approximated their fair values as of March 31, 2022. The fair value measurements for the Company’s debt obligations and repurchase agreements are categorized as Level III within the fair value hierarchy and were determined using independent pricing services.

**Loans Sold to CLOs Managed by the Company**

From time to time the Company may sell loans to CLOs managed by the Company. These loans are purchased by the Company in the open market and simultaneously sold for cash to the CLOs. The loans are accounted for as transfers of financial assets as they meet the criteria for derecognition under U.S. GAAP. No loans were sold in each of the three months ended March 31, 2022 and 2021. The Company invests in senior secured and subordinated notes issued by certain CLOs to which it sold loans in the past. These investments represent retained interests to the Company and are in the form of a 5% vertical strip (i.e., 5% of each of the senior and subordinated tranches of notes issued by each CLO). The retained interests are reported within investments on the Company’s consolidated balance sheet. As of March 31, 2022 and December 31, 2021, the Company’s investments in these retained interests had a fair value of \$85.4 million and \$87.9 million, respectively.

The Company is subject to risks associated with the performance of the underlying collateral and the market yield of the assets. The Company’s risk of loss from retained interest is limited to its investments in these interests. The Company receives quarterly payments of interest and principal, as applicable, on these retained interests. In the three months ended March 31, 2022 and 2021, the Company received \$675 thousand and \$717 thousand, respectively, of interest and principal payments related to the retained interests.

The Company uses independent pricing services to value its investments in the CLOs, including the retained interests, and therefore the only key assumption is the price provided by such service. A corresponding adverse change of 10% or 20% on price would have a corresponding impact on the fair value of the Company’s investments in CLOs.

**5. VARIABLE INTEREST ENTITIES**

In the ordinary course of business, the Company sponsors the formation of entities that are considered VIEs. See Note 2 in the Company’s Annual Report for a discussion of entities that are VIEs and the evaluation of those entities for consolidation by the Company.

The table below presents the assets and liabilities of VIEs consolidated by the Company.

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
<b>Assets</b>		
<i>Assets of consolidated entities:</i>		
Cash and cash equivalents of consolidated entities	\$ 343,486	\$ —
Other assets of consolidated entities	4,152	4,339
<b>Total Assets</b>	<b>\$ 347,638</b>	<b>\$ 4,339</b>
<b>Liabilities</b>		
<i>Liabilities of consolidated entities:</i>		
Notes payable of consolidated entities	\$ 215,733	\$ —
Other liabilities of consolidated entities	2,503	2,603
<b>Total Liabilities</b>	<b>\$ 218,236</b>	<b>\$ 2,603</b>

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The assets of consolidated variable interest entities may only be used to settle obligations of these entities and are not available to creditors of the Company. The investors in these consolidated entities have no recourse against the assets of the Company. There is no recourse to the Company for the consolidated VIEs' liabilities.

The Company's direct involvement with VIEs that are not consolidated is generally limited to providing asset management services and, in certain cases, insignificant investments in the VIEs. The maximum exposure to loss represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses, as well as unfunded commitments to certain funds that are VIEs, as discussed in Note 16. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support to its VIEs that are not consolidated.

The table below presents the net assets of unconsolidated VIEs in which the Company has variable interests along with the maximum risk of loss as a result of the Company's involvement with VIEs:

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Net assets of unconsolidated VIEs in which the Company has a variable interest	\$ 11,976,467	\$ 11,304,196
<i>Maximum risk of loss as a result of the Company's involvement with VIEs:</i>		
Unearned income and fees	79,093	62,800
Income and fees receivable	46,489	61,273
Investments	258,255	249,104
Unfunded commitments <sup>(1)</sup>	230,100	60,474
<b>Maximum Exposure to Loss</b>	<b>\$ 613,937</b>	<b>\$ 433,651</b>

<sup>(1)</sup> Includes commitments from certain employees and executive managing directors in the amounts of \$81.7 million and \$46.3 million as of March 31, 2022 and December 31, 2021, respectively.

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**6. LEASES**

The Company has non-cancelable operating leases for its headquarters in New York and its offices in London, Hong Kong, Shanghai, and various other locations and data centers. The Company does not have renewal options for any of its current leases. The Company also subleases a portion of its office space in London and New York through the end of the lease term. In addition, the Company has finance leases for computer hardware. As of March 31, 2022, the Company has pledged collateral related to its lease obligations of \$6.2 million, which is included within restricted cash in the consolidated balance sheets.

The tables below represent components of lease expense and associated cash flows:

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
<b>Lease Cost</b>		
Operating lease cost	\$ 4,708	\$ 5,437
Short-term lease cost	10	17
Finance lease cost - amortization of leased assets	92	199
Finance lease cost - imputed interest on lease liabilities	3	10
Less: Sublease income	(830)	(411)
<b>Net Lease Cost</b>	<b>\$ 3,983</b>	<b>\$ 5,252</b>

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
<b>Supplemental Lease Cash Flow Information</b>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ 5,326	\$ 5,809
Operating cash flows for finance leases	\$ —	\$ 1
Finance cash flows for finance leases	\$ 163	\$ 624
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	\$ 1,079	\$ 2,893
Finance leases	\$ —	\$ —
	<b>March 31, 2022</b>	<b>December 31, 2021</b>

	March 31, 2022	December 31, 2021
<b>Lease Term and Discount Rate</b>		
Weighted average remaining lease term		
Operating leases	7.3 years	7.6 years
Finance leases	1.3 years	1.3 years
Weighted average discount rate		
Operating leases	7.8 %	7.8 %
Finance leases	5.8 %	6.3 %

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	Operating Leases	Finance Leases
(dollars in thousands)		
<b>Maturity of Lease Liabilities - Contractual Payments to be Paid</b>		
April 1, 2022 to December 31, 2022	\$ 15,757	\$ 86
2023	20,345	—
2024	16,529	—
2025	14,329	—
2026	15,353	—
Thereafter	52,689	—
<b>Total Lease Payments</b>	<b>135,002</b>	<b>86</b>
Imputed interest	(32,688)	(1)
<b>Total Lease Liabilities - Contractual Payments to be Paid</b>	<b>\$ 102,314</b>	<b>\$ 85</b>

	Operating Leases	
(dollars in thousands)		
<b>Sublease Rent - Contractual Payments to be Received</b>		
April 1, 2022 to December 31, 2022	\$	1,654
2023		3,145
2024		1,920
2025		1,920
2026		1,920
Thereafter		6,120
<b>Total Sublease Rent - Contractual Payments to be Received</b>	<b>\$</b>	<b>16,679</b>

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**7. DEBT OBLIGATIONS AND WARRANTS**

	2020 Term Loan	CLO Investments Loans	Total
	(dollars in thousands)		
<b>Maturity of Debt Obligations</b>			
April 1, 2022 to December 31, 2022	\$ —	\$ —	\$ —
2023	—	1,103	1,103
2024	—	—	—
2025	—	—	—
2026	—	—	—
2027	95,000	—	95,000
Thereafter	—	39,035	39,035
<b>Total Payments</b>	<b>95,000</b>	<b>40,138</b>	<b>135,138</b>
Unamortized discounts & deferred financing costs	(12,817)	(218)	(13,035)
<b>Total Debt Obligations</b>	<b>\$ 82,183</b>	<b>\$ 39,920</b>	<b>\$ 122,103</b>

**2020 Credit Agreement**

On September 25, 2020, Sculptor Capital LP, as borrower, (the “Borrower”), and certain other subsidiaries of the Company, as guarantors, entered into a credit and guaranty agreement (the “2020 Credit Agreement”), consisting of (i) a senior secured term loan facility in an initial aggregate principal amount of \$320.0 million (the “2020 Term Loan”) and (ii) a senior secured revolving credit facility in an initial aggregate principal amount of \$25.0 million (the “2020 Revolving Credit Facility”). The proceeds from the 2020 Term Loan were first allocated to the full fair value of the warrants issued in connection with the 2020 Credit Agreement (which establishes both a liability and a debt discount, as described below), and the residual proceeds, net of deferred offering costs and discounts, of \$275.8 million was then recognized as the initial carrying value of the 2020 Term Loan.

Certain prepayments of the 2020 Term Loan are subject to a prepayment premium (the “Call Premium”) equal to (a) prior to the second anniversary of the Closing Date, a customary “make-whole” premium equal to the present value of all required interest payments that would be due from the date of prepayment through and including the second anniversary of the Closing Date plus a premium of 3.0% of the principal amount of loans prepaid, (b) on or after the second anniversary of the Closing Date but prior to the third anniversary of the Closing Date, a premium of 3.0% of the principal amount of loans prepaid, (c) on or after the third anniversary of the Closing Date but prior to the fourth anniversary of the Closing Date, a premium of 2.0% of the principal amount of loans prepaid and (d) thereafter, 0%. On June 21, 2021, the Company entered into a letter agreement amending the 2020 Credit Agreement to increase the amount of voluntary prepayments for which the Call Premium shall not apply from \$175.0 million to \$225.0 million in exchange for an amendment fee of \$1.75 million. As such, no Call Premium was due on the first \$225.0 million prepaid by the Company. The amendment fee was recorded as an additional discount to the 2020 Term Loan in the second quarter of 2021. In 2021, the Company prepaid \$224.4 million of the 2020 Term Loan, resulting in an outstanding balance of \$95.0 million, which is due at maturity. The Company recognized a \$30.2 million loss on this retirement of debt. As a result of the \$175.0 million of aggregate prepayments made through March 31, 2021, the Company is no longer subject to the cash sweep or financial maintenance covenants, other than the covenant requiring \$20.0 billion minimum fee-paying Assets Under Management described below.

The 2020 Term Loan and the 2020 Revolving Credit Facility mature on the seventh and sixth anniversary, respectively, of the initial funding of the 2020 Term Loan, which occurred on November 13, 2020 (the “Closing Date”).

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Borrowings under the 2020 Credit Agreement bear interest at a per annum rate equal to, at the Company's option, one, two, three or six-month LIBOR (subject to a 0.75% floor) plus 6.25%, or a base rate (subject to a 1.75% floor) plus 5.25%. The Borrower is also required to pay an undrawn commitment fee at a rate per annum equal to 0.50% of the undrawn portion of the 2020 Revolving Credit Facility.

The 2020 Credit Agreement prohibits the total fee-paying Assets Under Management, subject to certain exclusions, of the Borrower, the guarantors and their consolidated subsidiaries as of the last day of any fiscal quarter to be less than \$20.0 billion. The 2020 Credit Agreement contains customary events of default for a transaction of this type, after which obligations under the 2020 Credit Agreement may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Borrower, the guarantors or any of the material subsidiaries of the foregoing after which the obligations under the 2020 Credit Agreement become automatically due and payable. The 2020 Credit Agreement also provided the counterparty the right to appoint an individual to a seat on the Company's Board of Directors.

***Warrants***

In connection with the 2020 Credit Agreement, the Company has issued and outstanding warrants to purchase 4,338,015 Class A Shares. The warrants have a 10-year term from the Closing Date and an initial exercise price per share equal to \$11.93. The exercise price is subject to reduction by an amount equal to any dividends paid on Class A Shares. As a result, the exercise price was \$8.46 per share as of March 31, 2022. The warrants provide for customary adjustments in the event of a stock split, stock dividend, recapitalization or similar event. In lieu of making a cash payment otherwise contemplated upon exercise, the holder may exercise the warrants in whole or in part to receive a net number of Class A Shares. In addition, one of the warrants provides that, upon exercise in whole or in part by the holder, the Company may decide in its sole discretion whether the holder's exercise of such warrant will be settled by delivery of Class A Shares (which shares may be reduced to a net number of Class A Shares in accordance with the procedure described in the preceding sentence) or by the Company's payment to the holder of an amount in cash equal to the Black-Scholes value as provided for in the applicable warrant agreement. If the Company undergoes a change of control prior to the expiration date, the holder will have the right to require the Company to repurchase any remaining portion of the warrants not yet exercised at their Black-Scholes value as provided for in the applicable agreement. The warrants restrict transfers and other dispositions for 18 months from the Closing Date, subject to certain exceptions.

***Debt Obligations of Consolidated Funds***

***Warrants of the Consolidated SPAC***

At the time of IPO in December 2021, Sculptor Acquisition Corporation I ("SAC I") issued 11.2 million warrants to the Company and 11.5 million warrants to third parties. The warrants have a 5-year term from the day of the SAC I IPO and an initial exercise price per share equal to \$11.50. The warrants are subject to other customary terms common for instruments of this type. The Company eliminates the SPAC warrants it holds in consolidation. As of March 31, 2022, the warrants had fair value of \$3.5 million.

***Notes Payable of a Consolidated Entity***

In the first quarter of 2022, the Company launched a structured alternative investment solution that it consolidated, which issued notes in the aggregate principal amount of \$350.0 million, of which approximately \$128.0 million were acquired by the Company and eliminated in consolidation. The notes held by the Company consisted and of \$20.0 million of Class A, \$20.0 million of Class B and \$87.8 million of subordinate notes. The fair value of the notes payable as of March 31, 2022, was \$215.7 million. The notes payable mature in May 2037.

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The table below summarizes material terms of the notes payable:

Type	Class A Notes	Class B Notes	Class C Notes	Subordinate Notes <sup>(1)</sup>
	(dollars in thousands)			
	Senior Secured	Senior Secured	Mezzanine Secured	Unsecured
Initial principal amount	\$ 140,000	\$ 70,000	\$ 35,000	\$ 105,000
Initial interest rate	4.25 %	6.00 %	6.75 %	N/A
Interest rate after step up and effective date	6.25%; May 2028	8.00%; May 2029	9.50%; May 2025	N/A

(1) Subordinate notes do not have stated interest rates or principal entitlement but instead receive net proceeds from excess cash flows remaining after periodic payments have been made to more senior notes and after fees and expenses in accordance with the priority of payments.

See Note 2 for accounting policies for the notes payables of the consolidated entities

*Credit Facility of a Consolidated Entity*

In the first quarter of 2022, the structured alternative investment vehicle entered into a \$52.5 million credit facility which expires March 18, 2025. The credit facility is capped at \$20.0 million of the total borrowing capacity per quarter. The facility is subject to a SOFR reference rate, as defined in the agreement, plus 3.00%. The facility is also subject to an annual 1.15% unused commitment fee. As of March 31, 2022, the fund has not drawn on the facility. The credit facility agreement is subject to other customary terms common for instruments of this type. The creditors of our consolidated entities have no recourse to the Company. As of March 31, 2022, the consolidated entities were in compliance with all financial and non-financial covenants under their debt obligations.

***CLO Investments Loans***

The Company entered into loans to finance portions of investments in certain CLOs (collectively, the “CLO Investments Loans”). In general, the Company will make interest payments on the loans at such time interest payments are received on its investments in the CLOs, and will make principal payments on the loans to the extent principal payments are received on its investments in the CLOs, with any remaining balance due upon maturity.

The loans are subject to customary events of default and covenants and also include terms that require the Company’s continued involvement with the CLOs. In addition to customary events of default included in financing arrangements of this type, an event of default would also be triggered if there is an event of default at the CLO level. Prior to the relevant CLO’s maturity date, this would include certain material covenant breaches, regulatory and insolvency events for the relevant CLO issuer, as well as a payment default, where the relevant CLO is unable to make interest payments on the senior, non-deferrable interest notes issued by the CLO. The CLO Investments Loans do not have any financial maintenance covenants and are secured by the related investments in CLOs, which investments had fair values of \$42.7 million and \$43.1 million as of March 31, 2022 and December 31, 2021, respectively.

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Carrying amounts presented in the table below are net of discounts, if any, and unamortized deferred financing costs. The interest rates on the CLO Investments Loans are variable based on LIBOR or EURIBOR (subject to a floor of zero percent). The maturity date for each CLO Investments Loan is the earlier of the final maturity date presented in the table below or the date at which the Company no longer holds a risk retention investment in the respective CLO.

Initial Borrowing Date	Contractual Rate	Final Maturity Date	Carrying Value	
			March 31, 2022	December 31, 2021
(dollars in thousands)				
June 7, 2017	LIBOR plus 1.48%	November 16, 2029	\$ 17,227	\$ 17,221
August 2, 2017	LIBOR plus 1.41%	January 21, 2030	21,590	21,589
October 21, 2021	EURIBOR plus 0.85%	August 29, 2023	—	5,892
January 19, 2022	EURIBOR plus 1.00%	December 15, 2023	1,103	—
			<b>\$ 39,920</b>	<b>\$ 44,702</b>

**8. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

The Company has a €200.0 million master credit facility agreement (the “CLO Financing Facility”) to finance portions of the risk retention investments in certain CLOs managed by the Company. Subject to the terms and conditions of the CLO Financing Facility, the Company and the counterparty may enter into repurchase agreements on such terms agreed upon by the parties. Each transaction entered into under the CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of March 31, 2022, €42.8 million of the CLO Financing Facility remained available.

Each transaction entered into under the CLO Financing Facility provides for payment netting and, in the case of a default or similar event with respect to the counterparty to the CLO Financing Facility, provides for netting across transactions. Generally, upon a counterparty default, the Company can terminate all transactions under the CLO Financing Facility and offset amounts it owes in respect of any one transaction against collateral it has received in respect of any other transactions under the CLO Financing Facility; provided, however, that in the case of certain defaults, the Company may only be able to terminate and offset solely with respect to the transaction affected by the default. During the term of a transaction entered into under the CLO Financing Facility, the Company will deliver cash or additional securities acceptable to the counterparty if the securities sold are in default. In addition to customary events of default included in financing arrangements of this type, an event of default would also be triggered if there is an event of default at the CLO level. Prior to the relevant CLO’s maturity date, this would include certain material covenant breaches, regulatory and insolvency events for the relevant CLO issuer, as well as a payment default where the relevant CLO is unable to make interest payments on the senior, non-deferrable interest notes issued by the CLO. Upon termination of a transaction, the Company will repurchase the previously sold securities from the counterparty at a previously determined repurchase price. The CLO Financing Facility may be terminated at any time upon certain defaults or circumstances agreed upon by the parties.

The repurchase agreements may result in credit exposure in the event the counterparty to the transaction is unable to fulfill its contractual obligations. The Company minimizes the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values. Other than margin requirements, the Company is not subject to additional terms or contingencies which would expose the Company to additional obligations based upon the performance of the securities pledged as collateral.

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The table below presents securities sold under agreements to repurchase that are offset, if any, as well as securities transferred to counterparties related to such transactions (capped so that the net amount presented will not be reduced below zero). No other material financial instruments were subject to master netting agreements or other similar agreements:

Securities Sold under Agreements to Repurchase	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities in the Consolidated Balance Sheet	Securities Transferred	Net Amount
	(dollars in thousands)				
As of March 31, 2022	\$ 172,519	\$ —	\$ 172,519	\$ 171,195	\$ 1,324
As of December 31, 2021	\$ 156,448	\$ —	\$ 156,448	\$ 156,448	\$ —

The securities sold under agreements to repurchase have a set scheduled maturity date that corresponds to the maturities of the securities sold under such transaction. The table below presents the remaining final contractual maturity of the securities sold under agreement to repurchase by class of collateral pledged:

Securities Sold under Agreements to Repurchase	Investments in CLOs				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
	(dollars in thousands)				
As of March 31, 2022	\$ —	\$ —	\$ —	\$ 172,519	\$ 172,519
As of December 31, 2021	\$ —	\$ —	\$ —	\$ 156,448	\$ 156,448

**9. OTHER ASSETS, NET**

The following table presents the components of other assets, net as reported in the consolidated balance sheets:

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
<i>Fixed Assets:</i>		
Leasehold improvements	\$ 47,797	\$ 47,797
Computer hardware and software	56,087	55,320
Furniture, fixtures and equipment	8,049	8,013
Accumulated depreciation and amortization	(84,765)	(83,371)
Fixed assets, net	27,168	27,759
Goodwill	22,691	22,691
Redemption receivable <sup>(1)</sup>	19,940	—
Prepaid expenses	15,418	17,095
Other	10,395	9,546
<b>Total Other Assets, Net</b>	<b>\$ 95,612</b>	<b>\$ 77,091</b>

(1) Represents amounts receivable on a redeemed investment in a fund.

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**10. OTHER LIABILITIES**

The following table presents the components of other liabilities as reported in the consolidated balance sheets:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	(dollars in thousands)	
Accrued expenses	\$ 14,531	\$ 16,949
Uncertain tax positions	8,250	8,250
Due to funds <sup>(1)</sup>	3,352	3,017
Unused trade commissions	1,426	1,513
Other	6,105	9,061
<b>Total Other Liabilities</b>	<b>\$ 33,664</b>	<b>\$ 38,790</b>

(1) To the extent that a fee-paying fund is an investor in another fee-paying fund, the Company rebates a corresponding portion of the management fees charged in the investee fund. Due to funds amounts also reflect certain incentive income and management fee waivers.

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**11. REVENUES**

The following table presents management fees and incentive income recognized as revenues for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,			
	2022		2021	
	Management Fees	Incentive Income	Management Fees	Incentive Income
	(dollars in thousands)			
Multi-strategy funds	\$ 39,980	\$ 955	\$ 36,348	\$ 25,984
Credit				
Opportunistic credit funds	12,824	19,803	13,247	8,767
Institutional Credit Strategies	11,583	—	15,103	—
Real estate funds	9,050	884	9,263	13,053
<b>Total</b>	<b>\$ 73,437</b>	<b>\$ 21,642</b>	<b>\$ 73,961</b>	<b>\$ 47,804</b>

The following table presents the composition of the Company's income and fees receivable as of March 31, 2022 and December 31, 2021

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Management fees	\$ 25,369	\$ 25,520
Incentive income	39,829	168,116
<b>Income and Fees Receivable</b>	<b>\$ 65,198</b>	<b>\$ 193,636</b>

The Company recognizes management fees over the period in which the performance obligation is satisfied. The Company records incentive income when it is probable that a significant reversal of income will not occur. The majority of management fees and incentive income receivable at each balance sheet date is generally collected during the following quarter.

The following table presents the Company's unearned income and fees as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Management fees	\$ 7	\$ 84
Incentive income	79,086	62,716
<b>Unearned Income and Fees</b>	<b>\$ 79,093</b>	<b>\$ 62,800</b>

A liability for unearned incentive income is generally recognized when the Company receives incentive income distributions from its funds, primarily its real estate funds, whereby the distributions received have not yet met the recognition threshold of being probable that a significant reversal of cumulative revenue will not occur. A liability for unearned management fees is generally recognized when management fees are paid to the Company on a quarterly basis in advance, based on the amount of Assets Under Management at the beginning of the quarter. In the three months ended March 31, 2022 and 2021, the Company recognized \$3.9 million and \$9.8 million, respectively, of the beginning balance of unearned incentive income for each respective year. The Company recognized all of the beginning balances of unearned management fees during the respective quarter.

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**12. INCOME TAXES**

The computation of the effective tax rate and provision at each interim period requires the use of certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in foreign jurisdictions, permanent differences, and the likelihood of recovering deferred tax assets existing as of the balance sheet date. The estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as tax laws and regulations change. Accordingly, the effective tax rate for interim periods is not indicative of the tax rate expected for a full year.

