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 June 30, 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	**26-0354783**
(State or other jurisdiction of incorporation or organization)	**(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 August 1, 2022, there were 24,856,260 Class A Shares, 5,228,852 of Restricted Class A Shares and 33,633,474 Class B Shares outstanding.

SCULPTOR CAPITAL MANAGEMENT, INC.

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Defined Terms

2007 Offerings	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.
Accrued but unrecognized incentive income	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.
Annual Report	Our annual report on Form 10-K for the year ended December 31, 2021, dated February 25, 2022 and filed with the SEC
Advisers Act	Investment Advisers Act of 1940, as amended.
Assets Under Management	Assets Under Management ("AUM") refers to the assets for which we provide investment management, advisory or certain other investment-related services. Specifically: a. 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. b. 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. c. 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. d. 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. 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.
Class A Shares	Our Class A Shares, representing Class A common stock of Sculptor Capital Management, Inc., which are publicly traded and listed on the NYSE.
Class B Shares	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.
CLOs	Collateralized loan obligations.
the Company, Sculptor Capital, the firm, we, us, our	Refers, unless the context requires otherwise, to the Registrant and its consolidated subsidiaries, including the Sculptor Operating Group.

Consolidated Entities	Refers to funds, special purpose entities, investment vehicles and other similar structures for which the Company is required to consolidate in accordance with GAAP.
Distribution Holiday	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.
Distribution Holiday Economic Income	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.
Economic Income	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.
Exchange Act	Securities Exchange Act of 1934, as amended.
executive managing directors	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.
Fee Paying Assets Under Management	Fee Paying Assets Under Management ("FP AUM") refers to the AUM on which we earn management fees and/or incentive income.
funds	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.
GAAP	U.S. generally accepted accounting principles.
Group A Units	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.
Group A-1 Units	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.

Group B Units	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.
Group E Units	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.
Group P Units	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.
Institutional Credit Strategies	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, the structured alternative investment solution, and other customized solutions.
IPO	Our initial public offering of 3.6 million Class A Shares that occurred in November 2007.
Longer-term AUM	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.
NYSE	New York Stock Exchange.
Partner Equity Units	Refers collectively to the Group A Units, Group E Units and Group P Units.
Preferred Units	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.
PSUs	Class A performance-based RSUs.
Recapitalization	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.
Registrant	Sculptor Capital Management, Inc., a Delaware corporation.
RSAs	Restricted Class A Shares.
RSUs	Class A restricted share units.
Sculptor Corp	Sculptor Capital Holding Corporation, a Delaware corporation.
Sculptor Operating Group	Refers collectively to the Sculptor Operating Partnerships and their consolidated subsidiaries.
Sculptor Operating Group Units	Refers collectively to Sculptor Operating Group A, B, E, and P Units.
Sculptor Operating Partnerships	Refers collectively to Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP.

SEC	U.S. Securities and Exchange Commission.
Securities Act	Securities Act of 1933, as amended.
SPAC	Refers to special purpose acquisition company.
Special Investments	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*) 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*).

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

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Assets		
Cash and cash equivalents	$ 192,578	$ 170,781
Restricted cash	7,238	7,289
Investments (includes assets measured at fair value of $218,415 and $424,910, including assets sold under agreements to repurchase of $152,838 and $157,721 as of June 30, 2022 and December 31, 2021, respectively)	336,993	583,622
Income and fees receivable	25,421	193,636
Due from related parties	30,158	28,037
Deferred income tax assets	245,101	241,759
Operating lease assets	81,382	85,735
Other assets, net	107,047	77,091
Assets of consolidated entities:		
Cash and cash equivalents	25,650	—
Restricted cash and cash equivalents	234,934	234,601
Investments of consolidated entities	331,151	—
Other assets of consolidated entities	4,171	5,304
Total Assets	**$ 1,621,824**	**$ 1,627,855**
Liabilities and Shareholders' Equity		
Liabilities		
Compensation payable	$ 51,344	$ 246,261
Unearned income and fees	67,271	62,800
Tax receivable agreement liability	178,759	195,752
Operating lease liabilities	98,734	104,753
Debt obligations	123,295	126,474
Warrant liabilities, at fair value	22,211	65,287
Securities sold under agreements to repurchase	163,329	156,448
Other liabilities	36,279	38,790
Liabilities of consolidated entities:		
Loans payable, at fair value	201,985	—
Warrant liabilities, at fair value	2,645	7,590
Other liabilities of consolidated entities	45,473	10,817
Total Liabilities	**991,325**	**1,014,972**
Commitments and Contingencies (Note 16)		
Redeemable Noncontrolling Interests of Consolidated Entities (Note 3)	**234,600**	**234,600**
Shareholders' Equity		
Class A Shares, par value $0.01 per share, 100,000,000 and 100,000,000 shares authorized, 24,885,028 and 25,668,987 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	249	257
Class B Shares, par value $0.01 per share, 75,000,000 and 75,000,000 shares authorized, 33,633,474 and 33,613,023 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	336	336
Treasury stock, at cost; 1,641,589 and 0 as of June 30, 2022 and December 31, 2021, respectively	(19,492)	—
Additional paid-in capital	219,705	184,691
Accumulated deficit	(251,059)	(253,521)
Accumulated other comprehensive (loss) income	(1,925)	51
Shareholders' deficit attributable to Class A Shareholders	(52,186)	(68,186)
Shareholders' equity attributable to noncontrolling interests	448,085	446,469
Total Shareholders' Equity	**395,899**	**378,283**
Total Liabilities and Shareholders' Equity	**$ 1,621,824**	**$ 1,627,855**

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenues				
Management fees	$ 71,770	$ 76,610	$ 145,207	$ 150,571
Incentive income	44,580	59,544	66,222	107,348
Other revenues	2,520	1,778	4,950	3,359
Income of consolidated entities	311	—	150	3
Total Revenues	**119,181**	**137,932**	**216,529**	**261,281**
Expenses				
Compensation and benefits	79,743	59,447	157,528	148,681
Interest expense	3,427	4,135	6,712	9,003
General, administrative and other	26,425	25,022	53,741	52,398
Expenses of consolidated entities	1,668	—	1,912	2
Total Expenses	**111,263**	**88,604**	**219,893**	**210,084**
Other (Loss) Income				
Changes in fair value of warrant liabilities	18,740	(13,231)	43,076	(38,175)
Changes in tax receivable agreement liability	227	(559)	220	21
Net losses on retirement of debt	—	(6,525)	—	(30,198)
Net (losses) gains on investments	(30,838)	6,255	(36,182)	11,617
Net losses of consolidated entities	(6,434)	—	(2,294)	—
Total Other (Loss) Income	**(18,305)**	**(14,060)**	**4,820**	**(56,735)**
(Loss) Income Before Income Taxes	**(10,387)**	**35,268**	**1,456**	**(5,538)**
Income taxes	(7,914)	13,047	(947)	11,332
Consolidated Net (Loss) Income	**(2,473)**	**22,221**	**2,403**	**(16,870)**
Less: Net (income) loss attributable to noncontrolling interests	(5,579)	(407)	6,427	18,391
Less: Net income attributable to redeemable noncontrolling interests	(697)	—	(3,765)	—
Net (Loss) Income Attributable to Sculptor Capital Management, Inc.	**(8,749)**	**21,814**	**5,065**	**1,521**
Change in redemption value of redeemable noncontrolling interests	697	—	3,765	—
Net (Loss) Income Attributable to Class A Shareholders	**$ (8,052)**	**$ 21,814**	**$ 8,830**	**$ 1,521**
(Loss) Earnings per Class A Share				
(Loss) Earnings per Class A Share - basic	$ (0.32)	$ 0.87	$ 0.34	$ 0.06
(Loss) Earnings per Class A Share - diluted	$ (0.89)	$ 0.40	$ (1.00)	$ (0.32)
Weighted-average Class A Shares outstanding - basic	25,514,364	25,025,974	26,052,478	24,442,940
Weighted-average Class A Shares outstanding - diluted	26,565,792	55,191,693	27,611,057	54,229,693