The following is a reconciliation of the statutory U.S. federal income tax rate to the Company's effective income tax rate:

	Three Months Ended March 31,	
	2022	2021
Statutory U.S. federal income tax rate	21.00 %	21.00 %
Loss passed through to noncontrolling interests	15.83 %	0.24 %
Foreign income taxes	4.37 %	-3.16 %
RSU excess income tax benefit or expense	-11.53 %	-1.49 %
State and local income taxes	33.50 %	1.59 %
Nondeductible amortization of Partner Equity Units	19.81 %	-1.38 %
Foreign tax credits and deductions	-0.92 %	0.66 %
Change in fair value of warrants	-36.60 %	-12.84 %
Disallowed executive compensation	13.41 %	-0.55 %
Other, net	-0.04 %	0.13 %
<b>Effective Income Tax Rate</b>	<b>58.83 %</b>	<b>4.20 %</b>

The Company recognizes tax benefits for amounts that are “more likely than not” to be sustained upon examination by tax authorities. For uncertain tax positions in which the benefit to be realized does not meet the “more likely than not” threshold, the Company establishes a liability, which is included within other liabilities in the consolidated balance sheets. As of March 31, 2022 and December 31, 2021, the Company had a liability for unrecognized tax benefits of \$8.3 million. As of and for the three months ended March 31, 2022, the Company did not accrue interest or penalties related to uncertain tax positions. As of March 31, 2022, the Company does not believe that there will be a significant change to the uncertain tax positions during the next 12 months. The Company's total unrecognized tax benefits if recognized, would affect its tax expense by \$4.8 million as of March 31, 2022.

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**13. GENERAL, ADMINISTRATIVE AND OTHER**

The following table presents the components of general, administrative and other expenses as reported in the consolidated statements of operations:

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
Occupancy and equipment	\$ 7,090	\$ 8,032
Professional services	5,464	4,428
Recurring placement and related service fees	5,249	4,351
Information processing and communications	5,026	5,357
Insurance	2,207	2,222
Business development	498	152
Other expenses	1,782	2,834
<b>Total General, Administrative and Other</b>	<b>\$ 27,316</b>	<b>\$ 27,376</b>

**14. EARNINGS (LOSS) PER CLASS A SHARE**

Basic earnings (loss) per Class A Share is computed by dividing the net income (loss) attributable to Class A Shareholders by the weighted-average number of Class A Shares outstanding for the period.

For the three months ended March 31, 2022 and 2021, the Company included 186,944 and 232,235 RSUs respectively, that have vested but have not been settled in Class A Shares in the weighted-average Class A Shares outstanding used to calculate basic and diluted earnings (loss) per Class A Share.

When calculating dilutive earnings (loss) per Class A Share, the Company applies the treasury stock method to outstanding warrants, unvested RSUs and RSAs, which are only subject to a service condition. At the Sculptor Operating Group Level, the Company applies the if-converted method to vested Group A Units and vested Group E Units. For unvested Group A Units and unvested Group E Units, the Company applies the treasury stock method first to determine the number of incremental units that would be issuable and then applies the if-converted method to those resulting incremental units. The Company did not include RSAs subject to service and market conditions, Group P Units or unvested PSUs in the calculation of dilutive earnings (loss) per Class A Share, as the applicable market performance conditions had not yet been met as of the end of each reporting period presented below. The Company also did not include RSUs which will be settled in cash. The effect of dilutive securities on net income (loss) attributable to Class A Shareholders is presented net of tax.

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The following tables present the computation of basic and diluted earnings (loss) per Class A Share:

Three Months Ended March 31, 2022	Net Income (Loss) Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Earnings (Loss) Per Class A Share	Number of Antidilutive Units and Warrants Excluded from Diluted Calculation
(dollars in thousands, except per share amounts)				
Basic	\$ 16,882	26,596,572	\$ 0.63	
<i>Effect of dilutive securities:</i>				
Group A Units	(9,115)	15,025,994		—
Group E Units	—	—		13,009,156
RSUs	—	—		2,508,983
RSAs	—	—		1,046,989
Warrants	(20,639)	2,071,366		—
Diluted	\$ (12,872)	43,693,932	\$ (0.29)	

Three Months Ended March 31, 2021	Net Loss Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
(dollars in thousands, except per share amounts)				
Basic	\$ (20,293)	23,853,428	\$ (0.85)	
<i>Effect of dilutive securities:</i>				
Group A Units	(19,362)	16,019,506		—
Group E Units	—	—		13,012,857
RSUs	—	—		3,702,394
Warrants	—	—		2,237,743
Diluted	\$ (39,655)	39,872,934	\$ (0.99)	

## 15. RELATED PARTY TRANSACTIONS

### Due from Related Parties

Amounts due from related parties relate primarily to amounts due from the funds for expenses paid on their behalf. These amounts are reimbursed to the Company on an ongoing basis.

### Certain Amounts Related to Tax Receivable Agreement Liability

Amounts due to related parties relate primarily to future payments owed to certain former executive managing directors under the tax receivable agreement, as discussed further in Note 16. The tax receivable agreement liability was \$179.0 million as of March 31, 2022, and \$67.9 million of the balance was due to related parties. The Company made payments totaling \$16.9 million and \$7.2 million under the tax receivable agreement (inclusive of interest thereon) in the three months ended March 31, 2022 and 2021, respectively, of which \$7.4 million and \$3.9 million were paid to related parties.

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**Management Fees and Incentive Income Earned from Related Parties and Waived Fees**

The Company earns substantially all of its management fees and incentive income from the funds, which are considered related parties as the Company manages the operations of and makes investment decisions for these funds.

As of March 31, 2022 and December 31, 2021, respectively, approximately \$1.1 billion and \$910.5 million of the Company's Assets Under Management represented investments by the Company, its executive managing directors, employees and certain other related parties in the Company's funds. As of March 31, 2022 and December 31, 2021, approximately 56% and 51%, respectively, of these Assets Under Management were not charged management fees or incentive income.

The following table presents management fees and incentive income charged on investments held by the Company's executive managing directors, employees and certain other related parties:

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
<i>Fees charged on investments held by related parties:</i>		
Management fees	\$ 839	\$ 972
Incentive income	\$ 498	\$ 1,979

**Commitment to Purchase Interest in BharCap Sponsor LLC.**

In March 2021, the Company committed to acquire a non-controlling membership interest of BharCap Sponsor LLC, an entity managed by a member of the Company's board of directors, in the amount of \$3.0 million and as of March 31, 2022, has funded \$55 thousand of the commitment. In connection with the anticipated initial public offering of BharCap Acquisition Corp., a newly organized blank check company, BharCap Sponsor LLC purchased shares of BharCap Acquisition Corp.'s Class B common stock and has committed to purchase warrants in a private placement that will close simultaneously with the closing of the initial public offering of BharCap Acquisition Corp.

**Investment in SPAC**

In a private placement concurrent with the initial public offering of the SPAC the Company sponsors, SAC I sold warrants to Sculptor Acquisition Sponsor I, LLC, a subsidiary of the Company, for total gross proceeds of \$11.2 million. Prior to the completion of a business combination, Sculptor Acquisition Sponsor I, LLC owns the majority of the Class B ordinary shares outstanding of SAC I, and consolidates SAC I under the voting interest model, and therefore the private placement warrants and Class B ordinary shares held by the Company are eliminated upon consolidation. Refer to Note 2 of the Company's Annual Report for additional details on the SPAC.

**16. COMMITMENTS AND CONTINGENCIES**

**Tax Receivable Agreement**

The purchase of Group A Units from current and former executive managing directors and the Ziffs with the proceeds from the 2007 Offerings, and subsequent taxable exchanges by them of Partner Equity Units for Class A Shares on a one-for-one basis (or, at the Company's option, a cash equivalent), resulted, and, in the case of future exchanges, are anticipated to result, in an increase in the tax basis of the assets of the Sculptor Operating Group that would not otherwise have been available. The Company anticipates that any such tax basis adjustment resulting from an exchange will be allocated principally to certain intangible assets of the Sculptor Operating Group, and the Company will derive its tax benefits principally through amortization of these intangibles over a 15-year period. Consequently, these tax basis adjustments will increase, for tax purposes, the Company's depreciation and amortization expenses and will therefore reduce the amount of tax that Sculptor Corp and any other future corporate taxpaying entities that acquire Group B Units in connection with an exchange, if any, would otherwise be

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required to pay in the future. Accordingly, pursuant to the tax receivable agreement, such corporate taxpaying entities (including Sculptor Capital Management, Inc. once it became treated as a corporate taxpayer following the Company's conversion from a partnership to a corporation for U.S. federal income tax purposes, effective April 1, 2019 (the "Corporate Classification Change"), have agreed to pay the executive managing directors and the Ziffs a percentage of the amount of cash savings, if any, in federal, state and local income taxes in the U.S. that these entities actually realize related to their units as a result of such increases in tax basis. For tax years prior to 2019, such percentage was 85% of such annual cash savings under the tax receivable agreement.

In connection with the Recapitalization, the Company amended the tax receivable agreement to provide that, conditioned on Sculptor Capital Management, Inc. electing to be classified as, or converting into, a corporation for U.S. tax purposes, (i) no amounts are due or payable with respect to the 2017 tax year, (ii) only partial payments equal to 85% of the excess of such cash savings that would otherwise be due over 85% of such cash savings determined assuming that taxable income equals Economic Income are due and payable in respect of the 2018 tax year and (iii) the percentage of cash savings required to be paid with respect to the 2019 tax year and thereafter, as well as with respect to cash savings from subsequent exchanges, is reduced to 75%.

In connection with the departure of certain former executive managing directors since the 2007 Offerings, the right to receive payments under the tax receivable agreement by those former executive managing directors was contributed to the Sculptor Operating Group. As a result, the Company expects to pay to the other executive managing directors and the Ziffs approximately 69% of the amount of cash savings, if any, in federal, state and local income taxes in the U.S. that the Company realizes as a result of such increases in tax basis with respect to future tax years. To the extent that the Company does not realize any cash savings, it would not be required to make corresponding payments under the tax receivable agreement.

The Company recorded its initial estimate of future payments under the tax receivable agreement as a decrease to additional paid-in capital and an increase in the tax receivable agreement liability in the consolidated financial statements. Subsequent adjustments to the liability for future payments under the tax receivable agreement related to changes in estimated future tax rates or state income tax apportionment are recognized through current period earnings in the consolidated statements of operations.

The estimate of the timing and the amount of future payments under the tax receivable agreement involves several assumptions that do not account for the significant uncertainties associated with these potential payments, including an assumption that Sculptor Corp will have sufficient taxable income in the relevant tax years to utilize the tax benefits that would give rise to an obligation to make payments. The actual timing and amount of any actual payments under the tax receivable agreement will vary based upon these and a number of other factors. As of March 31, 2022, the estimated future payment under the tax receivable agreement was \$179.0 million, which is recorded in the tax receivable agreement liability balance on the consolidated balance sheets.

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The table below presents management’s estimate as of March 31, 2022, of the maximum amounts that would be payable under the tax receivable agreement assuming that the Company will have sufficient taxable income each year to fully realize the expected tax savings. In light of the numerous factors affecting the Company’s obligation to make such payments, the timing and amounts of any such actual payments may differ materially from those presented in the table. The impact of any net operating losses is included in the “Thereafter” amount in the table below.

	<b>Potential Payments Under Tax Receivable Agreement</b>
	<b>(dollars in thousands)</b>
April 1, 2022 to December 31, 2022	\$ 29,484
2023	—
2024	14,784
2025	21,759
2026	24,695
2027	22,545
Thereafter	65,719
<b>Total Payments</b>	<b>\$ 178,986</b>

**Litigation**

From time to time, the Company is involved in litigation and claims incidental to the conduct of the Company’s business. The Company is also subject to extensive scrutiny by regulatory agencies globally that have, or may in the future have, regulatory authority over the Company and its business activities.

**Investment Commitments**

The Company has unfunded capital commitments of \$230.1 million to certain funds it manages. Approximately \$81.7 million of these commitments will be funded by contributions to the Company from certain employees and executive managing directors. The Company expects to fund these commitments over the approximately next six years. In addition, certain current and former executive managing directors of the Company, collectively, have unfunded capital commitments to funds managed by the Company of up to \$30.4 million. The Company has guaranteed these commitments in the event any executive managing director fails to fund any portion when called by the fund. The Company has historically not funded any of these commitments and does not expect to in the future, as these commitments are expected to be funded by the Company’s executive managing directors individually.

In addition, in March 2021, the Company committed to acquire a non-controlling membership interest of BharCap Sponsor LLC., see Note 15 for additional details.

**Other Contingencies**

In the normal course of business, the Company enters into contracts that provide a variety of general indemnifications. Such contracts include those with certain service providers, brokers and trading counterparties. Any exposure to the Company under these arrangements could involve future claims that may be made against the Company. Currently, no such claims exist or are expected to arise and, accordingly, the Company has not accrued any liability in connection with such indemnifications.

Additionally, the Company has agreements with certain of the funds it manages to reimburse certain expenses in excess of an agreed-upon cap. During the three months ended March 31, 2022 and 2021 these amounts were not material.

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**17. SUBSEQUENT EVENTS**

**Dividend**

On May 5, 2022, the Company announced a cash dividend of \$0.11 per Class A Share. The dividend is payable on May 25, 2022, to holders of record as of the close of business on May 18, 2022.

**Share Repurchases**

As discussed in Note 1, as of March 31, 2022, the Company repurchased 473,719 Class A Shares at a cost of \$6.2 million for an average price of \$13.19 per share through open market purchase transactions. Through May 1, 2022, we purchased 978,992 shares in aggregate at an average price of \$12.56, resulting in a total buyback of \$12.3 million of stock.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*This discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and the related notes included in Item 1 of this quarterly report and with our audited consolidated financial statements and the related notes included in our Annual Report. In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under the heading “Forward-Looking Statements” in this report, and under the heading “Item 1A. Risk Factors” in this quarterly report and in our Annual Report, and in other reports we file with the SEC, that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. An investment in our Class A Shares is not an investment in any of our funds.*

### **Overview**

#### ***Overview of Business***

Sculptor Capital is a leading institutional alternative asset manager, with approximately \$37.8 billion in Assets Under Management as of May 1, 2022 and a global presence with offices in New York, London, Hong Kong, and Shanghai. We provide asset management services and investment products across Multi-Strategy, Credit, and Real Estate. We serve our global client base through our commingled funds, separate accounts, and specialized products. Our capabilities span all major geographies and asset classes. Our approach to asset management is based on the same fundamental elements that we have employed since Sculptor Capital was founded in 1994. Our distinctive investment process seeks to generate attractive and consistent risk-adjusted returns across market cycles through a combination of fundamental bottom-up research, a high degree of flexibility, a collaborative team, and integrated risk management. We currently serve a diverse global investor base with investment solutions across core capabilities in multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products and real estate funds.

#### ***COVID-19 Pandemic***

As the COVID-19 pandemic evolved, we continued to focus on the health and well-being of our employees and the uninterrupted service to investors in our funds and our shareholders. We have largely returned to the office with safety protocols in place consistent with government guidelines. We continue to monitor government guidelines and maintain the effectiveness of our information technology infrastructure and other controls to remain agile should the situation change.

Due to the uncertainty over the timing and extent of any possible global economic recovery, we cannot readily estimate or determine the effects that the ongoing COVID-19 pandemic will ultimately have on our future business and financial results, as well as on our liquidity and capital resources. Please see the COVID-19 commentary included throughout this MD&A, including “—Liquidity and Capital Resources,” and “Part I—Item 1A. Risk Factors” included in our Annual Report for additional information.

#### ***Overview of Our Financial Results***

For the first quarter of 2022, our AUM was \$38.6 billion, an increase of \$1.3 billion from the prior year period. Our AUM increased due to a combination of net inflows and performance. We continued the momentum we discussed in the prior year in terms of fundraising for our multi-strategy funds and had net inflows of \$310.6 million for the quarter. We expanded our product offering through new products and new distribution channels, partnering with new and existing clients. In 2022, we held first closes for our Real Estate Credit Fund II, the second vintage in our real estate credit fund series, and Tactical Credit Fund (“STAX”), which is the latest vintage in our series of seven closed-end opportunistic credit funds. We plan to hold additional closes for both funds. In addition, in March 2022, we closed a \$350.0 million structured alternative investment solution, which was tailored to meet the needs of insurance investors. These new launches continue the trend of raising long term capital, as we grew our long-term AUM to 68% of our total AUM as of March 31, 2022.

We reported GAAP net income of \$16.9 million in the first quarter of 2022, compared to net loss of \$20.3 million in the first quarter of 2021.

Management fees for the first quarter were \$73.4 million, which was flat versus the prior year period. Our management fees have grown from increases in our AUM in multi-strategy funds offset by lower weighted average management fee rates in our Institutional Credit Strategies business. We continue to issue new CLOs and reset older CLO vintages, which extends the duration of our AUM in Institutional Credit Strategies, but have seen our average fee rate decline in these vehicles, bringing down management fees despite growth in AUM.

Incentive income was \$21.6 million for the first quarter of 2022 driven by crystallizations and distributions in opportunistic credit funds.

Expenses were \$109.2 million for the first quarter of 2022, down \$12.3 million from the prior year period driven by lower compensation and benefits expense. Our compensation and benefits expenses were lower in 2022, driven by lower bonus expense primarily as a result of the separation-related compensation incurred in the prior year period for a departing executive and lower RSU amortization.

Additionally, there was an increase in other income from a decrease in the fair value of warrants to purchase our Class A Shares, as well as losses on retirement of debt incurred in the prior year period in connection with \$174.4 million of prepayments of the 2020 Term Loan. Overall, we reported GAAP net income of \$16.9 million in the first quarter of 2022, compared to net loss of \$20.3 million in the first quarter of 2021 and Economic Income of \$29.2 million in the first quarter of 2022, compared to \$40.9 million in the first quarter of 2021. Economic Income is a non-GAAP measure. For additional information regarding non-GAAP measures, as well as for a discussion of the drivers of the year-over-year change in Economic Income, please see “—Economic Income Analysis.”

### **Managing Business Performance**

Our financial results are primarily driven by the combination of our AUM and the investment performance of our funds. Both of these factors directly affect the revenues we earn from management fees and incentive income. Growth in AUM due to capital placed with us by investors in our funds and positive investment performance of our funds drive growth in our revenues and earnings. Conversely, poor investment performance slows our growth by decreasing our AUM and increasing the potential for redemptions from our funds, which would have a negative effect on our revenues and earnings.

We typically accept capital from new and existing investors in our multi-strategy and certain open-end opportunistic credit funds on a monthly basis on the first day of each month. Investors in these funds (other than with respect to capital invested in Special Investments) typically have the right to redeem their interests in a fund following an initial lock-up period of one to four years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days prior written notice. The lock-up requirements for our funds may generally be waived or modified at the sole discretion of each funds' general partner or board of directors, as applicable.

With respect to investors with quarterly redemption rights, requests for redemptions submitted during a quarter generally reduce AUM on the first day of the following quarter. Accordingly, quarterly redemptions generally will have no impact on management fees during the quarter in which they are submitted. Instead, these redemptions will reduce management fees in the following quarter. With respect to investors with annual redemption rights, redemptions paid prior to the end of a quarter impact AUM in the quarter in which they are paid, and therefore impact management fees for that quarter.

Investors in our closed-end credit funds, securitization vehicles, real estate and certain other funds are not able to redeem their investments. In those funds, investors generally make a commitment that is funded over an investment period (or at launch for our securitization vehicles). Upon the expiration of the investment period, the investments are then sold or realized over time, and distributions are made to the investors in the fund.

Information with respect to our AUM throughout this report, including the tables set forth below, includes investments by us, our executive managing directors, employees and certain other related parties. As of March 31, 2022, approximately 3% of our AUM represented investments by us, our executive managing directors, employees and certain other related parties in our funds. As of that date, approximately 56% of these affiliated AUM are not charged management fees and are not subject to an incentive income calculation. Additionally, to the extent that a fund is an investor in another fund or vehicle, we waive or rebate a corresponding portion of the management fees charged to the fund.

As further discussed below in “—Understanding Our Results—Revenues—Management Fees,” we generally calculate management fees based on AUM as of the beginning of each quarter. The AUM in the tables below are presented net of management fees and incentive income as of the end of the period. Accordingly, the AUM presented in the tables below are not the amounts used to calculate management fees for the respective periods.

Appreciation (depreciation) in the tables below reflects the aggregate net capital appreciation (depreciation) for the entire period and is presented on a total return basis, net of all fees and expenses (except incentive income on Special Investments), and includes the reinvestment of all dividends and other income. Management fees and incentive income vary by product.

### Summary of Changes in AUM

The tables below present the changes to our AUM for the respective periods based on the type of funds or investment vehicles we manage.

	Three Months Ended March 31, 2022					March 31, 2022
	December 31, 2021	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other <sup>(1)</sup>	
	(dollars in thousands)					
Multi-strategy funds	\$ 11,112,445	\$ 310,611	\$ (49)	\$ (346,790)	\$ —	\$ 11,076,217
Credit						
Opportunistic credit funds	6,350,474	(98,128)	—	57,206	—	6,309,552
Institutional Credit Strategies	16,052,406	796,643	(101,201)	(146)	(89,994)	16,657,708
Real estate funds	4,544,862	136,611	(86,432)	—	(4,656)	4,590,385
<b>Total</b>	<b>\$ 38,060,187</b>	<b>\$ 1,145,737</b>	<b>\$ (187,682)</b>	<b>\$ (289,730)</b>	<b>\$ (94,650)</b>	<b>\$ 38,633,862</b>

	Three Months Ended March 31, 2021					March 31, 2021
	December 31, 2020	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other <sup>(1)</sup>	
	(dollars in thousands)					
Multi-strategy funds	\$ 10,504,024	\$ 78,237	\$ (723)	\$ 337,195	\$ —	\$ 10,918,733
Credit						
Opportunistic credit funds	6,287,777	(117,077)	(5,600)	387,399	—	6,552,499
Institutional Credit Strategies	15,697,827	303,522	(40,698)	209	(308,431)	15,652,429
Real estate funds	4,308,648	139,140	(198,356)	1,325	—	4,250,757
<b>Total</b>	<b>\$ 36,798,276</b>	<b>\$ 403,822</b>	<b>\$ (245,377)</b>	<b>\$ 726,128</b>	<b>\$ (308,431)</b>	<b>\$ 37,374,418</b>

(1) Includes the effects of changes in the par value of the underlying collateral of the CLOs, foreign currency translation changes in the measurement of AUM of our European CLOs and other funds, and changes in the portfolio appraisal value for aircraft securitization vehicles.

AUM totaled \$38.6 billion as of March 31, 2022. In the three months ended March 31, 2022, AUM increased by \$573.7 million, driven by net inflows of \$1.1 billion across Institutional Credit Strategies, multi-strategy and real estate funds. This was partially offset by performance-related depreciation of \$289.7 million, primarily driven by negative fund performance in the Sculptor Master Fund, distributions and other reductions of \$187.7 million, and a decrease of \$94.7 million primarily due to the effects of foreign currency translation adjustments on the underlying collateral of the CLOs.

AUM net inflows of \$1.1 billion were comprised of (i) \$1.4 billion of gross inflows, driven by \$796.6 million in Institutional Credit Strategies, from the launch of an additional European CLO and the close of a structured alternative investment solution, \$482.3 million in multi-strategy funds, primarily driven by inflows into the Sculptor Master Fund, and \$136.6 million in real estate funds, driven by the launch of Real Estate Credit Fund II; and (ii) \$276.9 million of gross outflows due to redemptions, primarily in our multi-strategy and opportunistic credit funds. In 2022, excluding securitization vehicles within Institutional Credit Strategies, our largest sources of gross inflows were from high net worth and family offices and related parties, while pensions and fund-of-funds

were the largest source of gross outflows.

Distributions and other reductions of \$187.7 million were driven primarily by \$101.2 million of distributions from Institutional Credit Strategies as a result of paydowns in certain of our CLOs, and \$86.4 million of distributions from our real estate funds as a result of realizations.