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Consolidated net (loss) income	$ (2,473)	$ 22,221	$ 2,403	$ (16,870)
Other Comprehensive (Loss) Income, Net of Tax				
Other comprehensive (loss) income - currency translation adjustment	(1,226)	185	(1,976)	(683)
Comprehensive (Loss) Income	**(3,699)**	**22,406**	**427**	**(17,553)**
Less: Comprehensive (income) loss attributable to noncontrolling interests	(5,579)	(523)	6,427	18,761
Less: Comprehensive income attributable to redeemable noncontrolling interests	(697)	—	(3,765)	—
Comprehensive (Loss) Income Attributable to Sculptor Capital Management, Inc.	**$ (9,975)**	**$ 21,883**	**$ 3,089**	**$ 1,208**

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)											
Balance at April 1, 2022	**26,052,113**	**33,676,331**	**473,719**	**$ 261**	**$ 337**	**$202,305**	**$ (239,776)**	**$ (699)**	**$ (6,249)**	**$ (43,821)**	**$ 437,936**	**$ 394,115**
Equity-based compensation, net of taxes	785	(42,857)	—	—	(1)	16,948	—	—	—	16,947	1,959	18,906
Repurchase of Class A Shares	(1,167,870)	—	1,167,870	(12)	—	—	—	—	(13,243)	(13,255)	—	(13,255)
Dividend equivalents on Class A restricted share units	—	—	—	—	—	(245)	245	—	—	—	—	—
Change in redemption value of SPAC Class A Shares	—	—	—	—	—	697	—	—	—	697	—	697
Cash dividends declared on Class A Shares ($0.11 per share)	—	—	—	—	—	—	(2,779)	—	—	(2,779)	—	(2,779)
Consolidated net (loss) income, excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(8,749)	—	—	(8,749)	5,579	(3,170)
Currency translation adjustment	—	—	—	—	—	—	—	(1,226)	—	(1,226)	—	(1,226)
Capital contributions	—	—	—	—	—	—	—	—	—	—	3,982	3,982
Capital distributions	—	—	—	—	—	—	—	—	—	—	(1,371)	(1,371)
Balance at June 30, 2022	**24,885,028**	**33,633,474**	**1,641,589**	**$ 249**	**$ 336**	**$219,705**	**$ (251,059)**	**$ (1,925)**	**$(19,492)**	**$ (52,186)**	**$ 448,085**	**$ 395,899**
Balance at April 1, 2021	**23,899,777**	**32,887,883**	**—**	**$ 239**	**$ 329**	**$185,961**	**$ (255,522)**	**$ 350**	**$ —**	**$ (68,643)**	**$ 435,590**	**$ 366,947**
Equity-based compensation, net of taxes	1,201,410	(1)	—	12	—	8,885	—	—	—	8,897	1,478	10,375
Dividend equivalents on Class A restricted share units	—	—	—	—	—	5,887	(5,887)	—	—	—	—	—
Cash dividends declared on Class A Shares ($0.30 per share)	—	—	—	—	—	—	(7,463)	—	—	(7,463)	—	(7,463)
Consolidated net income, excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	21,814	—	—	21,814	407	22,221
Currency translation adjustment	—	—	—	—	—	—	—	69	—	69	116	185
Capital contributions	—	—	—	—	—	—	—	—	—	—	2,496	2,496
Capital distributions	—	—	—	—	—	—	—	—	—	—	(1,467)	(1,467)
Balance at June 30, 2021	**25,101,187**	**32,887,882**	**—**	**$ 251**	**$ 329**	**$200,733**	**$ (247,058)**	**$ 419**	**$ —**	**$ (45,326)**	**$ 438,620**	**$ 393,294**

SCULPTOR CAPITAL MANAGEMENT, INC.

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

	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)											
Balance at January 1, 2022	**25,668,987**	**33,613,023**	**—**	**$ 257**	**$ 336**	**$184,691**	**$ (253,521)**	**$ 51**	**$ —**	**$ (68,186)**	**$ 446,469**	**$ 378,283**
Equity-based compensation, net of taxes	857,630	20,451	—	9	—	31,425	—	—	—	31,434	3,883	35,317
Repurchase of Class A Shares	(1,641,589)	—	1,641,589	(17)	—	—	—	—	(19,492)	(19,509)	—	(19,509)
Dividend equivalents on Class A restricted share units	—	—	—	—	—	(176)	176	—	—	—	—	—
Change in redemption value of SPAC Class A Shares	—	—	—	—	—	3,765	—	—	—	3,765	—	3,765
Cash dividends declared on Class A Shares ($0.11 per share)	—	—	—	—	—	—	(2,779)	—	—	(2,779)	—	(2,779)
Consolidated net income (loss), excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	5,065	—	—	5,065	(6,427)	(1,362)
Currency translation adjustment	—	—	—	—	—	—	—	(1,976)	—	(1,976)	—	(1,976)
Capital contributions	—	—	—	—	—	—	—	—	—	—	8,979	8,979
Capital distributions	—	—	—	—	—	—	—	—	—	—	(4,819)	(4,819)
Balance at June 30, 2022	**24,885,028**	**33,633,474**	**1,641,589**	**$ 249**	**$ 336**	**$219,705**	**$ (251,059)**	**$ (1,925)**	**$(19,492)**	**$ (52,186)**	**$ 448,085**	**$ 395,899**
Balance at January 1, 2021	**22,903,571**	**32,824,538**	**—**	**$ 229**	**$ 328**	**$166,917**	**$ (178,674)**	**$ 732**	**$ —**	**$ (10,468)**	**$ 445,348**	**$ 434,880**
Equity-based compensation, net of taxes	2,197,616	63,344	—	22	1	27,339	—	—	—	27,362	11,552	38,914
Dividend equivalents on Class A restricted share units	—	—	—	—	—	6,477	(6,477)	—	—	—	—	—
Cash dividends declared on Class A Shares ($2.65 per share)	—	—	—	—	—	—	(63,428)	—	—	(63,428)	—	(63,428)
Consolidated net income (loss), excluding amounts attributable to redeemable noncontrolling interests	—	—	—	—	—	—	1,521	—	—	1,521	(18,391)	(16,870)
Currency translation adjustment	—	—	—	—	—	—	—	(313)	—	(313)	(370)	(683)
Capital contributions	—	—	—	—	—	—	—	—	—	—	2,964	2,964
Capital distributions	—	—	—	—	—	—	—	—	—	—	(2,483)	(2,483)
Balance at June 30, 2021	**25,101,187**	**32,887,882**	**—**	**$ 251**	**$ 329**	**$200,733**	**$ (247,058)**	**$ 419**	**$ —**	**$ (45,326)**	**$ 438,620**	**$ 393,294**

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED

	Six Months Ended June 30,	
	2022	2021
	(dollars in thousands)	
Cash Flows from Operating Activities		
Consolidated net income (loss)	$ 2,403	$ (16,870)
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Amortization of equity-based compensation	45,647	42,919
Depreciation, amortization and net gains and losses on fixed assets	2,698	3,309
Changes in fair value of warrant liabilities	(43,076)	38,175
Net losses on retirement of debt	—	30,198
Deferred income taxes	(2,238)	8,131
Non-cash lease expense	9,550	10,748
Net losses (gains) on investments, net of dividends	38,968	(9,140)
Operating cash flows due to changes in:		
Income and fees receivable	167,958	463,605
Due from related parties	(2,085)	(4,502)
Other assets, net	(15,850)	5,839
Compensation payable	(199,515)	(187,537)
Unearned income and fees	4,471	5,324
Tax receivable agreement liability	(16,993)	(7,239)
Operating lease liabilities	(11,029)	(11,076)
Other liabilities	(2,536)	(20,260)
Consolidated entities related items:		
Net losses of consolidated entities	2,294	—
Purchases of investments	(463,231)	—
Proceeds from sale of investments	86,645	—
Other assets of consolidated entities	(2,679)	(3)
Other liabilities of consolidated entities	62,858	2
Net Cash (Used in) Provided by Operating Activities	**(335,740)**	**351,623**
Cash Flows from Investing Activities		
Purchases of fixed assets	(1,310)	(4,243)
Purchases of United States government obligations	(28,784)	(164,523)
Maturities and sales of United States government obligations	219,144	131,690
Investments in funds	(49,077)	(97,887)
Return of investments in funds	37,734	24,692
Net Cash Provided by (Used in) Investing Activities	**177,707**	**(110,271)**