As of May 1, 2022, estimated AUM decreased to \$37.8 billion, driven by a decrease of \$542.5 million primarily due to \$365.6 million of performance-related depreciation, foreign currency translation adjustments in our European CLOs, and \$50.9 million of distributions and other reductions as a result of paydowns in our CLOs. These decreases were partially offset by \$104.6 million of net inflows, primarily in Institutional Credit Strategies.

In the three months ended March 31, 2021, our funds experienced performance-related appreciation of \$726.1 million, net inflows of \$403.8 million and a decrease of \$308.4 million primarily due to the effects of changes in par value of underlying collateral of the CLOs. The net inflows were comprised of (i) \$942.1 million of gross inflows, driven by \$486.4 million in multi-strategy funds, primarily due to new assets into the Sculptor Master Fund, and \$304.0 million in Institutional Credit Strategies, primarily driven by the launch of an additional CLO; and (ii) \$538.2 million of gross outflows due to redemptions, primarily in our multi-strategy and opportunistic credit funds. Distributions and other reductions of \$245.4 million were driven primarily by \$198.4 million of distributions from our real estate funds, as a result of realizations in our real estate funds. In 2021, excluding securitization vehicles within Institutional Credit Strategies, our largest sources of gross inflows were from corporate and other institutions and pensions, while pensions and fund-of-funds were the largest source of gross outflows.

### Summary of Changes in FP AUM

The tables below present the changes to our FP AUM for the respective periods based on the type of funds or investment vehicles we manage. FP AUM represents the AUM on which we earn management fees and / or incentive income.

	Three Months Ended March 31, 2022					
	December 31, 2021	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other <sup>(1)</sup>	March 31, 2022
	(dollars in thousands)					
Multi-strategy funds	\$ 10,877,541	\$ 303,978	\$ (49)	\$ (340,451)	\$ (3,359)	\$ 10,837,660
Credit						
Opportunistic credit funds	5,742,605	(97,535)	—	56,351	28,587	5,730,008
Institutional Credit Strategies	11,142,956	321,565	(38,187)	(14)	(88,389)	11,337,931
Real estate funds	3,875,427	110,000	(56,763)	—	(4,669)	3,923,995
<b>Total</b>	<b>\$ 31,638,529</b>	<b>\$ 638,008</b>	<b>\$ (94,999)</b>	<b>\$ (284,114)</b>	<b>\$ (67,830)</b>	<b>\$ 31,829,594</b>

  

	Three Months Ended March 31, 2021					
	December 31, 2020	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other <sup>(1)</sup>	March 31, 2021
	(dollars in thousands)					
Multi-strategy funds	\$ 10,319,387	\$ 56,234	\$ —	\$ 333,996	\$ (1,266)	\$ 10,708,351
Credit						
Opportunistic credit funds	5,964,678	(98,011)	—	380,623	(351,751)	5,895,539
Institutional Credit Strategies	12,694,258	152,744	(38,348)	44	(582,244)	12,226,454
Real estate funds	3,575,828	135,877	(153,843)	—	1,322	3,559,184
<b>Total</b>	<b>\$ 32,554,151</b>	<b>\$ 246,844</b>	<b>\$ (192,191)</b>	<b>\$ 714,663</b>	<b>\$ (933,939)</b>	<b>\$ 32,389,528</b>

(1) Includes the effects of changes in the par value of the underlying collateral of the CLOs, foreign currency translation changes in the measurement of AUM of our European CLOs and other funds, and changes in the portfolio appraisal value for aircraft securitization vehicles. For FP AUM, this also includes movements in or out of FP AUM.

FP AUM totaled \$31.8 billion as of March 31, 2022. FP AUM is lower than AUM primarily due to:

- Amounts held by our employees or other related parties who do not pay fees in our multi-strategy funds, opportunistic credit funds, and real estate funds;
- Uncalled capital for funds where we do not earn management fees until it is invested for our opportunistic credit funds and real estate funds; and
- Fee rebates when our funds invest in the equity of CLOs in Institutional Credit Strategies, in addition to the AUM associated with the structured alternative investment solution, which will become FP AUM once it is invested in our funds. Refer to the “Institutional Credit Strategies” section below for further details.

In the three months ended March 31, 2022, FP AUM increased by \$191.1 million, driven primarily by inflows into Institutional Credit Strategies and our multi-strategy funds, partially offset by performance-related depreciation in our multi-strategy funds. FP AUM decreased year-over-year primarily due to a decrease in Institutional Credit Strategies, largely as a result of new issue CLOs with lower fee-paying AUM driven by an increase in the amount of CLO equity held by our funds for which there is no fee, as well as due to foreign currency translation losses.

#### **Weighted-Average FP AUM and Average Management Fee Rates**

The table below presents our weighted-average FP AUM and average management fee rates for our FP AUM. Weighted-average FP AUM exclude the impact of first quarter investment performance for the periods presented, as these amounts generally do not impact management fees calculated for those periods. Our average management fee may vary from period to period based on the mix of products that comprise our FP AUM. The average management fee rates below consider management fees on Economic Income basis. For reconciliations of our non-GAAP measures to the respective GAAP measures, please see “— Economic Income Reconciliations” at the end of this MD&A.

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(dollars in thousands)</b>	
Weighted-average fee-paying assets under management	\$ 31,987,512	\$ 32,255,380
Average management fee rates	0.86 %	0.87 %

#### **Fund Performance Information**

The tables below present performance information for the funds we manage. The return information presented represents, where applicable, the composite performance of all feeder funds that comprise each of the master funds presented. Gross return information is generally calculated using the total return of all feeder funds, net of all fees and expenses except management fees and incentive income of such feeder funds and master funds and the returns of each feeder fund include the reinvestment of all dividends and other income. Net return information is generally calculated as the gross returns less management fees and incentive income. Return information that includes Special Investments excludes incentive income on unrealized gains attributable to such investments, which could reduce returns at the time of realization. Special Investments and initial public offering investments are not allocated to all investors in the funds, and investors that were not allocated Special Investments and initial public offering investments may experience materially different returns.

The performance information presented in this “Fund Performance Information” section is not indicative of the performance of our Class A Shares and is not necessarily indicative of the future results of any particular fund, including the accrued unrecognized amounts of incentive income. An investment in our Class A Shares is not an investment in any of our funds. There can be no assurance that any of our existing or future funds will achieve similar results. The timing and amount of incentive income generated from our funds are inherently uncertain. Incentive income is a function of investment performance and realizations of investments, which vary period-to-period based on market conditions and other factors. We cannot predict when, or if, any realization of investments will occur. Incentive income recognized for any particular period is not a reliable indicator of incentive income that may be earned in subsequent periods.

### Multi-Strategy Funds

Sculptor’s multi-strategy funds invest globally in high-conviction investment ideas across asset classes, regions and investment strategies with a primary focus is on idiosyncratic opportunities where return drivers are less sensitive to direction of broader financial markets and which tend to arise when value is obscured by attributes such as complexity, corporate actions, market dislocations, or investor misunderstandings. Additionally, we have the flexibility to take on market-directional risk when we believe that broad market dislocations have created asymmetric upside/downside potential.

The table below presents AUM and investment performance for our multi-strategy funds. AUM are generally based on the net asset value of these funds plus any unfunded commitments, if applicable. Management fees generally range from 1.00% to 2.00% annually of FP AUM. For the first quarter of 2022, our multi-strategy funds had an average management fee rate of 1.29% of FP AUM.

We generally crystallize incentive income from the majority of our multi-strategy funds on an annual basis. Incentive income is generally equal to 20% of the realized and unrealized profits attributable to each investor. A portion of the AUM in each of the Sculptor Master Fund and our other multi-strategy funds is subject to initial commitment periods of three years, and for certain of these assets, we only earn incentive income once profits attributable to an investor exceed a preferential return, or “hurdle rate,” which is generally equal to the 3-month T-bill rate for our multi-strategy funds. Once the investment performance has exceeded the hurdle rate for these assets, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these assets.

Fund	Assets Under Management as of March 31,		Returns for the Three Months Ended March 31,				Annualized Returns Since Inception Through March 31, 2022	
			2022		2021		Gross	Net
	2022	2021	Gross	Net	Gross	Net	Gross	Net
	(dollars in thousands)							
Sculptor Master Fund <sup>(1)</sup>	\$ 10,189,273	\$ 10,016,988	-2.5 %	-2.9 %	4.8 %	3.6 %	16.2 % <sup>(2)</sup>	11.3 % <sup>(2)</sup>
Sculptor Enhanced Master Fund	883,703	892,589	-3.2 %	-3.6 %	1.3 %	0.8 %	12.8 %	8.6 %
Other funds	3,241	9,156	n/m	n/m	n/m	n/m	n/m	n/m
	<b>\$ 11,076,217</b>	<b>\$ 10,918,733</b>						

n/m not meaningful

- The returns for the Sculptor Master Fund exclude Special Investments. Special Investments in the Sculptor Master Fund are held by investors representing a small percentage of AUM in the fund. Inclusive of these Special Investments, the returns of the Sculptor Master Fund for the three months ended March 31, 2022 were -2.6% gross and -2.9% net, for the three months ended March 31, 2021 were 4.8% gross and 3.6% net, and annualized since inception through March 31, 2022 were 15.9% gross and 11.1% net.
- The annualized returns since inception are those of the Sculptor Multi-Strategy Composite, which represents the composite performance of all accounts that were managed in accordance with our broad multi-strategy mandate that were not subject to portfolio investment restrictions or other factors that limited our investment discretion since inception on April 1, 1994. Performance is calculated using the total return of all such accounts net of all investment fees and expenses of such accounts, and the returns include the reinvestment of all dividends and other income. The performance calculation for the Sculptor Master Fund excludes realized and unrealized gains and losses attributable to currency hedging specific to certain investors investing in Sculptor Master Fund in currencies other than the U.S. dollar. For the period from April 1, 1994 through December 31, 1997, the returns are gross of certain overhead expenses that were reimbursed by the accounts. Such reimbursement arrangements were terminated at the inception of the Sculptor Master Fund on January 1, 1998. The size of the accounts comprising the composite during the time period shown vary materially. Such differences impacted our investment decisions and the diversity of the investment strategies followed. Furthermore, the composition of the investment strategies we follow is subject to our discretion, has varied materially since inception and is expected to vary materially in the future. As of March 31, 2022, the annualized returns since the Sculptor Master Fund’s inception on January 1, 1998 were 13.1% gross and 8.8% net excluding Special Investments and 12.8% gross and 8.7% net inclusive of Special Investments.

Our investment model, which benefits from conservative positioning, a centralized risk framework and inherent diversification, protected capital during a volatile quarter, minimizing losses as compared to the broader market. In the first quarter of 2022, the Sculptor Master Fund generated a gross return of -2.5% and a net return of -2.9%. Losses in the fund were predominately from equities, while positions within convertible and derivative arbitrage and corporate credit were also detractors. These losses were partially offset by gains in structured credit.

In the first quarter of 2021, the Sculptor Master Fund generated a gross return of 4.8% and a net return of 3.6%. Idiosyncratic gains from high conviction positions within corporate credit, structured credit and convertible and derivative arbitrage drove the positive performance in the first quarter of 2021.

**Credit**

	Assets Under Management as of March 31,	
	2022	2021
	(dollars in thousands)	
Opportunistic credit funds	\$ 6,309,552	\$ 6,552,499
Institutional Credit Strategies	16,657,708	15,652,429
	<b>\$ 22,967,260</b>	<b>\$ 22,204,928</b>

**Opportunistic Credit Funds**

Our opportunistic credit funds seek to generate risk-adjusted returns by capturing value in mispriced investments across disrupted, dislocated and distressed corporate, structured and private credit markets globally.

Within our Opportunistic Credit strategy, we manage open ended and close ended funds on behalf of investors. In our open-ended funds, we allow for contributions and redemptions (subject to initial lock-up and notice periods) on a periodic basis similar to our multi-strategy funds. In our closed-ended funds, investors commit capital that is funded over an investment period. Upon the expiration of an investment period, the investments are then sold or realized over a period of time, and distributions are made to the investors in the fund.

AUM for our opportunistic credit funds are generally based on the net asset value of those funds plus any unfunded commitments, if applicable. Management fees for our opportunistic credit funds generally range from 0.75% to 1.75% annually of the net asset value of these funds. For the first quarter of 2022, our opportunistic credit funds had an average management fee rate of 0.90% of FP AUM.

The table below presents AUM and investment performance information for certain of our opportunistic credit funds. Incentive income related to these funds (excluding the closed-end opportunistic fund, which is explained further below) is generally equal to 20% of realized and unrealized profits attributable to each investor, and a portion of these AUM is subject to hurdle rates, which are generally 5% to 8% for our open-end opportunistic credit funds. Once the cumulative investment performance has exceeded the hurdle rate, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. The measurement periods for these AUM generally range from one to five years.

We generally crystallize incentive income from our opportunistic credit funds at the end of a multi-year measurement period. This results in a timing difference between when we can recognize incentive income and when we accrue the associated discretionary bonus expense. Incentive income accrued at the fund level that cannot yet be recognized drives an increase in our ABURI balance. Compensation expense related to ABURI generated from our opportunistic credit funds is generally recognized in the fourth quarter of the year the underlying fund performance is generated which may not occur at the same time that the related revenues are recognized by us.

Fund	Assets Under Management as of March 31,		Returns for the Three Months Ended March 31,				Annualized Returns Since Inception Through March 31, 2022	
			2022		2021		Gross	Net
	2022	2021	Gross	Net	Gross	Net	Gross	Net
	(dollars in thousands)							
Sculptor Credit Opportunities Master Fund <sup>(1)</sup>	\$ 1,996,585	\$ 2,548,631	1.8 %	1.2 %	8.7 %	7.2 %	14.0 %	10.0 %
Customized Credit Focused Platform	3,999,378	3,660,340	See below for return information on our Customized Credit Focused Platform.					
Closed-end opportunistic credit funds	313,589	343,528	See below for return information on our closed-end opportunistic credit funds.					
	<u>\$ 6,309,552</u>	<u>\$ 6,552,499</u>						

(1) The returns for the Sculptor Credit Opportunities Master Fund exclude Special Investments, which are held by investors representing a small percentage of AUM in the fund. Inclusive of these Special Investments, the returns of the Sculptor Credit Opportunities Master Fund for the three months ended March 31, 2022 were 1.8% gross and 1.3% net, for the three months ended March 31, 2021 were 8.6% gross and 7.3% net, and annualized since inception through March 31, 2022 were 13.7% gross and 9.8% net.

AUM in our opportunistic credit funds decreased by \$242.9 million, or 4%, year-over-year. This was driven primarily by \$570.8 million of performance-related appreciation, partially offset by \$780.8 million of net outflows.

In the first quarter of 2022, the Sculptor Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 1.8% and a net return of 1.2%. In 2022 the fund saw positive contributions from structured credit in the U.S., while corporate credit experienced losses. Returns were driven by process driven investments across asset classes and regions that remained orthogonal to spread widening and weaker credit markets.

In the first quarter of 2021, the Sculptor Credit Opportunities Master Fund generated a gross return of 8.7% and a net return of 7.2%. Idiosyncratic, less correlated high-yielding special situations and process-driven investments drove Sculptor Credit Opportunities Master Fund’s strong performance in the first quarter of 2021.

Our Customized Credit Focused Platform invests in a flexible credit mandate across the credit spectrum to allow timely investments as market conditions change and dislocate. The table below presents investment performance for the fund.

Customized Credit Focused Platform Opportunistic Credit Performance <sup>(1)</sup>	Weighted Average Return for the Three Months Ended March 31, <sup>(2)</sup>				Inception to Date as of March 31, 2022		
	2022		2021		IRR		Net Invested Capital Multiple <sup>(5)</sup>
	Gross	Net	Gross	Net	Gross <sup>(3)</sup>	Net <sup>(4)</sup>	
	1.2 %	0.8 %	8.3 %	6.7 %	15.7 %	12.1 %	2.7x

- (1) Performance presented is for the opportunistic credit strategies in the Customized Credit Focused Platform. As of March 31, 2022, approximately 92% of the invested capital in the Customized Credit Focused Platform is invested in the Platform's opportunistic credit strategies.
- (2) Weighted Average Returns reflect the total profit & loss divided by the weighted average capital base, which represents net asset value plus net contributions (distributions) for the period.
- (3) Gross IRR represents estimated, unaudited, annualized pre-tax returns based on the timing of cash inflows and outflows for each investment. It is calculated in the same manner as Net IRR, however, it does not reflect adjustments to cash flows related to incentive income, management fees and the applicable fund expenses. Gross IRR represents the estimated, unaudited, annualized pre-tax return based on the actual and/or projected timing of cash inflows from, and outflows to, investors for each investment (irrespective of any funding from a credit facility or other third-party financing source used by the Customized Credit Focused Platform). In certain cases, funding from a credit facility or other third party financing source was initially used by the Customized Credit Focused Platform to acquire an investment or pay certain expenses, which may have the effect of increasing the Gross IRR above that which would have been presented, had drawdowns from limited partners been initially used to acquire the investment or pay such expenses. Gross IRR includes the effect of investment hedges as determined by the Company. There can be no assurance that an appropriate hedge will be identified for each investment or that an appropriate hedge will be available for all investments.
- (4) Net IRR is the Gross IRR adjusted to reflect actual management fees, incentive income and expenses incurred by the Customized Credit Focused Platform.
- (5) Net invested capital multiple measures the current net asset value over the net invested capital, where net invested capital represents cumulative contributions less cumulative distributions. The Customized Credit Focused Platform has an active liquid investment program, a key element of which includes ramping up and ramping down depending on market conditions. Much of the capital has recently been deployed.

The table below presents AUM investment performance and other information for our closed-end opportunistic credit funds. Our closed-end opportunistic credit funds follow a European-style waterfall, whereby incentive income may be paid to us only after a fund investor receives distributions in excess of their total contributed capital and a preferential return, which is generally 6% to 8%. Incentive income related to these funds is generally equal to 20% of the cumulative realized profits in excess of the preferential return attributable to each investor over the life of the fund. Once the investment performance has exceeded the preferential return, we may receive a "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. These funds have concluded their investment periods, and therefore we expect AUM for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

Fund (Investment Period)	Assets Under Management as of March 31,		Total Commitments	Inception to Date as of March 31, 2022			
	2022	2021		Total Invested Capital <sup>(1)</sup>	Gross IRR <sup>(2)</sup>	Net IRR <sup>(3)</sup>	Gross MOIC <sup>(4)</sup>
	(dollars in thousands)						
Sculptor Tactical Credit Fund (2022 - 2025)	—	—	119,940	—	n/m	n/m	n/m
Sculptor European Credit Opportunities Fund (2012-2015)	—	—	459,600	305,487	15.7 %	11.8 %	1.5x
Sculptor Structured Products Domestic Fund II (2011-2014)	—	13,428	326,850	326,850	19.2 %	15.1 %	2.1x
Sculptor Structured Products Offshore Fund II (2011-2014)	—	11,973	304,531	304,531	16.5 %	12.9 %	1.9x
Sculptor Structured Products Offshore Fund I (2010-2013)	—	4,721	155,098	155,098	23.7 %	18.9 %	2.1x
Sculptor Structured Products Domestic Fund I (2010-2013)	4,706	4,586	99,986	99,986	22.6 %	18.0 %	2.0x
OZ Global Credit Master Fund I (2008-2009)	\$ —	\$ —	\$ 214,141	\$ 214,141	5.5 %	4.2 %	1.1x
Other funds	308,883	308,820	309,000	181,403	n/m	n/m	n/m
	<b>\$ 313,589</b>	<b>\$ 343,528</b>	<b>\$ 1,989,146</b>	<b>\$ 1,587,496</b>			

n/m not meaningful

- (1) Represents funded capital commitments net of recallable distributions to investors.
- (2) Gross IRR for our closed-end opportunistic credit funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the fund as of March 31, 2022, including the fair value of unrealized investments as of such date, together with any appreciation or depreciation from related hedging activity. Gross IRR does not include the effects of management fees or incentive income, which would reduce the return, and includes the reinvestment of all fund income.
- (3) Net IRR is calculated as described in footnote (2), but is reduced by all management fees, as well as paid incentive and accrued incentive income that will be payable upon the distribution of each fund's capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.

- (4) Gross Multiple on Invested Capital (“MOIC”) for our closed-end opportunistic credit funds is calculated by dividing the sum of the net asset value of the fund, accrued incentive income, life-to-date incentive income and management fees paid and any non-recallable distributions made from the fund by the invested capital.

### ***Institutional Credit Strategies***

Institutional Credit Strategies is our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/bespoke financing and investment grade credit via CLOs, aircraft securitization vehicles, CBOs, and other customized solutions for clients.

AUM for Institutional Credit Strategies are generally based on the amount of equity outstanding for CLOs and CBOs (during the warehouse period), the par value of the collateral assets and cash held for CLOs and CBOs (after the warehouse period), and adjusted portfolio appraisal values for the aircraft collateral within the securitization vehicles. AUM also includes the net asset value of other investment vehicles within the strategy. However, AUM are reduced for any investments in CLOs and securitization vehicles held by our other funds. Management fees for Institutional Credit Strategies generally range from 0.25% to 0.50% annually of AUM. For the first quarter of 2022, Institutional Credit Strategies had an average management fee rate of 0.40% net of rebates on cross-investments from other funds we manage.

Given market pressures, average fee rates in our Institutional Credit Strategies business have come down, however this was expected and in line with the broader market. We continue to issue new CLOs and reset older CLO vintages, which extends the duration of our AUM and we believe may lead to enhance returns to our investors.

Incentive income from our CLOs and CBO is generally equal to 20% of the excess cash flows due to the holders of the subordinated notes issued by the CLOs and CBO and is generally subject to a 12% hurdle rate. Because of the hurdle rate and structure of our CLOs and CBO, we do not expect to earn a meaningful amount of incentive income from these entities, and therefore no return information is presented for these vehicles. We do not earn incentive income from our aircraft securitization vehicles.

During the first quarter of 2022, we closed on a \$350.0 million structured alternative investment solution, which was tailored to meet the needs of insurance investors. The financing vehicle issues senior and subordinated notes to investors and uses those proceeds to invest in a diversified portfolio of funds managed by us. Prior to investing in the portfolio of funds, the AUM is included within Institutional Credit Strategies and does not earn management and incentive fees. Upon investment in the funds, which began during April 2022, we will earn management and incentive fees based on the terms of the underlying funds in which the vehicle invests and the associated AUM will be included in those funds.

	Most Recent Launch or Refinancing Year	Deal Size	Assets Under Management as of March 31,	
			2022	2021
(dollars in thousands)				
Collateralized loan obligations	2017	\$ 1,658,282	\$ 1,022,949	\$ 1,023,479
	2018	5,315,728	4,120,842	4,906,269
	2019	653,250	—	596,665
	2020	1,868,287	1,689,703	1,726,148
	2021	8,174,069	7,092,080	6,071,175
	2022	451,234	442,323	—
		<u>17,669,616</u>	<u>14,367,897</u>	<u>14,323,736</u>
Aircraft securitization vehicles	2018	696,000	471,774	475,415
	2019	1,128,000	340,685	388,706
	2020	472,732	171,435	175,710
	2021	821,529	600,912	—
		<u>3,118,261</u>	<u>1,584,806</u>	<u>1,039,831</u>
Collateralized bond obligation	2021	367,050	285,845	274,418
Other funds	n/a	n/a	419,160	14,444
		<u>\$ 21,154,927</u>	<u>\$ 16,657,708</u>	<u>\$ 15,652,429</u>

AUM in Institutional Credit Strategies totaled \$16.7 billion as of March 31, 2022, increasing \$1.0 billion, or 6%, year-over-year. The year-over-year increase in AUM in Institutional Credit Strategies was driven primarily by the launches of six CLOs, the closing our structured alternative investment solution, and a non-fee paying aircraft securitization vehicle, partially offset by the redemption and amortization of certain of our CLOs, as a result of natural life-cycle events, and decreases driven by foreign currency translation adjustments and changes in underlying collateral value.