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED — (continued)

	Six Months Ended June 30,	
	2022	2021
	(dollars in thousands)	
Cash Flows from Financing Activities		
Contributions from noncontrolling and redeemable noncontrolling interests	8,979	2,964
Distributions to noncontrolling and redeemable noncontrolling interests	(4,819)	(2,483)
Dividends on Class A Shares	(2,779)	(63,428)
Proceeds from debt obligations, net of issuance costs	5,683	3,219
Repayment of debt obligations, including prepayment costs	(9,424)	(249,731)
Proceeds from securities sold under agreements to repurchase, net of issuance costs	20,395	41,004
Purchases of treasury stock	(19,492)	—
Proceeds from debt obligations of consolidated entities, net of issuance costs	215,733	—
Other, net	(5,962)	(3,838)
Net Cash Provided by (Used in) Financing Activities	**208,314**	**(272,293)**
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(2,552)	(574)
Net change in cash and cash equivalents and restricted cash	47,729	(31,515)
Cash and cash equivalents and restricted cash, beginning of period	412,671	186,977
Cash and Cash Equivalents and Restricted Cash, End of Period	**$ 460,400**	**$ 155,462**
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	$ 5,682	$ 8,236
Income taxes	$ 6,274	$ 4,179
Non-cash transactions:		
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	$ —
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents	$ 192,578	$ 153,827
Restricted cash	7,238	1,635
Cash and cash equivalents of consolidated entities	25,650	—
Restricted cash and cash equivalents of the consolidated SPAC	234,934	—
Total Cash and Cash Equivalents and Restricted Cash	**$ 460,400**	**$ 155,462**

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See notes to consolidated financial statements.

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 Assets Under Management ("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. AUM refers 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).

- **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 June 30, 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, which consists of the Chief Executive Officer and the Chief Financial Officer of Sculptor Capital Management, Inc.). 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 (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 June 30, 2022:

	As of June 30, 2022
Sculptor Capital Management, Inc.	
Class A Shares	24,885,028
Class B Shares	33,633,474
Restricted Class A Shares (“RSAs”)	5,228,852
Warrants to purchase Class A Shares (Note 7)	4,338,015
Sculptor Operating Partnerships	
Group A Units	15,025,994
Group A-1 Units	9,244,477
Group B Units	24,885,028
Group E Units	13,009,158
Group P Units	5,412,858

The Company has 1,641,589 of treasury stock shares as of June 30, 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 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 June 30, 2022, the Company repurchased 1,641,589 Class A Shares at a cost of $19.5 million for an average price of $11.87 per share through open market purchase transactions. As of June 30, 2022, $80.5 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 for the year ended December 31, 2021. 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. The consolidated financial statements include the accounts of the Company, its wholly owned or majority owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which the Company is considered the primary beneficiary, and certain other entities which are not considered variable interest entities but the Company is determined to have control. 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 AUM is recognized in the fourth quarter each year, based on full year investment performance.

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.

The policy applied by the Company is that a consolidated entity that is considered an investment company under the GAAP guidance generally consolidates another investment company when it owns substantially all of the interest in that investment company.

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 June 30, 2022, and the impact of such investments for the three and six months ended June 30, 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 are carried at fair value and 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 losses of consolidated entities in the consolidated statements of operations.

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.

Assets of the consolidated fund are presented within investments of consolidated entities, and liabilities due to third parties are presented within loans payable, at fair value within liabilities of consolidated entities in the consolidated 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 losses of consolidated entities, and ongoing expenses of the fund are presented as expenses of consolidated entities in the consolidated statements of operations.

Consolidation of SPAC, Structured Alternative Investment Solution and Other Funds

In 2021, the Company consolidated a SPAC, which it continues to consolidate as of June 30, 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 a fund it manages as a result of an increase in the Company's investment in the vehicle, which resulted in the Company having a controlling financial interest in the VIE; the fund was subsequently deconsolidated in the first quarter of 2022 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. The Company recognized no gain or loss from consolidation and deconsolidation of the fund in the first quarter of 2022.

Additionally, 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. During the second quarter of 2022, the cash proceeds from the issuance of the notes were invested in certain of the Company's funds, while $9.9 million of the remaining cash proceeds are restricted due to a contractual minimum cash balance level at the consolidated entity, and are included in Assets of consolidated entities: Cash and cash equivalents on the Consolidated Balance Sheets.

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 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 by the entity.

The Company measures the financial assets of the consolidated structured alternative investment solution, an investment company, at fair value using net asset value ("NAV") per share of the underlying funds. The Company may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, the Company will estimate the fair value in good faith and in a manner that it reasonably chooses, in accordance with the requirements of GAAP. The terms of the investments in underlying funds generally provide for minimum holding or lock-up periods, as well as redemption restrictions. Refer to Note 4 for further disclosures of investments for which fair value is measured using NAV per share.

The Company has elected the fair value option for the financial liabilities of the structured alternative investment solution. 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.

See Note 2 in the Company's Annual Report for the complete listing of our significant accounting policies.

Recently Adopted Accounting Pronouncements

No changes to GAAP that went into effect in the six months ended June 30, 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.

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 47.0% as of June 30, 2022, from 46.4% as of June 30, 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, 2013 Incentive Plan and 2022 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. 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Sculptor Capital LP				
Net (loss) income	$ (25,001)	$ 19,669	$ 16,215	$ (27,794)
Blended participation percentage	0 %	42 %	0 %	39 %
Net (Loss) Income Attributable to Group A Units	**$ —**	**$ 8,220**	**$ —**	**$ (10,827)**
Sculptor Capital Advisors LP				
Net income (loss)	$ 15,623	$ (22,681)	$ (1,197)	$ (23,194)
Blended participation percentage	36 %	39 %	38 %	39 %
Net Income (Loss) Attributable to Group A Units	**$ 5,702**	**$ (8,830)**	**$ (451)**	**$ (9,036)**
Sculptor Capital Advisors II LP				
Net (loss) income	$ (1,677)	$ 36,368	$ (19,473)	$ 41,583
Blended participation percentage	49 %	0 %	38 %	0 %
Net (Loss) Income Attributable to Group A Units	**$ (821)**	**$ —**	**$ (7,331)**	**$ —**
Total Sculptor Operating Group				
Net (loss) income	$ (11,055)	$ 33,356	$ (4,455)	$ (9,405)
Blended participation percentage	-44 %	-2 %	175 %	211 %
Net Income (Loss) Attributable to Group A Units	**$ 4,881**	**$ (610)**	**$ (7,782)**	**$ (19,863)**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Group A Units	$ 4,881	$ (610)	$ (7,782)	$ (19,863)
Other	698	1,017	1,355	1,472
	$ 5,579	**$ 407**	**$ (6,427)**	**$ (18,391)**

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

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Group A Units	$ 427,405	$ 431,304
Other	20,680	15,165
	$ 448,085	**$ 446,469**

Redeemable noncontrolling interests

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 three and six months ended June 30, 2022. There were no redeemable noncontrolling interests outstanding during the first half of 2021.

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	2022	2022
	SPAC	SPAC
	(dollars in thousands)	
Beginning balance	$ 234,600	$ 234,600
Change in redemption value of Class A Shares of consolidated SPAC	(697)	(3,765)
Comprehensive income	697	3,765
Ending Balance	**$ 234,600**	**$ 234,600**

4. INVESTMENTS AND FAIR VALUE DISCLOSURES

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

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
U.S. government obligations, at fair value	$ 14,784	$ 205,400
CLOs, at fair value	203,631	219,510
Equity method investments	118,578	158,712
Total Investments	**$ 336,993**	**$ 583,622**
Investments of Consolidated Entities	**$ 331,151**	**$ —**

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 election. 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. Under the equity method of accounting, the Company recognizes its share of the underlying earnings (losses) from equity method investments 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.

The investments of the consolidated structured alternative investment solution that the Company manages are generally measured at fair value using the NAV per share practical expedient. The Company may determine based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, the Company will estimate the fair value in good faith and in a manner that it reasonably chooses in accordance with GAAP. The Company does not categorize investments where fair value is measured using the NAV practical expedient within the fair value hierarchy.