### Real Estate Funds

Our real estate funds generally make investments in commercial and residential real estate, including real property, multi-property portfolios, real estate-related joint ventures, real estate operating companies and other real estate-related assets. We seek to build portfolios that are balanced between traditional and niche asset classes, employing moderate leverage, using creative structures and targeting high cash-on-cash returns.

AUM for our real estate funds are generally based on the amount of capital committed by our fund investors during the investment period and the amount of actual capital invested for periods following the investment period. AUM are reduced for unfunded commitments that will be funded through transfers from other funds. AUM for the special purpose acquisition company (“SPAC”) sponsored by us includes the proceeds raised in the initial public offering that are currently held in a trust for use in a business combination. The SPAC AUM is non-fee paying, and our AUM will be reduced once and if the SPAC undergoes a business combination or in the event of its liquidation. Management fees for our real estate funds, exclusive of co-investment vehicles, generally range from 0.50% to 1.50% annually of FP AUM, however, management fees for Sculptor Real Estate Credit Fund I are based on invested capital both during and after the investment period. For the first quarter of 2022, our real estate funds, inclusive of co-investment vehicles, had an average management fee rate of 0.88% of FP AUM.

The tables below present AUM, investment performance and other information for our real estate funds. The amounts included within “co-investment and other funds” below mainly relate to co-investment vehicles in which we partner with clients on investment opportunities.

Our real estate funds generally follow an American-style waterfall, whereby incentive income may be paid to us after a fund investment is realized if a fund investor receives distributions in excess of the capital contributed for such investment, as well as a preferential return on such investment, which is generally 6% to 10%. Upon each subsequent realization, incentive income,

which is generally 20% of realized profits, is recalculated based on the cumulative realized profits in excess of the preferential return attributable to each investor over the life of the fund. Once the investment performance has exceeded the preferential rate, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the realized net profits attributable to investors in these funds.

In addition, we recognize incentive income on our real estate funds related to certain tax distributions on realizations at the fund level. Realizations at the fund level may give rise to tax liabilities for our investors and us. Funds distribute capital back to us to cover these tax liabilities and this in turn drives the recognition of tax distribution-related incentive income. In addition, incentive income is recognized as investments are sold and related distributions are made to investors and us. Due to the recalculation of cumulative realized profits upon each realization, the fund may clawback incentive income previously paid to us. As a result, we record incentive income paid to us by the real estate funds as unearned revenue in our consolidated balance sheets until the criteria for revenue recognition has been met as we have received cash before we can recognize the revenue.

For additional information on incentive income accrued at fund level for our real estate, as well as other funds, see “Longer-Term AUM and Accrued Unrecognized Incentive Income” for additional information.

For funds that have concluded their investment periods, we expect AUM to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

	Assets Under Management as of March 31,	
	2022	2021
<b>Fund (Investment Period)</b>	(dollars in thousands)	
Sculptor Real Estate Fund I (2005-2010)	\$ —	\$ —
Sculptor Real Estate Fund II (2011-2014)	\$ 24,676	\$ 42,040
Sculptor Real Estate Fund III (2014-2019)	269,831	405,775
Sculptor Real Estate Fund IV (2019-2023)	2,593,758	2,593,338
Sculptor Real Estate Credit Fund I (2015-2020)	347,624	259,370
Sculptor Real Estate Credit Fund II (2022-2025)	136,235	—
Co-investment and other funds	1,218,261	950,234
	<b>\$ 4,590,385</b>	<b>\$ 4,250,757</b>

Fund	Inception to Date as of March 31, 2022									
	Total Commitments	Total Investments					Realized/Partially Realized Investments <sup>(1)</sup>			
		Invested Capital <sup>(2)</sup>	Total Value <sup>(3)</sup>	Gross IRR <sup>(4)</sup>	Net IRR <sup>(5)</sup>	Gross MOIC <sup>(6)</sup>	Invested Capital	Total Value	Gross IRR <sup>(4)</sup>	Gross MOIC <sup>(6)</sup>
	(dollars in thousands)									
Sculptor Real Estate Fund I	\$ 408,081	\$ 386,298	\$ 847,612	25.5 %	16.1 %	2.2x	\$ 386,298	\$ 847,612	25.5 %	2.2x
Sculptor Real Estate Fund II	839,508	762,588	1,612,134	32.9 %	21.8 %	2.1x	762,588	1,612,134	32.9 %	2.1x
Sculptor Real Estate Fund III	1,500,000	1,101,784	1,968,495	28.3 %	17.5 %	1.8x	920,933	1,711,618	32.2 %	1.9x
Sculptor Real Estate Fund IV <sup>(7)</sup>	2,596,024	735,998	938,437	n/m	n/m	n/m	278,006	414,416	n/m	n/m
Sculptor Real Estate Credit Fund I	736,225	641,167	811,871	18.6 %	12.7 %	1.3x	282,685	387,893	22.3 %	1.4x
Sculptor Real Estate Credit Fund II <sup>(7)</sup>	171,535	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m
Co-investment and other funds	1,329,230	1,092,191	1,388,179	n/m	n/m	n/m	199,333	359,486	n/m	n/m
	<b>\$ 7,580,603</b>	<b>\$ 4,720,026</b>	<b>\$ 7,566,728</b>				<b>\$ 2,829,843</b>	<b>\$ 5,333,159</b>		

Fund	Unrealized Investments as of March 31, 2022		
	Invested Capital	Total Value	Gross MOIC <sup>(6)</sup>
	(dollars in thousands)		
Sculptor Real Estate Fund I	\$ —	\$ —	—
Sculptor Real Estate Fund II	—	—	—
Sculptor Real Estate Fund III	180,851	256,877	1.4x
Sculptor Real Estate Fund IV <sup>(7)</sup>	457,992	524,021	n/m
Sculptor Real Estate Credit Fund I	358,482	423,978	1.2x
Sculptor Real Estate Credit Fund II <sup>(7)</sup>	n/m	n/m	n/m
Co-investment and other funds	892,858	1,028,693	n/m
	<b>\$ 1,890,183</b>	<b>\$ 2,233,569</b>	

n/m not meaningful

- (1) An investment is considered partially realized when the total amount of proceeds received, including dividends, interest or other distributions of income and return of capital, represents at least 50% of invested capital.
- (2) Invested capital represents total aggregate contributions made for investments by the fund.
- (3) Total value represents the sum of realized distributions and the fair value of unrealized and partially realized investments as of March 31, 2022. Total value will be impacted (either positively or negatively) by future economic and other factors. Accordingly, the total value ultimately realized will likely be higher or lower than the amounts presented as of March 31, 2022.
- (4) Gross IRR for our real estate funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the aggregated investments as of March 31, 2022, including the fair value of unrealized and partially realized investments as of such date, together with any unrealized appreciation or depreciation from related hedging activity. Gross IRR is not adjusted for estimated management fees, incentive income or other fees or expenses to be paid by the fund, which would reduce the return.
- (5) Net IRR is calculated as described in footnote (4), but is reduced by management fees and other fund-level fees and expenses not adjusted for in the calculation of gross IRR. Net IRR is further reduced by paid incentive and accrued incentive income that will be payable upon the distribution of each fund's capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.
- (6) Gross MOIC for our real estate funds is calculated by dividing the value of a fund's investments by the invested capital, prior to adjustments for incentive income, management fees or other expenses to be paid by the fund.
- (7) These funds have invested less than half of their committed capital; therefore, IRR and MOIC information is not presented, as it is not meaningful. Sculptor Real Estate Credit Fund II total commitments includes \$34.3 million associated with the structure alternative investment solution.

AUM in our real estate funds totaled \$4.6 billion as of March 31, 2022, increasing \$339.6 million, or 8%, year-over-year due to net inflows of \$705.8 million, primarily due to the launches of several Sculptor Real Estate Fund IV co-investment vehicles, the launch of our SPAC, additional capital called into Sculptor Real Estate Credit Fund I, and the first closing of Sculptor Real Estate Credit Fund II. This was partially offset by \$358.7 million of distributions and other reductions, primarily related to Sculptor Real Estate Fund III and Sculptor Real Estate Credit Fund I, as both of these funds are harvesting investments and making distributions. Our real estate funds continue to deploy capital and generate strong returns with a 17.5% annualized net return in Sculptor Real Estate Fund III and a 12.7% annualized net return in Sculptor Real Estate Credit Fund I.

### Longer-Term AUM and Accrued But Unrecognized Incentive Income (“ABURI”)

As of March 31, 2022, approximately 68% of our AUM were subject to initial commitment periods of three years or longer, excluding AUM that had initial commitment periods of three years or longer and subsequently moved to shorter commitment periods at the end of their initial commitment period. The table below presents the amount of these AUM.

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Multi-strategy funds	\$ 385,536	\$ 458,242
Credit		
Opportunistic credit funds	4,766,906	4,773,980
Institutional Credit Strategies	16,623,360	16,038,071
Real estate funds	4,590,385	4,544,862
	<u>\$ 26,366,187</u>	<u>\$ 25,815,155</u>

Incentive income on these assets, if any, is based on the cumulative investment performance generated over this commitment period. These amounts may ultimately not be recognized as revenue by us in the event of future losses in the respective funds. See “—Understanding Our Results—Revenues—Incentive Income” for additional information.

Our longer-term AUM has continued to increase over time, as our product mix continues to shift toward longer-duration products. Longer-term AUM has increased from 26% in 2013 to 45% in 2016 to 68% as of March 31, 2022, driven by growth in opportunistic credit, Institutional Credit Strategies and real estate funds. During the first quarter, longer-term AUM increased from the launch of a structured alternative investment solution, which was tailored to insurance investors and provides exposure to our funds across the platform in a long-dated format. Longer-term AUM creates stability in our platform and provides more consistency in our management fee earnings.

The table below presents the changes in the amount of incentive income accrued at the fund level but that has not yet been recognized in our revenues (ABURI) during the three months ended March 31, 2022:

	December 31, 2021	Recognized Incentive Income	Performance	March 31, 2022
	(dollars in thousands)			
Multi-strategy funds	\$ 5,246	\$ (400)	\$ (2,071)	\$ 2,775
Credit				
Opportunistic credit funds	98,674	(10,303)	10,657	99,028
Real estate funds	122,940	(499)	18,431	140,872
	<u>\$ 226,860</u>	<u>\$ (11,202)</u>	<u>\$ 27,017</u>	<u>\$ 242,675</u>

Incentive income, if any, on our longer-term AUM is based on the cumulative investment performance generated over the respective commitment period. As of March 31, 2022, our ABURI was \$242.7 million, up \$15.8 million in the first quarter of 2022. We generated an additional \$27.0 million of ABURI driven by performance in our real estate funds, primarily from Real Estate Fund III and IV, which are not expected to crystallize until closer to the end of their respective fund life, as well as our opportunistic credit funds, primarily from certain open ended credit funds, which will largely not crystallize until after a multi-year period and last crystallized in 2020. We recognized \$11.2 million of incentive income from longer-term AUM in the three months ended March 31, 2022, primarily from tax distributions from our Customized Credit Focused Platform.

Our ABURI from longer-term AUM generally comprise the following:

- *Multi-strategy funds.* Multi-strategy ABURI is derived from clients in the three-year liquidity tranche, where incentive income other than tax distributions will be recognized at the end of each client’s three-year period.
- *Opportunistic credit funds.* Opportunistic credit funds ABURI is derived from three sources:

- Clients in the three-year and four-year liquidity tranches of an open-end opportunistic credit fund, where incentive income other than tax distributions will be recognized at the end of each client's three-year or four-year period
  - Long dated closed-end opportunistic credit funds, where incentive income other than tax distributions will be recognized during each fund's harvest period after invested capital and a preferred return has been distributed to the clients
  - The Customized Credit Focused Platform, where incentive income other than tax distributions is recognized at the end of a multi-year term; previously crystallized on December 31, 2020
- *Real estate funds.* Real Estate ABURI is derived from long-dated real estate funds, where incentive income other than tax distributions will start to be recognized following the completion of each fund's investment period as investments are realized and after invested capital and a preferred return has been distributed to the clients.

Certain ABURI amounts presented above will generally have compensation expense (on an Economic Income Basis) that will reduce the amount ultimately realized on a net basis. Compensation expense relating to ABURI from our real estate funds is generally recognized at the same time the related incentive income revenue is recognized. Compensation expense relating to ABURI generated from our multi-strategy funds and opportunistic credit funds is generally recognized in the fourth quarter of the year the underlying fund performance is generated which may not occur at the same time that the related revenues are generated.

## Understanding Our Results

### *Revenues*

Our operations historically have been financed primarily by cash flows generated by our business. Our principal sources of revenues are management fees and incentive income. For any given period, our revenues are influenced by the amount of our AUM, the investment performance of our funds and the timing of when we recognize incentive income for certain AUM as discussed below.

The ability of investors to contribute capital to and redeem capital from our funds causes our AUM to fluctuate from period to period. Fluctuations in AUM also result from our funds' investment performance. Both of these factors directly impact the revenues we earn from management fees and incentive income. For example, a \$1.0 billion increase or decrease in AUM subject to a 1% management fee would generally increase or decrease annual management fees by \$10.0 million. If profits, net of management fees, attributable to a fee-paying fund investor were \$10.0 million in a given year, we generally would earn incentive income equal to \$2.0 million, assuming a 20% incentive income rate, a one-year commitment period, no hurdle rate and no high-water marks from prior years.

For any given quarter, our revenues are influenced by the combination of AUM and the investment performance of our funds. For example, incentive income for the majority of our multi-strategy AUM is recognized in the fourth quarter each year, based on full year investment performance.

**Management Fees.** Management fees are generally calculated and paid to us on a quarterly basis in advance, based on the amount of AUM at the beginning of the quarter. Management fees are prorated for capital inflows and redemptions during the quarter. Accordingly, changes in our management fee revenues from quarter to quarter are driven by changes in the quarterly opening balances of AUM, the relative magnitude and timing of inflows and redemptions during the respective quarter, the impact of differing management fee rates charged on those inflows and redemptions, as well as the impact of the deferral of subordinated management fees from certain CLOs. See “—Weighted-Average AUM and Average Management Fee Rates” for information on our average management fee rate and Note 12 to our consolidated financial statements in our Annual Report for additional information regarding management fees

**Incentive Income.** We earn incentive income based on the cumulative performance of our funds over a commitment period. We recognize incentive income when such amounts are probable of not significantly reversing. See Note 12 to our consolidated financial statements in our Annual Report for additional information regarding incentive income.

**Other Revenues.** Other revenues consist primarily of interest income on investments in CLOs, cash equivalents and long-term U.S. government obligations, as well as subrental income. Interest income is recognized on an effective yield basis. Subrental income is recognized on a straight-line basis over the lease term.

**Income of Consolidated Entities.** Revenues recorded as income of consolidated entities consist primarily of interest income, dividends income, fees and other income.

### **Expenses**

**Compensation and Benefits.** Compensation and benefits consist of salaries, employee benefits, payroll taxes, and discretionary and guaranteed cash bonus expenses. We generally recognize compensation and benefits expenses over the related service period.

On an annual basis, compensation and benefits comprise a significant portion of total expenses, with discretionary cash bonuses generally comprising a significant portion of total compensation and benefits. We accrue minimum annual discretionary cash bonuses on a straight-line basis during the year. The total amount of discretionary cash bonuses ultimately recognized for the full year, which is determined in the fourth quarter of each year, could differ materially from the minimum amount accrued, as the total discretionary cash bonus is dependent upon a variety of factors, including fund performance for the year.

Due to multi-year crystallizations in our credit and real estate funds, we may recognize discretionary bonus expense as incentive is generated at the fund level but before the Company recognizes the related incentive income. For additional information on incentive income recognized at fund level but not yet recognized by us see “—Longer-Term AUM and Accrued Unrecognized Incentive Income” for additional information. We generally pay our bonuses in January of the year following the year in which bonuses were accrued.

Compensation and benefits also include equity-based compensation expense, which is primarily in the form of RSUs granted to our independent board members, employees and executive managing directors, as well as RSAs, PSUs and Partner Equity Units granted to executive managing directors. These awards are structured to create strong alignment of economic interest between our executives and shareholders, in addition to retaining key talent.

We also have profit-sharing arrangements whereby certain employees or executive managing directors are entitled to a share of incentive income that we earn primarily from our real estate funds. This incentive income is typically paid to us and then we pay a portion to the profit-sharing participant as investments held by these funds are realized. To the extent that the payments to the employees or executive managing directors are probable and reasonably estimable, we accrue these payments as compensation expense for GAAP purposes, which may occur prior to the recognition of the related incentive income.

Deferred cash interests (“DCIs”) are also granted to certain employees and executive managing directors as a form of compensation. DCIs reflect notional fund investments made by us on behalf of an employee or executive managing director. DCIs generally vest over a three-year period, subject to an employee’s or executive managing director’s continued service. Upon vesting, we pay the employee or executive managing director an amount in cash equal to the notional investment represented by the DCIs, as adjusted for notional fund performance. Except as otherwise provided in the relevant DCI plan or in an award agreement, in the event of a termination of the employee’s or executive managing director’s service, any portion of the DCIs that is unvested as of the date of termination will be forfeited. These awards are designed to create strong alignment of economic interest between our executives and fund investors, in addition to retaining key talent.

Sculptor’s compensation structure is designed to align the interests of our executive managing directors and employees with those of investors in our funds and our Class A Shareholders. Our compensation structure focuses on both individual and firm-wide performance through bonus compensation in a combination of equity and deferred cash interests that vest over time.

**Interest Expense.** Amounts included within interest expense relate primarily to indebtedness outstanding.

**General, Administrative and Other.** General, administrative and other expenses are comprised of professional services, occupancy and equipment, information processing and communications, recurring placement and related service fees, business development, insurance, impairment of right-of-use lease assets, foreign currency transaction gains and losses, and other miscellaneous expenses. Legal settlements and provisions are also included within general, administrative and other.

**Expenses of Consolidated Entities.** Expenses recorded as expenses of consolidated entities consist of interest expense, general, administrative and other miscellaneous expenses.

#### **Other Income (Loss)**

**Changes in Fair Value of Warrant Liabilities.** Changes in fair value of warrant liabilities represent gains (losses) from changes in fair value of warrants.

**Changes in Tax Receivable Agreement Liability.** Changes in tax receivable agreement liability consists of changes in our estimate of the future payments related to the tax receivable agreement that result from changes in future income tax savings due to changes in tax rates. See Note 16 to our consolidated financial statements included in this report for additional information.

**Net Losses on Retirement of Debt.** Net losses on retirement of debt consist of net losses realized upon the retirement of any indebtedness outstanding, and include the write-off of unamortized debt discounts and issuance costs, as well as other fees incurred in connection with the retirement of debt.

**Net (Losses) Gains on Investments.** Net (losses) gains on investments primarily consist of realized and unrealized net gains and losses on investments in U.S. government obligations and investments in our funds, including CLOs and other funds we manage.

**Net (Losses) Gains of Consolidated Entities.** Net (losses) gains of consolidated entities primarily consist of changes in the fair value of warrant liabilities related to our consolidated SPAC.

#### **Income Taxes**

Income taxes consist of our provision for federal, state and local income taxes in the U.S. and foreign income taxes, including provisions for deferred income taxes resulting from temporary differences between the tax and GAAP bases. The computation of the provision requires certain estimates and significant judgment, including, but not limited to, the expected taxable income for the year, projections of the proportion of income earned and taxed in foreign jurisdictions, permanent differences between the tax and GAAP bases and the likelihood of being able to fully utilize deferred income tax assets existing as of the end of the period.

#### **Net Loss Attributable to Noncontrolling Interests**

Noncontrolling interests represent ownership interests in our subsidiaries held by parties other than us and are primarily made up of Group A Units. Increases or decreases in net (loss) income attributable to the Group A Units are driven by the earnings of the Sculptor Operating Group. See Note 3 for additional information regarding our ownership interest in the Sculptor Operating Group.

In 2021, we consolidated our SPAC, wherein investors are able to redeem Class A shares issued by the SPAC. Allocations of earnings to these shares are reflected within net income (loss) attributable to redeemable noncontrolling interests in the consolidated statements of operations. Increases or decreases in the net income (loss) attributable to SPAC investors' interests in the SPAC is driven primarily by interest income generated on cash and cash equivalents, changes in fair value of warrant liabilities of the SPAC and various expenses related to legal costs, business development and insurance.

## Results of Operations

### Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

#### Net Income (Loss) Attributable to Class A Shareholders

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Net Income (Loss) Attributable to Class A Shareholders	\$ 16,882	\$ (20,293)	\$ 37,175	(183)%

Refer below for the discussion of the contributing factors to changes in Net Income (Loss) Attributable to Class A Shareholders from the prior year.

#### Revenues

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Management fees	\$ 73,437	\$ 73,961	\$ (524)	(1)%
Incentive income	21,642	47,804	(26,162)	(55)%
Other revenues	2,430	1,581	849	54%
(Loss) income of consolidated entities	(161)	3	(164)	n/m
<b>Total Revenues</b>	<b>\$ 97,348</b>	<b>\$ 123,349</b>	<b>\$ (26,001)</b>	<b>(21)%</b>

n/m - not meaningful

Total revenues in the first quarter of 2022 were \$97.3 million, decreasing \$26.0 million year over year, primarily due to the following:

- Management fees were relatively flat, primarily due to the following:
  - *Multi-strategy funds*. A \$3.6 million increase in multi-strategy fees due to higher average AUM.
  - *Opportunistic credit funds*. Management fees in our opportunistic credit funds remained relatively flat year-over-year.
  - *Institutional Credit Strategies*. A \$3.5 million decrease in Institutional Credit Strategies fees due to natural life cycle events within our existing CLOs which drove down our average net fee rate, offset by the issuance of new CLOs, albeit at lower than historical rates due to market compression. Such life cycle events include: (i) the redemptions of certain of our CLOs during 2021; (ii) new issuances and refinancing transactions priced at lower rates; (iii) a reduction in AUM in certain of our CLOs due to distributions; and (iv) the recovery of previously deferred subordinated management fees in the prior year period. These decreases were partially offset by an increase in management fees driven by the launches of several CLOs.
  - *Real estate funds*. Management fees in our real estate funds remained relatively flat year-over-year.

See “—AUM and Fund Performance—Weighted-Average AUM and Average Management Fee Rates” above for information regarding our average management fee rates.

- A \$26.2 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds.* A \$25.0 million decrease in incentive income from our multi-strategy funds, which was driven by investors that crystallize off cycle and for which the trailing twelve month return was lower year over year.
  - *Opportunistic credit funds.* An \$11.0 million increase in incentive income from our opportunistic credit funds, which was primarily driven by tax distributions taken to cover tax liabilities primarily in our Customized Credit Focused Platform and from investors with off cycle crystallization periods.
  - *Real estate funds.* A \$12.2 million decrease in incentive income from our real estate funds due to lower realizations during the quarter in funds that are actively in an incentive generation phase.
- An \$849 thousand increase in other revenues driven by an increase in sublease income as a result of the subleasing of a portion of our office space in New York City in the third quarter of 2021, as well as an increase in interest income from our risk retention investments in our CLOs from new CLO issuances and warehouse vehicles.

### Expenses

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Compensation and benefits	\$ 77,785	\$ 89,234	\$ (11,449)	(13)%
Interest expense	3,285	4,868	(1,583)	(33)%
General, administrative and other	27,316	27,376	(60)	—%
Expenses of consolidated entities	244	2	242	n/m
<b>Total Expenses</b>	<b>\$ 108,630</b>	<b>\$ 121,480</b>	<b>\$ (12,850)</b>	<b>(11)%</b>

n/m - not meaningful

Total expenses in the first quarter of 2022 were \$108.6 million, decreasing \$12.9 million, primarily due to the following:

- Salaries and benefits remained relatively flat, as a result of a \$560 thousand decrease in the amount of internal use software implementation costs that were capitalized year-over-year, partially offset by slightly lower headcount, as our headcount decreased to 338 as of March 31, 2022, from 341 as of March 31, 2021.
- Equity-based compensation expense decreased by \$6.1 million primarily due to: (i) a \$16.3 million decrease in stock based compensation amortization primarily due to the separation-related compensation cost incurred in the prior year period for a departing executive. These decreases were partially offset by a \$11.1 million increase in amounts related to additional grants of Group P Units and RSAs in the fourth quarter of 2021 and first quarter of 2022.
- An \$11.4 million decrease in compensation and benefits expenses driven by a \$5.9 million decrease in bonus expense, primarily driven by separation-related compensation incurred in the first quarter of 2021 for a departing executive, partially offset by higher real estate incentive income profit sharing expense in 2022.

Note that as our discretionary cash bonuses are generally determined based on fund performance in a given year, there may be differences in the timing of when bonuses are accrued and when the corresponding incentive income is recognized, particularly for performance generated on our longer-term AUM and AUM that have annual incentive income crystallization dates other than at year-end. In the fourth quarter we recognize discretionary bonuses, which are largely based on current year fund performance regardless of the year in which incentive income is recognized. It

is best to look at our compensation ratio on incentive income over a multi-year period given the difference in timing of these line items.

- A \$1.6 million decrease in interest expense, primarily due to lower average outstanding debt balance as we repaid \$224.4 million under the 2020 Term Loan in 2021.
- General, administrative and other expenses remained relatively flat, primarily due to an increase in professional services expenses driven by higher accounting and recruiting expenses, offset by reductions across various other operating expense categories.

**Other Income (Loss)**

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Changes in fair value of warrant liabilities	\$ 24,336	\$ (24,944)	\$ 49,280	n/m
Changes in tax receivable agreement liability	(7)	580	(587)	(101) %
Net losses on retirement of debt	—	(23,673)	23,673	(100) %
Net (losses) gains on investments	(5,344)	5,362	(10,706)	(200) %
Net gains (losses) of consolidated entities	4,140	—	4,140	n/m
<b>Total Other Income (Loss)</b>	<b>\$ 23,125</b>	<b>\$ (42,675)</b>	<b>\$ 65,800</b>	<b>(154) %</b>

n/m - not meaningful

Total other income (loss) in the first quarter of 2022 was \$23.1 million, increasing \$65.8 million, which resulted from the following:

- *Changes in fair value of warrant liabilities.* The amounts in 2022 and 2021 both represent the change in the fair value of warrants to purchase our Class A Shares that were issued in connection with the 2020 Credit Agreement. The amount in 2022 was a gain, driven by a decrease in the fair value of the warrants primarily due to a decrease in our Class A Share price, and the change in risk-free rate from the issuance date of the warrants to March 31, 2022, while the amount in 2021 was a loss, driven by an increase in the fair value of the warrants that was primarily due to the increase in our Class A Share price, an adjustment to the exercise price due to dividends, and the change in risk-free rate from the issuance date of the warrants to March 31, 2021. See Note 4 to our consolidated financial statements included in this report for additional details on warrants valuation inputs.
- *Changes in tax receivable agreement liability.* The amounts in 2022 and 2021 are both a result of changes in projected future tax rates impacting the anticipated liability under the tax receivable agreement.
- *Net losses on retirement of debt.* No losses on retirement of debt were incurred in 2022, while the amount in 2021 was primarily related to the \$174.4 million prepayment of amounts outstanding under the 2020 Term Loan. The related losses on retirement of debt were comprised of unamortized discounts and deferred financing costs that were proportionately written-off in connection with these repayments.
- *Net (losses) gains on investments.* Investment income decreased by \$10.7 million, primarily due to losses on our risk retention investments in CLOs and equity method investments in our multi-strategy funds, partially offset by income from U.S. government obligations, while the amount in 2021 represents investment income on our equity method investments, risk retention investments in CLOs, and U.S. government obligations.

### Income Taxes

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Income taxes	\$ 6,967	\$ (1,715)	\$ 8,682	n/m

Income tax expense increased by \$8.7 million. Income tax expense was higher primarily due to the increase in profitability in the current year, and state tax rate changes on deferred taxes offset by the change in fair value of warrant liabilities.

### Net Loss attributable to noncontrolling interests

The following table presents the components of the net loss attributable to noncontrolling interests:

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Group A Units	\$ (12,663)	\$ (19,253)	\$ 6,590	(34) %
Other	657	455	202	44 %
<b>Total</b>	<b>\$ (12,006)</b>	<b>\$ (18,798)</b>	<b>\$ 6,792</b>	<b>(36) %</b>
Redeemable noncontrolling interests	\$ (3,068)	\$ —	\$ 3,068	n/m

n/m - not meaningful

Net loss attributable to noncontrolling interests in the first quarter of 2022 was \$12.0 million, decreasing by \$6.8 million compared to the prior year period. During the Distribution Holiday, net income earned by any Sculptor Operating Partnership is allocated 100% to Sculptor Capital Management, Inc., while losses are allocated on a pro rata basis among the Group A Units (noncontrolling interests) and Sculptor Capital Management, Inc. as described in Note 3 to the financial statements included in this report.

In the first quarter of 2022, Sculptor Capital LP, which earns most of our management fees and incurs most of our operating expenses, generated income, compared to a loss in the prior year period, as operating expenses were lower in the first quarter of 2022 compared to the first quarter of 2021. Sculptor Capital Advisors II LP, along with Sculptor Capital Advisors LP, earn most of our incentive income. In the first quarter of 2022, both Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP generated losses that were allocated on a pro rata basis among the Group A Units (noncontrolling interests) and Sculptor Capital Management, Inc.

Income attributable to redeemable noncontrolling interests relates to the SPAC that we consolidated in 2021.

### Change in Redemption Value of Redeemable Noncontrolling Interests

The following table presents the change in redemption value of redeemable noncontrolling interests:

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Change in redemption value of redeemable noncontrolling interests	\$ 3,068	\$ —	\$ 3,068	n/m

n/m - not meaningful

The change in redemption value of redeemable noncontrolling interests in 2022 was a gain of \$3.1 million, increasing by \$3.1 million from prior year. The amount in 2022 represents the accretion to redemption value of the Class A Shares related to our consolidated SPAC.

### **Economic Income Analysis**

In addition to analyzing our results on a GAAP basis, management also reviews our results on an “Economic Income” basis. Economic Income excludes the adjustments described below that are required for presentation of our results on a GAAP basis, but that management does not consider when evaluating operating performance in any given period. Management uses Economic Income as the basis on which it evaluates our financial performance and makes resource allocation and other operating decisions. Management considers it important that investors review the same operating information that it uses.

Economic Income is a measure of pre-tax operating performance that excludes the following from our results on a GAAP basis:

- Income allocations to our executive managing directors on their direct interests in the Sculptor Operating Group. Management reviews operating performance at the Sculptor Operating Group level, where our operations are performed, prior to making any income allocations.
- Equity-based compensation expenses, net of cash settled RSUs, depreciation and amortization expenses, changes in fair value of warrant liabilities, changes in the tax receivable agreement liability, net losses on retirement of debt, gains and losses on fixed assets, and gains and losses on investments in funds as management does not consider these items to be reflective of operating performance. The fair value of RSUs that are settled in cash to employees or executive managing directors, where the number of RSUs to be settled in cash is not certain at the time of the grant, is included as an expense at the time of settlement. Where the number of RSUs to be settled in cash is certain on the grant date, the expense is recognized during the performance period to which the award relates. Further, impairment of right-of-use lease assets is excluded from Economic Income at the time the impairment is recognized for GAAP and the impact is then amortized over the lease term for Economic Income. Additionally, rent expense is offset by subrental income as management evaluates rent expenses on a net basis.
- Amounts related to non-cash interest expense accretion on debt. The 2020 Term Loan and the Debt Securities were each recognized at a significant discount, as proceeds from each borrowing were allocated to warrant liabilities and the 2019 Preferred Units, respectively, resulting in non-cash accretion to par over time through interest expense for GAAP. The Debt Securities and the 2019 Preferred Units were fully redeemed in 2020. Management excludes this non-cash expense from Economic Income, as it does not consider it to be reflective of our economic borrowing costs.
- Amounts related to the consolidated entities, including the related eliminations of management fees and incentive income, as management reviews the total amount of management fees and incentive income earned in relation to total AUM and fund performance.

In addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Further, deferred cash compensation is expensed in the performance period for Economic Income, rather than over the service period for GAAP.

As a result of the adjustments described above, as well as an adjustment to present management fees net of recurring placement and related service fees (rather than considering these fees an expense), management fees, incentive income, other revenues, compensation and benefits, interest expense, general, administrative and other expenses and net income (loss) attributable to noncontrolling interests as presented on an Economic Income basis are also non-GAAP measures.

For reconciliations of our non-GAAP measures to the respective GAAP measures, please see “—Economic Income Reconciliations” at the end of this MD&A.

Our non-GAAP financial measures should not be considered alternatives to our GAAP net income allocated to Class A Shareholders or cash flow from operations, or as indicative of liquidity or the cash available to fund operations. Our non-GAAP measures may not be comparable to similarly titled measures used by other companies.

### Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

#### Economic Income (Non-GAAP)

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
Economic Income	\$ 29,201	\$ 40,935	\$ (11,734)	(29)%

Refer below for the discussion of the contributing factors to changes in Economic Income from the prior year.

#### Economic Income Revenues (Non-GAAP)

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
<b>Economic Income Basis</b>				
Management fees	\$ 67,757	\$ 69,070	\$ (1,313)	(2)%
Incentive income	21,569	47,804	(26,235)	(55)%
Other revenues	1,440	1,581	(141)	(9)%
<b>Total Economic Income Revenues</b>	<b>\$ 90,766</b>	<b>\$ 118,455</b>	<b>\$ (27,689)</b>	<b>(23)%</b>

Economic Income revenues in the first quarter of 2022 were \$90.8 million, decreasing \$27.7 million, primarily due to the following:

- A \$1.3 million decrease in management fees, driven primarily by the following:
  - *Multi-strategy funds*. A \$2.7 million increase due to higher average AUM.
  - *Opportunistic credit funds*. Management fees in our opportunistic credit funds remained relatively flat year-over-year.
  - *Institutional Credit Strategies*. A \$3.4 million decrease due to (i) the redemptions of certain of our CLOs during 2021; (ii) new issuances and refinancing transactions priced at lower rates; (iii) a reduction in AUM in certain of our CLOs due to distributions; and (iv) the recovery of previously deferred subordinated management fees in the prior year period. These decreases were partially offset by an increase in management fees driven by the launches of several CLOs.
  - *Real estate funds*. Management fees in our real estate funds remained relatively flat year-over-year.
- A \$26.2 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds*. A \$25.0 million decrease in incentive income from our multi-strategy funds, which was driven by investors that crystallize off cycle and for which the trailing twelve month return was lower year over year.

- *Opportunistic credit funds.* An \$11.0 million increase in incentive income from our opportunistic credit funds, which was primarily driven by tax distributions taken to cover tax liabilities primarily in our Customized Credit Focused Platform and from investors with off cycle crystallization periods.
- *Real estate funds.* A \$12.2 million decrease in incentive income from our real estate funds due to lower realizations during the quarter in funds that are actively in an incentive generation phase.
- Other revenues remained relatively level year-over-year.

#### ***Economic Income Expenses (Non-GAAP)***

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(dollars in thousands)			
<b>Economic Income Basis</b>				
Compensation and benefits	\$ 39,197	\$ 52,535	\$ (13,338)	(25) %
Interest expense	3,039	4,434	(1,395)	(31) %
General, administrative and other expenses	19,327	20,551	(1,224)	(6) %
<b>Total Economic Income Expenses</b>	<b>\$ 61,563</b>	<b>\$ 77,520</b>	<b>\$ (15,957)</b>	<b>(21) %</b>

Economic Income expenses in the first quarter of 2022 were \$61.6 million, decreasing \$16.0 million, primarily due to the following:

- A \$13.3 million decrease in compensation and benefits expenses primarily driven by a \$13.8 million decrease in bonus expense, primarily due to factors outlined below:
  - In the first quarter of 2021, we incurred \$6.7 million of bonus expense as a result of separation-related compensation for a departing executive.
  - Real estate incentive income profit sharing expense decreased by \$6.5 million from the prior year, driven by lower realizations and incentive income from our real estate funds in the first quarter of 2022, primarily from Real Estate Fund II.
  - Partially offsetting these decreases was an increase of \$1.4 million due to an increase in the amount of RSUs vested and settled in cash in the first quarter of 2022 compared to 2021.

As our discretionary cash bonuses are generally determined based on fund performance in a given year, there may be differences in the timing of when bonuses are accrued and when the corresponding incentive income is recognized, particularly for performance generated on our longer-term AUM and AUM that have annual incentive income crystallization dates other than at year-end. In the fourth quarter we recognize discretionary bonuses, which are largely based on current year fund performance regardless of the year in which incentive income is recognized. It is best to look at our compensation ratio on incentive income over a multi-year period given the difference in timing of these line items.

Note that expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Further, deferred cash compensation is expensed in the performance period for Economic Income, rather than over the service period for GAAP.

- Salaries and benefits remained relatively flat, as a result of a \$560 thousand decrease in the amount of internal use software implementation costs that were capitalized year-over-year, partially offset by slightly lower headcount, as our headcount decreased to 338 as of March 31, 2022, from 341 as of March 31, 2021.
- A \$1.4 million decrease in interest expense primarily due to lower average outstanding debt balance, as a result of \$224.4 million of prepayments of the 2020 Term Loan in 2021.
- A \$1.2 million decrease in general, administrative and other expenses primarily driven by a reduction in occupancy expense due to a sublease, as we offset rental expense with subrental income for Economic Income, as well as reductions across various other operating expense categories. These decreases were partially offset by an increase in professional service expenses.

## Liquidity and Capital Resources

### Overview

The working capital needs of our business have historically been met, and we anticipate will continue to be met, through cash generated from management fees and incentive income earned from our funds.

We ended the quarter with \$136.0 million of unrestricted cash and cash equivalents, and \$65.2 million of management fees and incentive income receivable (the majority of which will be collected in the second quarter of 2022) and other investments that the Company can liquidate as needed. We also have access to an additional \$25.0 million through our undrawn 2020 Revolving Credit Facility.

Based on management's experience and our current level of AUM, we believe that our current liquidity position, together with the cash generated from management fees will be sufficient to meet our anticipated fixed operating expenses (as defined below) and other working capital needs for at least the next 12 months. For our longer-term liquidity needs, we expect to continue to fund our fixed operating expenses through management fees and to fund discretionary cash bonuses and the repayment of our financing arrangements through a combination of management fees and incentive income. We may also decide to meet these requirements by issuing additional debt, equity or other securities.

Over the long term, we believe we will continue to grow our AUM, including longer-term fee generating capital, and sustain positive investment performance in our funds, which will reflect positively on our revenue streams strengthening the balance sheet and providing the firm with stability to cover our long-term liquidity requirements.

To maintain maximum flexibility to meet demands and opportunities both in the short and long term, and subject to existing contractual arrangements, we may want to use cash on hand, issue additional equity or borrow additional funds to:

- Support the future growth in our business.
- Create new or enhance existing products and investment platforms.
- Repay amounts due under our debt obligations and repurchase agreements.
- Repurchase Class A Shares or Sculptor Operating Group Units.
- Pursue new investment opportunities.
- Develop new distribution channels.
- Pay dividends.

### ***Recent Developments — Share Repurchase Program***

In February 2022, our Board of Directors authorized us to repurchase up to \$100.0 million of our outstanding common stock. As of March 31, 2022, we repurchased 473,719 Class A Shares at the average price of \$13.19 per share. Through May 1, 2022, we purchased 978,992 shares in aggregate at an average price of \$12.56, resulting in a total buyback of \$12.3 million of stock. The repurchase program has no expiration date. We may purchase shares on a discretionary basis from time to time through open market purchases, privately negotiated transactions or other means, including through Rule 10b5-1 trading plans or through the use of other techniques such as accelerated share repurchases. The timing and amount of any transactions will be subject to our discretion based upon market conditions and other opportunities that we may have for the use or investment of our cash balances. The repurchase program does not require the purchase of any minimum number of shares and may be suspended, modified or discontinued at any time without prior notice.

### ***Liquidity Needs***

Over the next 12 months, we expect that our primary liquidity needs will be to:

- Pay our operating expenses.
- Pay interest and principal on our financing arrangements.
- Provide capital to facilitate the growth of our business, including making risk retention investments in CLOs managed by us that are subject to EU and UK risk retention rules and fund capital commitments to our funds.
- Pay income taxes, RSU tax withholding obligations and amounts due under the tax receivable agreement.
- Make cash distributions in accordance with our distribution policy.

### ***Operating Expenses***

We generally rely on management fees to cover our “fixed” operating expenses, which we define as salaries, benefits, a minimum discretionary bonus and general, administrative and other expenses, including upcoming lease payments as presented in Note 6 to our consolidated financial statements, incurred in the ordinary course of business. No assurances can be given that our management fees will be sufficient to cover our fixed operating expenses in future periods. To the extent our management fees do not cover our fixed operating expenses, as well as to fund any other liabilities, we would rely on cash on hand and incentive income to cover any shortfall. We cannot predict the amount of incentive income, if any, that we may earn in any given year. Total annual revenues, which are heavily influenced by the amount of incentive income we earn, historically have been sufficient to fund both our fixed operating expenses and all of our other working capital needs, including annual discretionary cash bonuses. These cash bonuses, which historically have comprised our largest cash operating expense, are variable such that in any year where total annual revenues are greater or less than the prior year, cash bonuses may be adjusted accordingly. Our ability to scale our largest cash operating expense to our total annual revenues helps us manage our cash flow and liquidity position from year to year.

Historically, we have determined the amount of discretionary cash bonuses during the fourth quarter of each year, based on our total annual revenues and fund performance. We have historically funded these amounts through fourth quarter management fees and incentive income crystallized on December 31, which represents the majority of the incentive income we typically earn each year. Related to performance on longer-term AUM, we accrue bonus expense on ABURI which will not be recognized as incentive income in the current year, but will have associated bonus expense in the current year period. This ABURI could crystallize into incentive income in future periods without the associated bonus expense, which would shift attributable earnings into future periods. In addition, to the extent our funds generate incentive income in the fourth quarter, we may elect to increase the amount of cash bonuses paid to employees over the amount already accrued throughout the year, with any incremental amounts recognized as expense in the fourth quarter. Although we cannot predict the amount, if any, of incentive income we may earn, we are able to regularly monitor expected management fees and we believe that we will be able to adjust our expense infrastructure, including discretionary cash bonuses, as needed to meet the requirements of our business and in order to maintain positive operating cash flows. Nevertheless, if we generate insufficient cash flows from operations to meet our short-term liquidity needs, we may have to borrow funds or sell assets, subject to existing contractual arrangements.

### *Financing Arrangements*

We may use cash on hand to pay interest and principal due on our financing arrangements, including debt obligations and repurchase agreements, prior to their respective maturity or due dates, which would reduce amounts available to distribute to our Class A Shareholders. We may also refinance all or a portion of any borrowings outstanding on or prior to their respective maturity dates. For any amounts unpaid as of a maturity or due date, we will be required to repay the remaining balance by using cash on hand, refinancing the remaining balance by incurring new debt, which could result in higher borrowing costs, or by issuing equity or other securities, which would dilute existing shareholders. See Notes 7 and 8 to our consolidated financial statements for details on our debt obligations and repurchase agreements.

### *CLO Risk Retention Investments*

In order to meet risk retention requirements for certain of the CLOs we manage, we use a combination of cash on hand, as well as financing under the CLO Investments Loans and repurchase agreements to fund our 5% risk retention investments. We expect to continue relying on a combination of cash on hand and financing to fund future CLO risk retention investments. Payments of interest and principal on these borrowings are generally due at such time interest and principal payments are received on our risk retention investments in the related CLOs; therefore, our CLO risk retention investments and related financings generally have a net positive impact on our liquidity at each CLO interest and principal payment date.

### *Tax Receivable Agreement*

We have made, and may in the future be required to make, payments under the tax receivable agreement that we entered into with our executive managing directors and Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons (the "Ziffs"). As of March 31, 2022, assuming no material changes in the relevant tax law and that we generate sufficient taxable income to realize the full tax benefit of the increased amortization resulting from the increase in tax basis of certain Sculptor Operating Group assets, we expected to pay our executive managing directors and the Ziffs approximately \$179.0 million. Future cash savings and related payments to our executive managing directors under the tax receivable agreement in respect of subsequent exchanges would be in addition to these amounts. See Note 16 to our consolidated financial statements for additional details.

Payments under the tax receivable agreement are anticipated to increase the tax basis adjustment and, consequently, result in increasing annual amortization deductions in the taxable years of and after such increases to the original basis adjustments, and potentially will give rise to increasing tax savings with respect to such years and correspondingly increasing payments under the tax receivable agreement.

The obligation to make payments under the tax receivable agreement is an obligation of Sculptor Corp, and any other corporate taxpaying entities that hold Group B Units, and not of the Sculptor Operating Group. We may need to incur debt to finance payments under the tax receivable agreement to the extent the Sculptor Operating Group does not distribute cash to Sculptor Corp in an amount sufficient to meet our obligations under the tax receivable agreement.

The actual increase in tax basis of the Sculptor Operating Group assets resulting from an exchange or from payments under the tax receivable agreement, as well as the amortization thereof and the timing and amount of payments under the tax receivable agreement, will vary based upon a number of factors, including the following:

- The amount and timing of our income will impact the payments to be made under the tax receivable agreement. To the extent that we do not have sufficient taxable income to utilize the amortization deductions available as a result of the increased tax basis in the Sculptor Operating Partnerships' assets, payments required under the tax receivable agreement would be reduced.
- The price of our Class A Shares at the time of any exchange will determine the actual increase in tax basis of the Sculptor Operating Partnerships' assets resulting from such exchange; payments under the tax receivable agreement resulting from future exchanges, if any, will be dependent in part upon such actual increase in tax basis.

- The composition of the Sculptor Operating Group assets at the time of any exchange will determine the extent to which we may benefit from amortizing the increased tax basis in such assets and thus will impact the amount of future payments under the tax receivable agreement resulting from any future exchanges.
- The extent to which future exchanges are taxable will impact the extent to which we will receive an increase in tax basis of the Sculptor Operating Group assets as a result of such exchanges, and thus will impact the benefit derived by us and the resulting payments, if any, to be made under the tax receivable agreement.
- The tax rates in effect at the time any potential tax savings are realized, which would affect the amount of any future payments under the tax receivable agreement.

Depending upon the outcome of these factors, payments that we may be obligated to make to our current and former executive managing directors and the Ziffs under the tax receivable agreement in respect of exchanges could be substantial. In light of the numerous factors affecting our obligation to make payments under the tax receivable agreement, the timing and amounts of any such actual payments are not reasonably ascertainable.

#### *Dividends and Distributions*

The table below presents the cash dividends paid on our Class A Shares in 2022 and 2021. We did not declare a dividend in the fourth quarter of 2021 in respect of earnings for the fourth quarter. Dividends are generally declared and paid in the quarter following the quarter to which they relate. For example, the dividend paid on November 22, 2021 was in respect of earnings for the third quarter of 2021. We paid no related cash distributions to our executive managing directors on their Sculptor Operating Group Units in the respective periods as a result of the Distribution Holiday.

Payment Date	Class A Shares	
	Record Date	Dividend per Share
November 22, 2021	November 15, 2021	\$ 0.28
August 24, 2021	August 17, 2021	\$ 0.54
May 25, 2021	May 18, 2021	\$ 0.30
March 4, 2021	February 25, 2021	\$ 2.35

As discussed in Note 1 to the unaudited financial statements, as of March 31, 2022, the Company repurchased 473,719 Class A Shares at a cost of \$6.2 million for an average price of \$13.19 per share through open market purchase transactions. From April 1 through May 1, 2022, we purchased an additional 505,273 shares, bringing the total shares repurchased to 978,992 shares for \$12.3 million, for an average price of \$12.56.

As discussed in Note 3 in the Company's Annual Report, in connection with the Recapitalization, we and our executive managing directors agreed to a "Distribution Holiday" on the Group A Units, Group E Units, Group P Units and certain RSUs and RSAs that will terminate on the earlier of (x) 45 days after the last day of the first calendar quarter as of which the achievement of \$600.0 million of Distribution Holiday Economic Income is realized and (y) April 1, 2026. During the Distribution Holiday, dividends may continue to be paid on our Class A Shares. As of March 31, 2022, we have generated a total of \$496.1 million of Distribution Holiday Economic Income, compared to the target of \$600.0 million.

Distribution Holiday Economic Income is the cumulative amount of Economic Income earned since October 1, 2018, less any dividends paid to Class A Shareholders or on the now-retired Preferred Units. Distribution Holiday Economic Income is a non-GAAP measure that is defined in the agreements of limited partnership of the Sculptor Operating Partnerships and is being presented to provide an update on the progress made toward the \$600.0 million target required to exit the Distribution Holiday. Please see "—Distribution Holiday Economic Income Reconciliation" for a reconciliation of Distribution Holiday Economic Income to net income attributable to Class A Shareholders.

During the Distribution Holiday, we expect to pay dividends on our Class A Shares annually in an aggregate amount equal to not less than 20% or greater than 30% of our annual Economic Income less an estimate of payments under the tax receivable agreement, and income taxes related to the earnings for the periods; provided, that, if the minimum amount of

dividends eligible to be made hereunder would be \$1.00 or less per Class A Share, then up to \$1.00 per Class A Share (subject to appropriate adjustment in the event of any equity dividend, equity split, combination or other similar recapitalization with respect to the Class A Shares). During the Distribution Holiday, (i) we will only make distributions with respect to Group B Units, (ii) the performance thresholds of Group P Units and PSUs shall be adjusted to take into account performance and distributions during such period, and (iii) RSUs and certain RSAs will continue to receive dividend equivalents in respect of dividends or distributions paid on the Class A Shares. For certain executive managing directors, distributions on RSUs, as well as distributions counted in determining whether market performance conditions of Group P Units and PSUs are met, are limited to an aggregate amount not to exceed \$4.00 per Group P Unit, PSU, RSU, or RSA, as applicable, cumulatively during the Distribution Holiday. Following the termination of the Distribution Holiday, Group A Units and Group E Units (whether vested or unvested) shall receive distributions even if such units have not been booked-up. See Note 13 in the Company's Annual Report for additional information.

The declaration and payment of any distribution may be subject to legal, contractual or other restrictions. For example, as a Delaware corporation, the Registrant's Board may only declare and pay dividends either out of its surplus (as defined in Delaware General Corporation Law) or in case there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Our cash needs and payment obligations may fluctuate significantly from quarter to quarter, and we may have material unexpected expenses in any period. This may cause amounts available for distribution to significantly fluctuate from quarter to quarter or may reduce or eliminate such amounts.

Additionally, RSUs and certain RSAs outstanding accrue dividend equivalents equal to the dividend amounts paid on our Class A Shares. To date, these dividend equivalents have been awarded in the form of additional RSUs or RSAs, as applicable, which accrue additional dividend equivalents. The dividend equivalents will only be paid if the related RSUs/RSAs vest and will be settled at the same time as the underlying RSUs/RSAs. Our Board of Directors has the right to determine whether the RSUs and any related dividend equivalents will be settled in Class A Shares or in cash. We currently withhold shares to satisfy the tax withholding obligations related to vested RSUs/RSAs and dividend equivalents held by our employees, which results in the use of cash from operations or borrowings to satisfy these tax-withholding payments.

Historically, when we have paid dividends on our Class A Shares, we also made distributions to our executive managing directors on their interests in the Sculptor Operating Group, subject to the terms of the limited partnership agreements of the Sculptor Operating Partnerships; however, as part of the Recapitalization, the Sculptor Operating Partnerships initiated the Distribution Holiday. See Note 3 in the Company's Annual Report to our consolidated financial statements in this report for additional information regarding the Distribution Holiday.

Our cash distribution policy has certain risks and limitations, particularly with respect to our liquidity. Although we expect to pay distributions according to our policy, we may not make distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the distribution. Furthermore, by paying cash distributions rather than investing that cash in our businesses, we might risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our obligations, operations, new investments or unanticipated capital expenditures, should the need arise. In such event, we may not be able to execute our business and growth strategy to the extent intended.

### ***Risks to Our Liquidity***

In the normal course of our funds' life cycles, investors in our multi-strategy and certain open-end opportunistic credit funds have the right to redeem their interests following an initial lock up period, as discussed in the "Overview of AUM and Fund Performance" section, which could impact our liquidity and management fees. While we continuously make every effort to scale our operations so that management fees are sufficient to cover our fixed operating expenses, our management fees may not always cover these expenses. Additionally, in the event that a future contingent liability were to arise that exceeded our liquidity resources, we would need to rely on new sources of liquidity such as issuing additional equity or borrowing additional funds.

Any new borrowing arrangement that we may enter into may have covenants that impose additional limitations on us, including with respect to making distributions, entering into business transactions or other matters, and may result in increased interest expense. If we are unable to meet our debt obligations on terms that are favorable to us, our business may be adversely impacted. No assurance can be given that we will be able to issue new notes, enter into new credit facilities or issue equity or other securities in the future on attractive terms or at all.

Adverse market conditions, including the COVID-19 pandemic, increase the risk that our management fees and incentive income may decline if net outflows increase or as a result of performance-related depreciation in our funds. Lower revenues and other factors may make it more difficult or costly to raise or borrow additional funds, and excessive borrowing costs or other significant market barriers may limit or prevent us from maximizing our growth potential and flexibility. We have also evaluated our financing arrangements in light of the COVID-19 pandemic to ensure compliance with debt covenants. Through the date of this filing, we remain in compliance with our debt covenants and expect to continue to be in compliance in the near term. Our ability to access financial markets, should it be necessary, may be limited because of the COVID-19 pandemic.

Our CLO risk retention financing arrangements are not subject to any financial maintenance covenants, but are subject to customary events of default and covenants included in financing arrangements of this type and also include terms that require our continued involvement with the CLOs. In addition to customary events of default included in financing arrangements of this type, the CLO Investments Loans may be accelerated to the extent there is an event of default (“EOD”) at the CLO level. Prior to the relevant CLO’s maturity date, this would include certain material covenant breaches, regulatory and insolvency events for the relevant CLO issuer, as well as a payment default where the relevant CLO is unable to make interest payments on the senior, non-deferrable interest notes issued by the CLO. For the repurchase agreements, in addition to customary events of default and covenants included in financing arrangements of this type, there are margin requirements that may cause us to post additional cash collateral; however, this is only triggered in the event of an EOD at the CLO level. Currently, we do not view any of the customary or CLO level EODs for these types of financing arrangements as a material risk. In particular, an EOD related to an interest payment default on the senior, non-deferrable interest notes of the type of cash flow CLOs that we manage has been unprecedented even during the credit crisis in 2008 and 2009.

On March 5, 2021, the UK Financial Conduct Authority announced that it would phase out LIBOR as a benchmark immediately after December 31, 2021, for sterling, euro, Japanese yen, Swiss franc and 1-week and 2-month U.S. Dollar settings and immediately after June 30, 2023, the remaining U.S. Dollar settings. As of March 31, 2022, the Company had direct exposure to U.S. Dollar LIBOR-linked interest rate settings through its 2020 Credit Agreement, and certain CLO Investments and associated CLO Investment Loans.

In the first quarter of 2020, we formed an internal LIBOR Transition Working Group to help effectuate an orderly transition from LIBOR. To address LIBOR cessation, the 2020 Credit Agreement provides for an agreed upon methodology to establish a new floating rate reference plus new applicable spreads. Each of the Company’s CLO Investments and CLO Investments Loans that reference U.S. Dollar LIBOR settings will also be transitioned to an alternative reference rate. This transition will either be carried out through hardwired replacement mechanisms and/or amendment procedures in the existing governing documents for such CLO Investments and CLO Investments Loans or as a result of New York statutory process (the “New York LIBOR Legislation”) which was signed into law on April 6, 2021. Additionally, the firm is pursuing several technology initiatives to ensure that firm-wide accounting and master data systems are equipped to handle evolving market conventions associated with regulatory recommended reference rates. We expect to complete these technology initiatives in the first half of 2022 and will continue to monitor for any future changes in market standards. Our senior management has oversight of the Company’s transition efforts, and periodic updates are provided to the Audit Committee of our Board of Directors. For the face value of instruments impacted by the LIBOR transition that we hold on our books see Note 7 to our consolidated financial statements included in this report. See “Part I, Item 1A. Risk Factors—Risks Related to Our Business—*The replacement of LIBOR with an alternative reference rate, may adversely affect our credit arrangements and our collateralized loan obligation transactions*” in our Annual Report for additional information.

### ***Our Funds’ Liquidity and Capital Resources***

Our funds have access to liquidity from our prime brokers and other counterparties. Additionally, our funds may have committed facilities in addition to regular financing from our counterparties. These sources of liquidity provide our funds with additional financing resources, allowing them to take advantage of opportunities in the global marketplace.

Our funds’ current liquidity position could be adversely impacted by any substantial, unanticipated investor redemptions from our funds that are made within a short time period. As discussed above in “—AUM and Fund Performance,” capital contributions from investors in our multi-strategy and open-end opportunistic credit funds generally are subject to initial lock-up periods of one to three years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days’ prior written notice. These lock-ups and

redemption notice periods help us to manage our liquidity position. Investors in our other funds are generally not allowed to redeem until the end of the life of the fund.

We also follow a rigorous risk management process and regularly monitor the liquidity of our funds' portfolios in relation to economic and market factors and the timing of potential investor redemptions. As a result of this process, we may determine to reduce exposure or increase the liquidity of our funds' portfolios at any time, whether in response to global economic and market conditions, redemption requests or otherwise. For these reasons, we believe we will be well prepared to address market conditions and redemption requests, as well as any other events, with limited impact on our funds' liquidity position. Nevertheless, significant redemptions made during a single quarter could adversely affect our funds' liquidity position, as we may meet redemptions by using our funds' available cash or selling assets (possibly at a loss). Such actions would result in lower AUM, which would reduce the amount of management fees and incentive income we may earn. Our funds could also meet redemption requests by increasing leverage, provided we are able to obtain financing on reasonable terms, if at all. We believe our funds have sufficient liquidity to meet any anticipated redemptions for the foreseeable future.

#### *Liquidity of Consolidated SPAC*

The restricted cash and cash equivalents of our consolidated SPAC are held in a trust account and include money market funds consisting of U.S. Treasury bills with original maturities of 60 days or less when purchased, that were purchased with funds raised through the initial public offering of the consolidated entity. The \$234.6 million in funds as of March 31, 2022, are restricted for use and may only be used for purposes of completing an initial business combination or redemption of public shares as set forth in the SPAC trust agreement.

#### *Liquidity of Structured Alternative Investment Solution*

The cash and cash equivalents of our consolidated structured alternative investment solution of \$343.5 million were generated as a result of issuance of notes payable in the first quarter of 2022 and are expected to be invested in funds managed by us in the following quarters. These cash and cash equivalents are of the consolidated entity and do not directly impact the cash flows related to our Class A Shareholders.

#### *Cash Flows Analysis*

**Operating Activities.** Net cash from operating activities for the three months ended March 31, 2022 and 2021 was \$(91.2) million and \$266.9 million, respectively. Our net cash flows from operating activities are generally comprised of current-year management fees, the collection of incentive income earned during the fourth quarter of the previous year, interest income collected on our investments in CLO's, less cash used for operating expenses, including interest paid on our debt obligations. Also contributing to lower cash inflows in 2022 were the investing activities of the entities we consolidate. These cash flows are of the consolidated entities and do not directly impact the cash flows related to our Class A Shareholders.

Net cash flows from operating activities for the three months ended March 31, 2022 decreased from the prior year period due to lower year-end incentive income earned in 2021 than in 2020, a large portion of the 2021 incentive was collected in the beginning of 2022, as compared to year-end incentive income earned in 2020, a large portion of which was collected in the beginning of 2021. Additionally, discretionary bonuses were higher in 2021, which were paid in the first quarter of 2022, as compared to discretionary bonuses in 2020, which were paid in the first quarter of 2021. These decreases were partially offset by the collection of more incentive income from our real estate funds in 2022 compared to 2021.

**Investing Activities.** Net cash from investing activities for the three months ended March 31, 2022 and 2021 was \$178.0 million, and \$(22.4) million, respectively. Investing cash outflows in 2022 and 2021 primarily related to purchases of U.S. government obligations and investments made in our funds, partially offset by maturities and sales of U.S. government obligations.

**Financing Activities.** Net cash from financing activities for the three months ended March 31, 2022 and 2021 was \$221.9 million, and \$(230.0) million, respectively. Net cash from financing activities is generally comprised of dividends paid to our Class A Shareholders, borrowings and repayments related to our debt obligations, repurchases of treasury shares, and proceeds from repurchase agreements used to finance risk retention investments in our CLOs. Distributions to our executive managing directors on their Group A Units (prior to the Distribution Holiday), are also included in net cash from financing

activities. Also contributing to higher cash inflows in 2022 were the financing activities of the entities we consolidate. These cash flows are of the consolidated entities and do not directly impact the cash flows related to our Class A Shareholders.

In the three months ended March 31, 2022, no repayments of the 2020 Term Loan were made, compared to repayments of \$174.4 million in the three months ended March 31, 2021. Additionally, in the three months ended March 31, 2022, we entered into \$20.4 million of repurchase agreements to finance or refinance risk retention investments in our European CLOs. Further, in the three months ended March 31, 2022, we repurchased \$6.2 million of Class A shares as a part of our share repurchase program and our consolidated structured alternative investment solution issued \$215.7 million of notes payable.

No dividends were paid to our Class A Shareholders in the three months ended March 31, 2022, compared to dividends of \$56.0 million paid to our Class A Shareholders in the three months ended March 31, 2021. No distributions were made to our executive managing directors in the three months ended March 31, 2022 or March 31, 2021, as a result of the Distribution Holiday.

### **Critical Accounting Estimates**

Critical accounting estimates are those that require us to make significant judgments, estimates or assumptions that affect amounts reported in our financial statements or the notes thereto. We base our judgments, estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable and prudent. Actual results may differ materially from these estimates. See Note 2 to our consolidated financial statements included in this report for a description of our accounting policies. Set forth below is a summary of what we believe to be our most critical accounting policies and estimates.

### ***Fair Value of Investments***

The valuation of investments held by our funds is the most critical estimate made by management impacting our results. Pursuant to specialized accounting for investment companies under GAAP, investments held by the funds are carried at their estimated fair values. The valuation of investments held by our funds has a significant impact on our results, as our management fees and incentive income are generally determined based on the fair value of these investments.

GAAP prioritizes the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of assets and liabilities and the specific characteristics of the assets and liabilities. Assets and liabilities with readily available, actively quoted prices (Level I) or for which fair value can be measured from actively quoted prices (Level II) generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value than those measured using pricing inputs that are unobservable in the market (Level III). See Note 4 to our consolidated financial statements included in this report for additional information regarding fair value measurements.

As of March 31, 2022, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our securitization vehicles) were classified within the fair value hierarchy as follows: approximately 40% within Level I; approximately 40% within Level II; and approximately 20% within Level III. As of December 31, 2021, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our securitization vehicles) were classified within the fair value hierarchy as follows: approximately 40% within Level I; approximately 41% within Level II; and approximately 19% within Level III. The percentage of our funds' assets and liabilities within the fair value hierarchy will fluctuate based on the investments made at any given time and such fluctuations could be significant. A portion of our funds' Level III assets relate to Special Investments or other investments on which we do not earn any incentive income until such investments are sold or otherwise realized. Upon the sale or realization event of these assets, any realized profits are included in the calculation of incentive income for such year. Accordingly, the estimated fair value of our funds' Level III assets may not have any relation to the amount of incentive income actually earned with respect to such assets.

***Valuation of Investments.*** Fair value represents the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants as of the measurement date. The fair value of our funds' investments is based on observable market prices when available. We, as the investment manager of our funds, determine the fair value of investments that are not actively traded on a recognized securities exchange or otherwise lack a readily ascertainable market value. The methods and procedures to value these investments may include the following: performing

comparisons with prices of comparable or similar securities; obtaining valuation-related information from the issuers; calculating the present value of future cash flows; assessing other analytical data and information relating to the investment that is an indication of value; obtaining information provided by third parties; and evaluating financial information provided by the management of these investments.

Significant judgment and estimation go into the assumptions that drive our valuation methodologies and procedures for assets that are not actively traded on a recognized securities exchange or otherwise lack a readily ascertainable market value. The valuation of investments can be more difficult when severe economic and market shocks occur. The COVID-19 pandemic is an example of such a shock. The actual amounts ultimately realized could differ materially from the values estimated based on the use of these methodologies. Realizations at values significantly lower than the values at which investments have been reflected could result in losses at the fund level and a decline in future management fees and incentive income. Such situations may also negatively impact fund investor perception of our valuation policies and procedures, which could result in redemptions and difficulties in raising additional capital.

We have established an internal control infrastructure over the valuation of financial instruments that includes ongoing oversight by our Valuation Controls Group and Valuation Committee, as well as periodic audits by our Internal Audit function. These management control functions are segregated from the trading and investing functions.

The Valuation Committee is responsible for establishing the valuation policy and monitors compliance with the policy, ensuring that all of the funds' investments reflect fair value, as well as providing oversight of the valuation process. The valuation policy includes, but is not limited to the following: determining the pricing sources used to value specific investment classes; the selection of independent pricing services; performing due diligence of independent pricing services; and the classification of investments within the fair value hierarchy. The Valuation Committee reviews a variety of reports on a monthly basis, which include the following: summaries of the sources used to determine the value of the funds' investments; summaries of the fair value hierarchy of the funds' investments; methodology changes and variance reports that compare the values of investments to independent pricing services. The Valuation Committee is independent from the investment professionals and may obtain input from investment professionals for consideration in carrying out its responsibilities.

The Valuation Committee has assigned the responsibility of performing price verification and related quality controls in accordance with the valuation policy to the Valuation Controls Group. The Valuation Controls Group's other responsibilities include the following: overseeing the collection and evaluation of counterparty prices, broker-dealer quotations, exchange prices and pricing information provided by independent pricing services. Additionally, the Valuation Controls Group is responsible for performing back testing by comparing prices observed in executed transactions to valuations provided by independent pricing service providers on a monthly basis; performing stale pricing analysis on a monthly basis; performing due diligence reviews on independent pricing services on an annual basis; and recommending changes in valuation policies to the Valuation Committee. The Valuation Controls Group also verifies that indicative broker quotations used to value certain investments are representative of fair value through procedures such as comparison to independent pricing services, back testing procedures, review of stale pricing reports and performance of other due diligence procedures as may be deemed necessary.

Investment professionals and members of the Valuation Controls Group review a daily profit and loss report, as well as other periodic reports that analyze the profit and loss and related asset class exposure of the funds' investments.

The Internal Audit function employs a risk-based program of audit coverage that is designed to provide an assessment of the design and effectiveness of controls over our operations, regulatory compliance, valuation of financial instruments and reporting. Additionally, the Internal Audit function meets periodically with management and the Audit Committee of our Board of Directors to evaluate and provide guidance on the existing risk framework and control environment assessments.

For information regarding the impact that the fair value measurement of AUM has on our results, please see "Part I—Item 3. Quantitative and Qualitative Disclosures About Market Risk."

### ***Recognition of Incentive Income***

The determination of whether to recognize incentive income under GAAP requires a significant amount of judgment regarding whether it is probable that a significant revenue reversal of incentive income that we are potentially entitled to as of a

point in time will not occur in future periods, which would preclude the recognition of such amounts as incentive income. Management considers a variety of factors when evaluating whether the recognition of incentive income is appropriate, including: the performance of the fund, whether we have received or are entitled to receive incentive income distributions and whether such amounts are restricted, the investment period and expected term of the fund, where the fund is in its life-cycle, the volatility and liquidity of investments held by the fund, our team's experience with similar investments and potential sales of investments within the fund. Management continuously evaluates whether there are additional considerations that could potentially impact the recognition of incentive income and notes that the recognition, and potential reversal, of incentive income is subject to potentially significant variability due to changes to the aforementioned considerations. See Note 11 for details on amounts recognized and deferred for incentive income.

### ***Variable Interest Entities***

The determination of whether or not to consolidate a variable interest entity under GAAP requires a significant amount of judgment concerning the degree of control over an entity by its holders of variable interests. To make these judgments, management has conducted an analysis, on a case-by-case basis, of whether we are the primary beneficiary and are therefore required to consolidate the entity. Management continually reconsiders whether we should consolidate a variable interest entity. Upon the occurrence of certain events, such as investor redemptions or modifications to fund organizational documents and investment management agreements, management will reconsider its conclusion regarding the status of an entity as a variable interest entity.

### ***Income Taxes***

We use the asset and liability method of accounting for deferred income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred income tax asset will not be realized.

Substantially all of our deferred income tax assets relate to the goodwill and other intangible assets deductible for tax purposes by Sculptor Corp that arose in connection with the purchase of Group A Units with proceeds from the 2007 Offerings, subsequent exchanges of Group A Units for Class A Shares and subsequent payments made under the tax receivable agreement, in addition to any related net operating loss carryforward. In accordance with relevant provisions of the Code, we expect to take these goodwill and other intangible deductions over the 15-year period following the 2007 Offerings and subsequent exchanges, as well as an additional 20-year loss carryforward period available to us for net operating losses generated prior to 2018 and indefinite carryforward period for net operating losses generated beginning in 2018, in order to fully realize the deferred income tax assets. Our analysis of whether we expect to have sufficient future taxable income to realize these deductions is based solely on estimates over this period.

Sculptor Corp generated taxable loss of \$15.4 million for the three months ended March 31, 2022, before taking into account deductions related to the amortization of the goodwill and other intangible assets. We determined that we would need to generate taxable income of at least \$831.4 million over the remaining two-year weighted-average amortization period, as well as an additional 20-year loss carryforward period available for expiring losses, in order to fully realize the deferred income tax assets. Using the estimates and assumptions discussed below, we expect to generate sufficient taxable income over the remaining amortization and loss carryforward periods available to us in order to fully realize the deferred income tax assets.

To generate \$831.4 million in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on estimated AUM of \$38.4 billion as of April 1, 2022, we would need to generate a minimum compound annual growth rate in AUM of less than 3% over the period for which the taxable income estimate relates to fully realize the deferred income tax assets, assuming no performance-related growth, and therefore no incentive income. The assumed nature and amount of this estimated growth rate are not based on historical results or current expectations of future growth; however, the other assumptions underlying the taxable income estimates, are based on our near-term operating budget. If our actual growth rate in AUM falls below this minimum threshold for any extended time during the period for which these estimates relate and we do not otherwise experience offsetting growth rates in other periods, we may not generate taxable income sufficient to realize the deferred income tax assets and may need to record a valuation allowance.

Management regularly reviews the model used to generate the estimates, including the underlying assumptions. If it determines that a valuation allowance is required for any reason, the amount would be determined based on the relevant circumstances at that time. To the extent we record a valuation allowance against our deferred income tax assets related to the goodwill and other intangible assets, we would record a corresponding decrease in the liability under the tax receivable agreement equal to approximately 69% of such amount; therefore, our consolidated net income (loss) would only be impacted by 31% of any valuation allowance recorded against the deferred income tax assets.

Actual taxable income may differ from the estimate described above, which was prepared solely for determining whether we currently expect to have sufficient future taxable income to realize the deferred income tax assets. Furthermore, actual or estimated future taxable income may be materially impacted by significant changes in AUM, whether as a result of fund investment performance or fund investor contributions or redemptions, significant changes to the assumptions underlying our estimates, future changes in income tax law, state income tax apportionment or other factors.

As of March 31, 2022, we had \$229.9 million of net operating losses available to offset future taxable income for federal income tax purposes that will expire between 2031 and 2037, and \$212.4 million of net operating losses available to be carried forward without expiration. Additionally, \$196.5 million of net operating losses are available to offset future taxable income for state income tax purposes and \$192.7 million for local income tax purposes that will expire between 2035 and 2042.

Based on the analysis set forth above, as of March 31, 2022, we have determined that it is not necessary to record a valuation allowance with respect to our deferred income tax assets related to the goodwill and other intangible assets deductible for tax purposes, and any related net operating loss carryforward. However, we have determined that we may not realize certain foreign income tax credits and accordingly, a valuation allowance of \$6.2 million has been established for these items.

***Impact of Recently Adopted Accounting Pronouncements on Recent and Future Trends***

No changes to GAAP that went into effect during the three months ended March 31, 2022, are expected to substantively impact our future trends.

***Expected Impact of Future Adoption of New Accounting Pronouncements on Future Trends***

None of the changes to GAAP that have been issued but that we have not yet adopted are expected to substantively impact our future trends.

## Economic Income Reconciliations

The tables below present the reconciliations of total Economic Income and its components to the respective GAAP measures for the periods presented in this MD&A:

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
<b>Net Income (Loss) Attributable to Class A Shareholders—GAAP</b>	<b>\$ 16,882</b>	<b>\$ (20,293)</b>
Change in redemption value of redeemable noncontrolling interests	(3,068)	—
<b>Net Income (Loss) Allocated to Sculptor Capital Management, Inc.—GAAP</b>	<b>13,814</b>	<b>(20,293)</b>
Net loss allocated to Group A Units	(12,663)	(19,253)
Equity-based compensation, net of RSUs settled in cash	22,737	30,202
Adjustment to recognize deferred cash compensation in the period of grant	8,580	8,995
2020 Term Loan non-cash discount accretion	246	434
Income taxes	6,967	(1,715)
Changes in fair value of warrant liabilities	(24,336)	24,944
Net losses on retirement of debt	—	23,673
Net losses (gains) on investments	5,344	(5,362)
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	7,271	(2,498)
Changes in tax receivable agreement liability	7	(580)
Depreciation, amortization and net gains and losses on fixed assets	1,394	1,735
Other adjustments	(160)	653
<b>Economic Income—Non-GAAP</b>	<b>\$ 29,201</b>	<b>\$ 40,935</b>

## Economic Income Revenues

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
Management fees—GAAP	\$ 73,437	\$ 73,961
Adjustment to management fees <sup>(1)</sup>	(5,680)	(4,891)
<b>Management Fees—Economic Income Basis—Non-GAAP</b>	<b>67,757</b>	<b>69,070</b>
Incentive income—Economic Income Basis—GAAP	21,642	47,804
Adjustment to incentive income <sup>(2)</sup>	(73)	—
<b>Incentive Income—Economic Income Basis—Non-GAAP</b>	<b>21,569</b>	<b>47,804</b>
Other revenues—Economic Income Basis—GAAP	2,430	1,581
Adjustment to other revenues <sup>(3)</sup>	(990)	—
<b>Other Revenues—Economic Income Basis—Non-GAAP</b>	<b>1,440</b>	<b>1,581</b>
<b>Total Revenues—Economic Income Basis—Non-GAAP</b>	<b>\$ 90,766</b>	<b>\$ 118,455</b>

(1) Adjustment to present management fees net of recurring placement and related service fees, as management considers these fees a reduction in management fees, not an expense.

(2) Adjustment to exclude the impact of eliminations related to the consolidated entities.

(3) Adjustment for subrental income as management considers the revenue to be an offset to rent expense.

### Economic Income Expenses

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
Compensation and benefits—GAAP	\$ 77,785	\$ 89,234
Adjustment to compensation and benefits <sup>(1)</sup>	(38,588)	(36,699)
<b>Compensation and Benefits—Economic Income Basis—Non-GAAP</b>	<b>\$ 39,197</b>	<b>\$ 52,535</b>
Interest expense—GAAP	\$ 3,285	\$ 4,868
Adjustment to interest expense <sup>(2)</sup>	(246)	(434)
<b>Interest Expense—Economic Income Basis—Non-GAAP</b>	<b>\$ 3,039</b>	<b>\$ 4,434</b>
General, administrative and other expenses—GAAP	\$ 27,316	\$ 27,376
Adjustment to general, administrative and other expenses <sup>(3)</sup>	(7,989)	(6,825)
<b>General, Administrative and Other Expenses—Economic Income Basis—Non-GAAP</b>	<b>\$ 19,327</b>	<b>\$ 20,551</b>

- (1) Adjustment to exclude equity-based compensation, as management does not consider these non-cash expenses to be reflective of our operating performance. The fair value of RSUs that are settled in cash to employees or executive managing directors, where the number of RSUs to be settled in cash is not certain at the time of the grant, is included as an expense at the time of settlement. Where the number of RSUs to be settled in cash is certain on the grant date, the expense is recognized during the performance period to which the award relates. In addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Deferred cash compensation is expensed in full during the performance period to which the award relates for Economic Income, rather than over the service period for GAAP.
- (2) Adjustment to exclude amounts related to non-cash interest expense accretion on debt. The 2020 Term Loan and the Debt Securities were each recognized at a significant discount, as proceeds from each borrowing were allocated to warrant liabilities and the 2019 Preferred Units, respectively, resulting in non-cash accretion to par over time through interest expense for GAAP. Management excludes these non-cash expenses from Economic Income, as it does not consider it to be reflective of our economic borrowing costs.
- (3) Adjustment to exclude depreciation, amortization, and losses on fixed assets, as management does not consider these items to be reflective of our operating performance. Impairment of right-of-use lease assets is excluded from Economic Income at the time impairment is recognized for GAAP and the impact is then amortized for Economic Income over the lease term. Further, rent expense is offset by subrental income. Additionally, recurring placement and related service fees are excluded, as management considers these fees a reduction in management fees, not an expense.

### Distribution Holiday Economic Income Reconciliation

The table below presents the reconciliation of Distribution Holiday Economic Income to net income (loss) attributable to Class A Shareholders from October 1, 2018, to March 31, 2022.

	<b>From October 1, 2018 to March 31, 2022</b>
	<b>(dollars in thousands)</b>
Net income attributable to Class A shareholders	\$ 229,396
Change in redemption value of redeemable noncontrolling interests and Preferred Units	(14,556)
<b>Net Income Allocated to Sculptor Capital Management, Inc.—GAAP</b>	<b>214,840</b>
Net loss allocated to Group A Units	(77,511)
Equity-based compensation, net of RSUs settled in cash	269,005
Adjustment to recognize deferred cash compensation in the period of grant	(31,755)
2020 Term Loan and Debt Securities non-cash discount accretion	20,237
Income taxes	142,928
Changes in fair value of warrant liabilities	10,672
Net losses on retirement of debt	41,584
Net gains on investments	(18,854)
Impairment of right-of-use asset	11,240
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	418
Changes in tax receivable agreement liability	4,805
Depreciation, amortization and net gains and losses on fixed assets	28,625
Other adjustments	4,991
Less: Dividends paid on 2019 Preferred Units	(6,952)
Less: Dividends to Class A Shareholders declared with respect to such periods	(118,143)
<b>Distribution Holiday Economic Income—Non-GAAP</b>	<b>\$ 496,130</b>

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our predominant exposure to market risk is related to our role as general partner or investment manager for the funds, and the sensitivities to movements in the fair value of their investments that may adversely affect our management fees and incentive income.

The quantitative information provided in this section was prepared using estimates and assumptions that management believes are reasonable to provide an indication of the directional impact that a hypothetical adverse movement in certain risks would have on net income attributable to Class A Shareholders. The actual impact of a hypothetical adverse movement in these risks could be materially different from the amounts shown below.

### **Management of Market Risk**

Risk management is highly integrated with our investment process and the operations of our business. Our approach to investing and managing risk is based on (i) proactive risk management, (ii) preservation of capital, (iii) dynamic capital allocation and (iv) expertise across strategies and geographies. We constantly monitor risk and have instituted a formal and consistent process to disseminate information, conduct informed debate, and take proactive or responsive action across our portfolios. In addition to our formalized process, we conduct custom studies and optimizations for various groups on an as-needed, ad hoc basis such as bespoke hedge solutions, pre-trade what-if analysis, and portfolio rebalance alternatives. Our goal is to preserve capital during periods of market decline and generate competitive investment performance in rising markets. We use sophisticated risk tools and active portfolio management to govern exposures to market and other risk factors. We adhere strictly to each fund's mandate and provisions with respect to leverage. We are knowledgeable about the risks of fund leverage, respectful of its limits, and judicious in our application. We allocate to individual investments based on a thorough analysis of the risk/reward for each opportunity under consideration and the investment objectives for each of our funds. When managing our funds' exposure to market risks, we may from time to time use hedging strategies and various forms of derivative instruments to limit the funds' exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates, currency exchange rates and commodity prices.

### **Changes in Fair Value**

Fair value of the financial assets and liabilities of our funds may fluctuate in response to changes in the value of investments, foreign currency exchange rates, commodity prices, and interest rates, among other factors. The fair value changes in the financial assets and liabilities of our funds may affect the amount of our AUM and may impact the amount of management fees and incentive income we may earn from the funds.

The amount of our AUM in our multi-strategy and opportunistic credit funds is generally based on net asset value (plus unfunded commitments in certain cases). A 10% change in the fair value of the net assets held by our funds as of March 31, 2022 and December 31, 2021, would have both resulted in changes of approximately \$1.7 billion in AUM. AUM for our real estate funds and securitization vehicles is not based on net asset value.

### **Impact on Management Fees**

Management fees for our multi-strategy and opportunistic credit funds are generally based on the net asset value of those funds. Accordingly, management fees will generally change in proportion to changes in the fair value of investments held by these funds. Management fees for our real estate funds and securitization vehicles are not based on net asset value; therefore, management fees are not directly impacted by changes in the fair value of investments held by those funds.

A hypothetical 10% decline in the fair value of the net assets held by our funds would have resulted in a reduction of management fees by approximately \$5.2 million in the three months ended March 31, 2022 and \$4.9 million in the three months ended March 31, 2021.

### **Impact on Incentive Income**

Incentive income for our funds is generally based on a percentage of profits generated by our funds over a commitment period, which is impacted by global market conditions and other factors. Major factors that influence the degree of impact include how the investments held by our funds are impacted by changes in the market and the extent to which any hurdle rates or high-water marks impact our ability to earn incentive income. Consequently, incentive income cannot be readily predicted or estimated.

A 10% change in the fair value of the net assets held by our funds as of the end of any year could significantly affect our incentive income. We do not earn incentive income on unrealized gains attributable to Special Investments and certain other investments, and therefore a change in the fair value of those investments would have no effect on incentive income until such investments are sold or otherwise realized.

### **Exchange Rate Risk**

Changes in currency rates will impact the carrying value of financial instruments denominated in currencies other than the U.S. dollar. We hold certain cash and risk retention investments in the European CLOs as well as related financing (CLO Investments Loans and repurchase agreements) denominated in non-U.S. dollar currencies, which may be affected by movements in the rate of exchange between the U.S. dollar and foreign currencies. Additionally, a portion of our operating expenses and management fees are denominated in non-U.S. dollar currencies. We manage our exposure to exchange rate risks through our regular operating activities, wherein we may align foreign currency payments and receipts, and when appropriate, through the use of derivative financial instruments to economically hedge certain foreign currency exposure, although the impact of these were not material in 2022 and 2021.

We estimate that as of March 31, 2022 and 2021, a hypothetical 10% weakening or strengthening of the U.S. dollar against all foreign currency rates would not have a material direct impact on our revenues, net income attributable to Class A Shareholders or Economic Income. The impact on cash flows from financial instruments would be insignificant.

Our investment funds hold investments that are denominated in non-U.S. dollar currencies that may be affected by movement in the rate of exchange between the U.S. dollar and non-U.S. dollar currencies. The funds may seek to hedge resulting currency exposure through borrowings in foreign currencies or through the use of derivative financial instruments.

### **Interest Rate Risk**

Borrowings under the 2020 Term Loan and our investments in CLOs accrue interest at variable rates. Interest rate changes may therefore affect the amount of our interest payments, future earnings and cash flows. We estimate that as of March 31, 2022 and 2021, a hypothetical one percentage increase or decrease in variable interest rates would not have a material direct impact on our annual interest income, interest expense, net income attributable to Class A Shareholders or Economic Income. A tightening of credit and an increase in prevailing interest rates could make it more difficult for us to raise capital and sustain the growth rate of the funds.

Our investment funds hold investments that may be affected by changes in interest rates. A material increase in interest rates would be expected to negatively affect valuation of investments that accrue interest at fixed rates. The actual impact would be dependent upon the average duration of fixed income holdings at the time and may be partially offset by the use of derivative financial instruments and higher interest income on variable rate securities. For funds that pay management fees based on net asset value, we estimate that our management fees would change proportionally with such increases or decreases in net asset value.

### **Credit Risk**

Credit risk is the risk that counterparties or debt issuers may fail to fulfill their obligations or that the collateral value may become inadequate to cover our exposure. We manage credit risk by monitoring the credit exposure to and the creditworthiness of counterparties, requiring additional collateral where appropriate.

## **Item 4. Controls and Procedures**

### **Effectiveness of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as

appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2022, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level as of March 31, 2022.

#### **Changes in Internal Control over Financial Reporting**

There were no changes to our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred in the first quarter of 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are from time to time involved in litigation and claims incidental to the conduct of our business. Like other businesses in our industry, we are subject to extensive scrutiny by regulatory agencies globally that have, or may in the future have, regulatory authority over us and our business activities. This has resulted in, or may in the future result in, regulatory agency investigations, litigation and subpoenas, and related sanctions and costs. While no such litigation currently exists, it is possible that we may face shareholder litigation relating to the matters raised in a former Board member's resignation letter dated January 30, 2022. We believe any such claim would be without merit for, among other reasons, those described in our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 3, 2022, as amended, and our proxy statement filed with the Securities and Exchange Commission on April 29, 2022, and we intend to vigorously defend any such claim if brought. See "Part I, Item 1A. Risk Factors—Risks Related to Our Business—Regulatory changes in jurisdictions outside the U.S. could adversely affect our business" in our Annual Report. See Note 16 to our consolidated financial statements included in this report for additional information.

### Item 1A. Risk Factors

Please see "Item 1A. Risk Factors" in our Annual Report for a discussion of the risks material to our business.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

The following table summarizes our Class A Share repurchase activity under our 2022 Share Repurchase Program during the first quarter of 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased Publicly as part of Publicly Announced Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Programs (\$ in millions)
January 2022	—	\$ —	—	\$ —
February 2022	—	—	—	—
March 2022	473,719	13.19	473,719	93.8
<b>Total</b>	<b>473,719</b>	<b>\$ 13.19</b>	<b>473,719</b>	<b>\$ 93.8</b>

In February 2022, our Board of Directors authorized us to repurchase up to \$100.0 million of our outstanding common stock. The repurchase program has no expiration date. As of March 31, 2022, we repurchased 473,719 Class A Shares at a cost of \$6.2 million, for an average price of \$13.19 per share through open market purchase transactions. As of March 31, 2022, \$93.8 million remained available for repurchase of our common stock under the share repurchase program. All of the repurchased shares are classified as treasury stock in our consolidated balance sheets.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

None.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#"><u>10.1*+</u></a>	<a href="#"><u>Partner Agreement Between Sculptor Capital LP and Hap Pollard, dated December 15, 2021.</u></a>
<a href="#"><u>10.2*+</u></a>	<a href="#"><u>Partner Agreement Between Sculptor Capital Advisors LP and Hap Pollard, dated December 15, 2021.</u></a>
<a href="#"><u>10.3*+</u></a>	<a href="#"><u>Partner Agreement Between Sculptor Capital Advisors II LP and Hap Pollard, dated December 15, 2021.</u></a>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.</u></a>
<a href="#"><u>32.1**</u></a>	<a href="#"><u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101*	The following financial information from the Quarterly Report on Form 10-Q for the three months ended March 31, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Changes in Shareholders' Equity (Deficit); (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)
*	Filed herewith
**	Furnished herewith
+	Management contract or compensatory plan or arrangement

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 6, 2022

SCULPTOR CAPITAL MANAGEMENT, INC.

By: /s/ Dava Ritchea

Dava Ritchea

Chief Financial Officer and Executive Managing Director

**Partner Agreement Between  
Sculptor Capital LP and Hap Pollard**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this "Agreement") dated as of December 15, 2021 (the "Promotion Date") reflects the agreement of Sculptor Capital LP (the "Partnership") and Hap Pollard (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Promotion Date; (ii) the grant by the Partnership to the Limited Partner on February 1, 2022 of one Class E-6 Common Unit (as defined below) under the Sculptor Capital Management Group LLC 2013 Incentive Plan (as amended, modified, supplemented or restated from time to time), or any predecessor or successor plan (the "Sculptor Incentive Plan"); (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) grants of Class A restricted share units ("RSUs") under the Sculptor Incentive Plan and (B) cash distributions, including both cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"); (iv) a one time sign-on grant of RSUs under the Sculptor Incentive Plan and (v) the Limited Partner's rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of February 7, 2019 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner; Title; Reporting; Quarterly Payments.

(a) Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(g) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class E Common Units, which shall be "Class E-6 Common Units". On the Promotion Date, the Limited Partner shall be admitted as a limited partner of the Partnership and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and, on February 1, 2022, the Partnership shall issue to the Limited Partner one Class E-6 Common Unit (the "Initial Class E Common Unit") pursuant to and subject to the Sculptor Incentive Plan. The Limited Partner agrees to be bound by the terms and provisions of the Limited Partnership Agreement as of the Promotion Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. The Limited Partner's initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following the admission of the Limited Partner to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. The Limited Partner hereby agrees not to exchange the Initial Class E Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon the Promotion Date, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner.

(c) Final Salary Payments. The Limited Partner shall receive from Sculptor Capital LP, (i) on or about December 31, 2021, a cash payment of \$20,833 and (ii) on or about

January 1, 2022, a cash payment of \$125,000, which shall be treated as the Limited Partner's final employment salary payments; each of the payments in (i) and (ii) shall be subject to wage withholding and other employment taxes.

(d) Quarterly Payments. Commencing April 1, 2022, and while the Limited Partner is an Active Individual LP, Sculptor Capital LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner's discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment.

(d) Benefits. Commencing January 1, 2022, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners, as such terms may be amended from time to time by the Partnership and its Affiliates in their sole discretion.

## 2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with respect to each Fiscal Year commencing with Fiscal Year 2021 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, Sculptor Capital Advisors LP ("SCA") and/or Sculptor Capital Advisors II LP ("SCAII" and, together with the Partnership and SCA, the "Operating Partnerships") (in aggregate, the "Performance Award Amount," and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year), which may be provided in a combination of (x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the "Unit Percentage").

(b) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the "Target Allocation Percentages"), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 75% of the Total Annual Amount for any Fiscal Year.

<b>Payments &amp; Distributions comprising the Total Annual Amount</b>	<b>Target Allocation Percentage</b>
Current Cash (including Quarterly Payments)	75%
Deferred Cash Interests and/or Annual RSU Award	25%

For purposes of determining the Total Annual Amount and Current Cash for Fiscal Year 2021, the Quarterly Payments in respect of Fiscal Year 2021 shall be deemed to be equal to the sum of the amount of base salary received by the Limited Partner from Sculptor Capital LP for the Fiscal Year 2021 and the portion of the final salary payment received under Section 1(c)(i) above, and Quarterly Payments in respect of Fiscal Year 2022 shall be deemed to be equal to the sum of the portion of the final salary payment received under Section 1(c)(ii) above and the Quarterly Payments received for Fiscal Year 2022.

(c) Awards. In order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a "Withdrawal due to Resignation") on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, whether any Performance Award Amount will be granted to the Limited Partner for any particular Fiscal Year, and the amount of any such Performance Award Amount, if any, for such Fiscal Year, shall be determined in the sole discretion of the PMC Chairman based on any considerations the PMC Chairman determines to be appropriate, including, but not limited to, the Limited Partner's performance, the overall performance and growth of Sculptor and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which the Limited Partner may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) on or about January 31 of the following Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more Sculptor Funds (as defined in the DCI Plan) in accordance with the DCI

Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as a distribution of Net Income allocated to a Class C Non-Equity Interest in accordance with the Limited Partnership Agreement or pursuant to a different arrangement structured by the General Partner in its sole discretion.

Notwithstanding the above, the Current Cash portion of the Performance Cash Distribution paid with respect to Fiscal Year 2021, shall be paid by Sculptor Capital LP with respect to the Limited Partner's 2021 employment, at such time as Sculptor Capital LP pays bonuses to its employees (which date shall be no later than January 31, 2022) and shall be subject to wage withholding and other employment taxes

#### 4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by the Partnership to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Sculptor Incentive Plan (an "Annual RSU Award") equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Sculptor Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Administrator (as defined in the Sculptor Incentive Plan), either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and the Partnership will enter into an Award Document in the form prescribed by the Administrator (as defined in the Sculptor Incentive Plan), consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Sculptor Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. The Distribution Equivalents shall be settled on the same date as the RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term "RSU Equivalent Amount" shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term "RSU Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) trading day period ending (and including) January 11 (or the next trading day in the event that January 11 is not a trading day) of the year in which the award is granted.

For example, if the Limited Partner's Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period ending January 11 of the year of grant is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ( $(\$1,000,000 / \$25.00) = 40,000$  RSUs).

5. Sign-On RSU Grant.

(a) The Limited Partner shall be entitled to receive a grant of 50,000 RSUs made by the Partnership under the Sculptor Incentive Plan (the "Sign-On RSUs"), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Sculptor Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as reasonably practicable on or about the Promotion Date; provided that, as a condition to receiving the grant of Sign-On RSUs, the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest 25% on January 1, 2023, 25% on January 1, 2024, 25% on January 1, 2025 and 25% on January, 2026; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that if the Limited Partner ceases to be an Active Individual LP due to the Limited Partner's death or Disability, any unvested Sign-On RSUs shall remain outstanding and continue to vest on the vesting date (or vesting dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's (or the Limited Partner's legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share. As will be set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class E Common Unit. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts, and the Limited Partner's or their Initial Class E Common Unit: (A) the Initial Class E Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class E Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class E Common Unit (or any Class A Common Unit acquired in

respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests awarded to the Limited Partner shall vest on January 1 of the calendar year following the grant date of the relevant award agreement and, thereafter, on the first and second anniversaries of such initial vesting date, provided that (i) the Limited Partner will have no right to any unvested Deferred Cash Interests on any such vesting date if the Limited Partner is not an Active Individual LP on such vesting date, except that the unvested Deferred Cash Interests shall not be forfeited and shall vest on the date such Deferred Cash Interests would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 1 of the calendar year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a "Vest Date"), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 6(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of Sculptor Capital Management, Inc., its subsidiaries and their respective affiliates (collectively, the "Sculptor

Group") would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

(D) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof), RSUs or Deferred Cash Interests of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(E) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class E Common Unit (collectively, "Received Class A Shares");

(F) on the Reallocation Date, the Limited Partner shall immediately:

- (w) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (x) transfer any Received Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

- (y) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Received Class A Shares; and
- (z) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. Subject to the Distribution Holiday, the Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class E Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Class E Common Unit is granted that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Termination of Rights and Obligations Under Existing Agreements. Effective immediately prior to the Limited Partner's admission on the Promotion Date, the Managing Director Agreement between the Limited Partner and the Partnership dated as of July 27, 2011 (as amended, modified, supplemented or restated from time to time, the "MD Agreement"), together with any other oral or written agreements between the Limited Partner and the Partnership or its Affiliates (collectively, together with the MD Agreement, the "Limited Partner's MD Agreements"), shall terminate with immediate effect and without the need for notice by either party and the Limited Partner's MD Agreements shall be of no further force or effect and, for the avoidance of doubt, but not by way of limitation, no further payment or benefit whatsoever shall be due or payable to the Limited Partner under the terms of the Limited Partner's MD Agreements. This Agreement (and any other agreements entered into on the date

hereof between the Limited Partner and the Partnership or its Affiliates) shall supersede and replace the Limited Partner's MD Agreements, except that, notwithstanding the foregoing, the Limited Partner, in the Limited Partner's capacity as a limited partner of the Partnership, will be entitled to receive any unvested compensation (including Deferred Cash Interests and RSUs) granted under the Limited Partner's MD Agreements prior to the Promotion Date with respect to Fiscal Year 2020 and prior Fiscal Years that remained unpaid as of the Promotion Date; provided that, in each case, the Limited Partner's entitlement to and receipt of such compensation shall be subject to the same terms and restrictions (including with respect to vesting, cancellation and clawback) as under the Limited Partner's MD Agreements, taking into account the Limited Partner's change of status from employee to limited partner of the Partnership, which compensation shall be treated as guaranteed payments described in Section 707(c) of the Code.

10. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates.

11. Compensation Clawback. As a highly regulated, global alternative asset management firm, Sculptor has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Sculptor's financial results, or as required by law, the Compensation Committee of the Board of Directors of Sculptor Capital Management, Inc. (the "Compensation Committee") would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the date hereof, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Sculptor to give effect to the foregoing.

12. Acknowledgment. The Limited Partner acknowledges that the Limited Partner has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

13. Miscellaneous.

(a) The Limited Partner represents that the execution, delivery and performance of this Agreement by the Limited Partner does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound.

(b) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The PMC Chairman in his sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if he determines in his sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 13(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(f) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(g) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect or modify any of the terms of the Limited Partnership Agreement.

(h) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by the Limited Partner's Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Sculptor Group (or with any entity in which the Sculptor Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Sculptor Group as may be necessary or appropriate to enable the Sculptor Group (or any entity in which the Sculptor Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the

Limited Partner to the officers of each entity in the Sculptor Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

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IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

SCULPTOR CAPITAL HOLDING CORPORATION,  
a Delaware corporation

By: /s/ Wayne Cohen  
Name: Wayne Cohen  
Title: President and Chief Operating Officer

THE LIMITED PARTNER:

/s/ Hap Pollard  
Hap Pollard

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**AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

**OF**

**SCULPTOR CAPITAL LP**

**SIGNATURE PAGE**

By his or her signature below, the undersigned hereby agrees that effective as of the Promotion Date, the undersigned shall (i) be bound by each and every term and provision of the Amended and Restated Agreement of Limited Partnership of Sculptor Capital LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Hap Pollard  
Hap Pollard

Accepted and Agreed to on the Promotion Date by:

SCULPTOR CAPITAL LP

By: Sculptor Capital Holding Corporation,  
its General Partner

By: /s/ Wayne Cohen

Name: Wayne Cohen

Title: President and Chief Operating Officer



**Partner Agreement Between  
Sculptor Capital Advisors LP and Hap Pollard**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this "Agreement") dated as of December 15, 2021 (the "Promotion Date") reflects the agreement of Sculptor Capital Advisors LP (the "Partnership") and Hap Pollard (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Promotion Date; (ii) the grant by the Partnership to the Limited Partner on February 1, 2022 of one Class E-6 Common Unit (as defined below) under the Sculptor Capital Management Group LLC 2013 Incentive Plan (as amended, modified, supplemented or restated from time to time), or any predecessor or successor plan (the "Sculptor Incentive Plan"); (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) grants of Class A restricted share units ("RSUs") under the Sculptor Incentive Plan and (B) cash distributions, including both cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"); (iv) a one time sign-on grant of RSUs under the Sculptor Incentive Plan and (v) the Limited Partner's rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of February 7, 2019 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner; Title; Reporting; Quarterly Payments.

(a) Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(g) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class E Common Units, which shall be "Class E-6 Common Units". On the Promotion Date, the Limited Partner shall be admitted as a limited partner of the Partnership and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and, on February 1, 2022, the Partnership shall issue to the Limited Partner one Class E-6 Common Unit (the "Initial Class E Common Unit") pursuant to and subject to the Sculptor Incentive Plan. The Limited Partner agrees to be bound by the terms and provisions of the Limited Partnership Agreement as of the Promotion Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. The Limited Partner's initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following the admission of the Limited Partner to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. The Limited Partner hereby agrees not to exchange the Initial Class E Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon the Promotion Date, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner.

(c) Final Salary Payments. The Limited Partner shall receive from Sculptor Capital LP, (i) on or about December 31, 2021, a cash payment of \$20,833 and (ii) on or about

January 1, 2022, a cash payment of \$125,000, which shall be treated as the Limited Partner's final employment salary payments; each of the payments in (i) and (ii) shall be subject to wage withholding and other employment taxes.

(d) Quarterly Payments. Commencing April 1, 2022, and while the Limited Partner is an Active Individual LP, Sculptor Capital LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner's discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment.

(d) Benefits. Commencing January 1, 2022, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners, as such terms may be amended from time to time by the Partnership and its Affiliates in their sole discretion.

## 2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with respect to each Fiscal Year commencing with Fiscal Year 2021 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, Sculptor Capital LP ("SCM") and/or Sculptor Capital Advisors II LP ("SCAII" and, together with the Partnership and SCM, the "Operating Partnerships") (in aggregate, the "Performance Award Amount," and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year), which may be provided in a combination of (x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the "Unit Percentage").

(b) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the "Target Allocation Percentages"), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 75% of the Total Annual Amount for any Fiscal Year.

<b>Payments &amp; Distributions comprising the Total Annual Amount</b>	<b>Target Allocation Percentage</b>
Current Cash (including Quarterly Payments)	75%
Deferred Cash Interests and/or Annual RSU Award	25%

For purposes of determining the Total Annual Amount and Current Cash for Fiscal Year 2021, the Quarterly Payments in respect of Fiscal Year 2021 shall be deemed to be equal to the sum of the amount of base salary received by the Limited Partner from Sculptor Capital LP for the Fiscal Year 2021 and the portion of the final salary payment received under Section 1(c)(i) above, and Quarterly Payments in respect of Fiscal Year 2022 shall be deemed to be equal to the sum of the portion of the final salary payment received under Section 1(c)(ii) above and the Quarterly Payments received for Fiscal Year 2022.

(c) Awards. In order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a "Withdrawal due to Resignation") on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, whether any Performance Award Amount will be granted to the Limited Partner for any particular Fiscal Year, and the amount of any such Performance Award Amount, if any, for such Fiscal Year, shall be determined in the sole discretion of the PMC Chairman based on any considerations the PMC Chairman determines to be appropriate, including, but not limited to, the Limited Partner's performance, the overall performance and growth of Sculptor and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which the Limited Partner may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) on or about January 31 of the following Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more Sculptor Funds (as defined in the DCI Plan) in accordance with the DCI

Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as a distribution of Net Income allocated to a Class C Non-Equity Interest in accordance with the Limited Partnership Agreement or pursuant to a different arrangement structured by the General Partner in its sole discretion.

Notwithstanding the above, the Current Cash portion of the Performance Cash Distribution paid with respect to Fiscal Year 2021, shall be paid by Sculptor Capital LP with respect to the Limited Partner's 2021 employment, at such time as Sculptor Capital LP pays bonuses to its employees (which date shall be no later than January 31, 2022) and shall be subject to wage withholding and other employment taxes

#### 4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by the Partnership to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Sculptor Incentive Plan (an "Annual RSU Award") equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Sculptor Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Administrator (as defined in the Sculptor Incentive Plan), either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and the Partnership will enter into an Award Document in the form prescribed by the Administrator (as defined in the Sculptor Incentive Plan), consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Sculptor Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. The Distribution Equivalents shall be settled on the same date as the RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term "RSU Equivalent Amount" shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term "RSU Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) trading day period ending (and including) January 11 (or the next trading day in the event that January 11 is not a trading day) of the year in which the award is granted.

For example, if the Limited Partner's Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period ending January 11 of the year of grant is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ( $(\$1,000,000 / \$25.00) = 40,000$  RSUs).

5. Sign-On RSU Grant.

(a) The Limited Partner shall be entitled to receive a grant of 50,000 RSUs made by the Partnership under the Sculptor Incentive Plan (the "Sign-On RSUs"), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Sculptor Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as reasonably practicable on or about the Promotion Date; provided that, as a condition to receiving the grant of Sign-On RSUs, the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest 25% on January 1, 2023, 25% on January 1, 2024, 25% on January 1, 2025 and 25% on January, 2026; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that if the Limited Partner ceases to be an Active Individual LP due to the Limited Partner's death or Disability, any unvested Sign-On RSUs shall remain outstanding and continue to vest on the vesting date (or vesting dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's (or the Limited Partner's legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share. As will be set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class E Common Unit. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts, and the Limited Partner's or their Initial Class E Common Unit: (A) the Initial Class E Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class E Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class E Common Unit (or any Class A Common Unit acquired in

respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests awarded to the Limited Partner shall vest on January 1 of the calendar year following the grant date of the relevant award agreement and, thereafter, on the first and second anniversaries of such initial vesting date, provided that (i) the Limited Partner will have no right to any unvested Deferred Cash Interests on any such vesting date if the Limited Partner is not an Active Individual LP on such vesting date, except that the unvested Deferred Cash Interests shall not be forfeited and shall vest on the date such Deferred Cash Interests would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 1 of the calendar year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a "Vest Date"), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 6(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of Sculptor Capital Management, Inc., its subsidiaries and their respective affiliates (collectively, the "Sculptor")

Group") would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

(D) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof), RSUs or Deferred Cash Interests of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(E) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class E Common Unit (collectively, "Received Class A Shares");

(F) on the Reallocation Date, the Limited Partner shall immediately:

- (w) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (x) transfer any Received Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

- (y) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Received Class A Shares; and
- (z) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. Subject to the Distribution Holiday, the Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class E Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Class E Common Unit is granted that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates.

10. Compensation Clawback. As a highly regulated, global alternative asset management firm, Sculptor has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Sculptor's

financial results, or as required by law, the Compensation Committee of the Board of Directors of Sculptor Capital Management, Inc. (the "Compensation Committee") would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the date hereof, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Sculptor to give effect to the foregoing.

11. Acknowledgment. The Limited Partner acknowledges that the Limited Partner has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

12. Miscellaneous.

(a) The Limited Partner represents that the execution, delivery and performance of this Agreement by the Limited Partner does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound.

(b) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The PMC Chairman in his sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if he determines in his sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 12(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any

provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(f) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(g) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect or modify any of the terms of the Limited Partnership Agreement.

(h) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by the Limited Partner's Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Sculptor Group (or with any entity in which the Sculptor Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Sculptor Group as may be necessary or appropriate to enable the Sculptor Group (or any entity in which the Sculptor Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the Limited Partner to the officers of each entity in the Sculptor Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited

Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

SCULPTOR CAPITAL HOLDING CORPORATION,  
a Delaware corporation

By: /s/ Wayne Cohen  
Name: Wayne Cohen  
Title: President and Chief Operating Officer

THE LIMITED PARTNER:

/s/ Hap Pollard  
Hap Pollard

**AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

**OF**

**SCULPTOR CAPITAL ADVISORS LP**

**SIGNATURE PAGE**

By his or her signature below, the undersigned hereby agrees that effective as of the Promotion Date, the undersigned shall (i) be bound by each and every term and provision of the Amended and Restated Agreement of Limited Partnership of Sculptor Capital Advisors LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Hap Pollard  
Hap Pollard

Accepted and Agreed to on the Promotion Date by:

SCULPTOR CAPITAL ADVISORS LP

By: Sculptor Capital Holding Corporation,  
its General Partner

By: /s/ Wayne Cohen

Name: Wayne Cohen

Title: President and Chief Operating Officer

**Partner Agreement Between  
Sculptor Capital Advisors II LP and Hap Pollard**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this "Agreement") dated as of December 15, 2021 (the "Promotion Date") reflects the agreement of Sculptor Capital Advisors II LP (the "Partnership") and Hap Pollard (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Promotion Date; (ii) the grant by the Partnership to the Limited Partner on February 1, 2022 of one Class E-6 Common Unit (as defined below) under the Sculptor Capital Management Group LLC 2013 Incentive Plan (as amended, modified, supplemented or restated from time to time), or any predecessor or successor plan (the "Sculptor Incentive Plan"); (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) grants of Class A restricted share units ("RSUs") under the Sculptor Incentive Plan and (B) cash distributions, including both cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"); (iv) a one time sign-on grant of RSUs under the Sculptor Incentive Plan and (v) the Limited Partner's rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of February 7, 2019 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner; Title; Reporting; Quarterly Payments.

(a) Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(g) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class E Common Units, which shall be "Class E-6 Common Units". On the Promotion Date, the Limited Partner shall be admitted as a limited partner of the Partnership and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and, on February 1, 2022, the Partnership shall issue to the Limited Partner one Class E-6 Common Unit (the "Initial Class E Common Unit") pursuant to and subject to the Sculptor Incentive Plan. The Limited Partner agrees to be bound by the terms and provisions of the Limited Partnership Agreement as of the Promotion Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. The Limited Partner's initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following the admission of the Limited Partner to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. The Limited Partner hereby agrees not to exchange the Initial Class E Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon the Promotion Date, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner.

(c) Final Salary Payments. The Limited Partner shall receive from Sculptor Capital LP, (i) on or about December 31, 2021, a cash payment of \$20,833 and (ii) on or about

January 1, 2022, a cash payment of \$125,000, which shall be treated as the Limited Partner's final employment salary payments; each of the payments in (i) and (ii) shall be subject to wage withholding and other employment taxes.

(d) Quarterly Payments. Commencing April 1, 2022, and while the Limited Partner is an Active Individual LP, Sculptor Capital LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner's discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment.

(d) Benefits. Commencing January 1, 2022, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners, as such terms may be amended from time to time by the Partnership and its Affiliates in their sole discretion.

## 2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with respect to each Fiscal Year commencing with Fiscal Year 2021 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, Sculptor Capital LP ("SCM") and/or Sculptor Capital Advisors LP ("SCA" and, together with the Partnership and SCM, the "Operating Partnerships") (in aggregate, the "Performance Award Amount," and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year), which may be provided in a combination of (x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the "Unit Percentage").

(b) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the "Target Allocation Percentages"), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 75% of the Total Annual Amount for any Fiscal Year.

<b>Payments &amp; Distributions comprising the Total Annual Amount</b>	<b>Target Allocation Percentage</b>
Current Cash (including Quarterly Payments)	75%
Deferred Cash Interests and/or Annual RSU Award	25%

For purposes of determining the Total Annual Amount and Current Cash for Fiscal Year 2021, the Quarterly Payments in respect of Fiscal Year 2021 shall be deemed to be equal to the sum of the amount of base salary received by the Limited Partner from Sculptor Capital LP for the Fiscal Year 2021 and the portion of the final salary payment received under Section 1(c)(i) above, and Quarterly Payments in respect of Fiscal Year 2022 shall be deemed to be equal to the sum of the portion of the final salary payment received under Section 1(c)(ii) above and the Quarterly Payments received for Fiscal Year 2022.

(c) Awards. In order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a "Withdrawal due to Resignation") on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, whether any Performance Award Amount will be granted to the Limited Partner for any particular Fiscal Year, and the amount of any such Performance Award Amount, if any, for such Fiscal Year, shall be determined in the sole discretion of the PMC Chairman based on any considerations the PMC Chairman determines to be appropriate, including, but not limited to, the Limited Partner's performance, the overall performance and growth of Sculptor and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which the Limited Partner may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) on or about January 31 of the following Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more Sculptor Funds (as defined in the DCI Plan) in accordance with the DCI

Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as a distribution of Net Income allocated to a Class C Non-Equity Interest in accordance with the Limited Partnership Agreement or pursuant to a different arrangement structured by the General Partner in its sole discretion.

Notwithstanding the above, the Current Cash portion of the Performance Cash Distribution paid with respect to Fiscal Year 2021, shall be paid by Sculptor Capital LP with respect to the Limited Partner's 2021 employment, at such time as Sculptor Capital LP pays bonuses to its employees (which date shall be no later than January 31, 2022) and shall be subject to wage withholding and other employment taxes

#### 4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by the Partnership to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Sculptor Incentive Plan (an "Annual RSU Award") equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Sculptor Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Administrator (as defined in the Sculptor Incentive Plan), either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and the Partnership will enter into an Award Document in the form prescribed by the Administrator (as defined in the Sculptor Incentive Plan), consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Sculptor Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. The Distribution Equivalents shall be settled on the same date as the RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term "RSU Equivalent Amount" shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term "RSU Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) trading day period ending (and including) January 11 (or the next trading day in the event that January 11 is not a trading day) of the year in which the award is granted.

For example, if the Limited Partner's Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period ending January 11 of the year of grant is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ( $(\$1,000,000 / \$25.00) = 40,000$  RSUs).

5. Sign-On RSU Grant.

(a) The Limited Partner shall be entitled to receive a grant of 50,000 RSUs made by the Partnership under the Sculptor Incentive Plan (the "Sign-On RSUs"), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Sculptor Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as reasonably practicable on or about the Promotion Date; provided that, as a condition to receiving the grant of Sign-On RSUs, the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest 25% on January 1, 2023, 25% on January 1, 2024, 25% on January 1, 2025 and 25% on January, 2026; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of the Limited Partner's intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that if the Limited Partner ceases to be an Active Individual LP due to the Limited Partner's death or Disability, any unvested Sign-On RSUs shall remain outstanding and continue to vest on the vesting date (or vesting dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's (or the Limited Partner's legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Sculptor Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Sculptor Incentive Plan) of one Class A Share. As will be set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class E Common Unit. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts, and the Limited Partner's or their Initial Class E Common Unit: (A) the Initial Class E Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class E Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class E Common Unit (or any Class A Common Unit acquired in

respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests awarded to the Limited Partner shall vest on January 1 of the calendar year following the grant date of the relevant award agreement and, thereafter, on the first and second anniversaries of such initial vesting date, provided that (i) the Limited Partner will have no right to any unvested Deferred Cash Interests on any such vesting date if the Limited Partner is not an Active Individual LP on such vesting date, except that the unvested Deferred Cash Interests shall not be forfeited and shall vest on the date such Deferred Cash Interests would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 1 of the calendar year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a "Vest Date"), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii) of this Agreement.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 6(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of Sculptor Capital Management, Inc., its subsidiaries and their respective affiliates (collectively, the "Sculptor

Group") would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Performance Cash Distributions, the Initial Class E Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

(D) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of the Initial Class E Common Unit (or any Class A Common Units acquired in respect thereof), RSUs or Deferred Cash Interests of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(E) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class E Common Unit (collectively, "Received Class A Shares");

(F) on the Reallocation Date, the Limited Partner shall immediately:

- (w) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (x) transfer any Received Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

- (y) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Received Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Received Class A Shares; and
- (z) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. Subject to the Distribution Holiday, the Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class E Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Class E Common Unit is granted that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates.

10. Compensation Clawback. As a highly regulated, global alternative asset management firm, Sculptor has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Sculptor's

financial results, or as required by law, the Compensation Committee of the Board of Directors of Sculptor Capital Management, Inc. (the "Compensation Committee") would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the date hereof, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Sculptor to give effect to the foregoing.

11. Acknowledgment. The Limited Partner acknowledges that the Limited Partner has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

12. Miscellaneous.

(a) The Limited Partner represents that the execution, delivery and performance of this Agreement by the Limited Partner does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound.

(b) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The PMC Chairman in his sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if he determines in his sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 12(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any

provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(f) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(g) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect or modify any of the terms of the Limited Partnership Agreement.

(h) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by the Limited Partner's Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Sculptor Group (or with any entity in which the Sculptor Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Sculptor Group as may be necessary or appropriate to enable the Sculptor Group (or any entity in which the Sculptor Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the Limited Partner to the officers of each entity in the Sculptor Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited

Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year. IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

SCULPTOR CAPITAL HOLDING CORPORATION,  
a Delaware corporation

By: /s/ Wayne Cohen  
Name: Wayne Cohen  
Title: President and Chief Operating Officer

THE LIMITED PARTNER:

/s/ Hap Pollard  
Hap Pollard

**AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

**OF**

**SCULPTOR CAPITAL ADVISORS II LP**

**SIGNATURE PAGE**

By his or her signature below, the undersigned hereby agrees that effective as of the Promotion Date, the undersigned shall (i) be bound by each and every term and provision of the Amended and Restated Agreement of Limited Partnership of Sculptor Capital Advisors II LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Hap Pollard  
Hap Pollard

Accepted and Agreed to on the Promotion Date by:

SCULPTOR CAPITAL ADVISORS II LP

By: Sculptor Capital Holding Corporation,  
its General Partner

By: /s/ Wayne Cohen  
Name: Wayne Cohen  
Title: President and Chief Operating Officer

Certificate of Chief Executive Officer pursuant to  
 Rule 13a-14(a)/Rule 15d-14(a) under the  
 Securities Exchange Act of 1934.

I, James S. Levin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sculptor Capital Management, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

/s/ James S. Levin  
 Name: James S. Levin  
 Title: Chief Executive Officer, Chief Investment Officer,  
 Executive Managing Director and Director

Certificate of Chief Financial Officer pursuant to  
Rule 13a-14(a)/Rule 15d-14(a) under the  
Securities Exchange Act of 1934.

I, Dava Ritchea, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sculptor Capital Management, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

/s/ Dava Ritchea  
 Name: Dava Ritchea  
 Title: Chief Financial Officer  
 and Executive Managing  
 Director

Certification pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

This certification is provided pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2022, of Sculptor Capital Management, Inc. (the "Company").

We, James S. Levin and Dava Ritchea, the Chief Executive Officer and Chief Financial Officer, respectively, of the Company certify that, to the best of our knowledge:

- i. The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- ii. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ James S. Levin  
Name: James S. Levin  
Title: Chief Executive Officer, Chief Investment Officer, Executive Managing Director and Director

Date: May 6, 2022

/s/ Dava Ritchea  
Name: Dava Ritchea  
Title: Chief Financial Officer and Executive Managing Director

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Form 10-Q or as a separate disclosure document.