The following table summarizes the fair value of the investments of the structured alternative investment solution that are measured at NAV by strategy type and ability to redeem such investments as of June 30, 2022.

Fund Type[(1)]	Fair Value (as of June 30, 2022)	Redemption Frequency[(2)]	Redemption Notice Period[(2)]
	(dollars in thousands)		
Multi-strategy funds	105,691	Quarterly - Annually	30 days - 90 days
Credit	123,410	Monthly - Annually	30 days - 90 days
Total	**$ 229,101**		

(1) The structured alternative investment solution invests in both open-ended and close-ended funds. The investments in each fund may represent investments in a particular tranche of such fund subject to different withdrawal rights.

(2) $168.8 million of investments are subject to an initial lock-up period of three years during which time no withdrawals or redemptions are allowed. Once the lock-up period ends, the investments are able to be redeemed with the frequency noted above.

As of June 30, 2022, the structured alternative investment solution did not have any unfunded commitments related to the investments presented in the table above.

See Note 2 for additional information regarding the investments of consolidated entities.

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 financial 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 including existence and transparency of transactions between market participants. 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 listed equities, U.S. government obligations and listed derivatives. The Company does not adjust the quoted price for these investments.
- **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 observable as of the reporting 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 for the financial instruments 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.

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 June 30, 2022:

	As of June 30, 2022				
	Level I	Level II	Level III	NAV	Total
	(dollars in thousands)				
Assets, at Fair Value					
Included within cash and cash equivalents:					
U.S. government obligations	$ 4,999	$ —	$ —	$ —	$ 4,999
Included within investments:					
U.S. government obligations	$ 14,784	$ —	$ —	$ —	$ 14,784
CLOs(1)	$ —	$ —	$ 203,631	$ —	$ 203,631
Included within restricted cash and cash equivalents of consolidated entities:					
U.S. government obligations	$ 234,934	$ —	$ —	$ —	$ 234,934
Included within investments of consolidated entities:					
Futures Contracts	$ 18	$ —	$ —	$ —	$ 18
Common Stock	—	507	—	—	507
Bank Debt	—	37,963	40,226	—	78,189
Corporate Bonds	—	23,336	—	—	23,336
Investments in funds	—	—	—	229,101	229,101
Investments of Consolidated Entities	**$ 18**	**$ 61,806**	**$ 40,226**	**$ 229,101**	**$ 331,151**
Liabilities, at Fair Value					
Warrants	$ —	$ —	$ 22,211	$ —	$ 22,211
Liabilities of consolidated entities:					
Warrants	$ 2,645	$ —	$ —	$ —	$ 2,645
Notes payable	$ —	$ —	$ 201,985	$ —	$ 201,985

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(1) As of June 30, 2022, investments in CLOs had contractual principal amounts of $208.7 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)			
Assets, at Fair Value				
Included within investments:				
U.S. government obligations	$ 205,400	$ —	$ —	$ 205,400
CLOs(1)	$ —	$ —	$ 219,510	$ 219,510
Included within restricted cash of consolidated entities:				
U.S. government obligations	$ 234,601	$ —	$ —	$ 234,601
Liabilities, at Fair Value				
Warrants	$ —	$ —	$ 65,287	$ 65,287
Liabilities of consolidated entities:				
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.

Reconciliation of Fair Value Measurements Categorized within Level III

Gains and losses on investments categorized within Level III, excluding those related to investments of consolidated entities and 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), and gains and losses related to investment of consolidated entities are recorded within net losses of consolidated entities. 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 and notes payable of the consolidated entities 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 June 30, 2022:

	March 31, 2022	Purchases / Issuances	Investment Sales / Settlements	Gains / (Losses) Included in Earnings	Gains / (Losses) Included in Other Comprehensive Income	June 30, 2022
	(dollars in thousands)					
Assets, at Fair Value						
Included within investments:						
CLOs	$ 226,552	$ 1,032	$ (26)	$ (14,269)	$ (9,658)	$ 203,631
Investments of consolidated entities:						
Bank Debt	$ —	$ 41,792	$ —	$ (1,566)	$ —	$ 40,226
Liabilities, at Fair Value						
Warrants	$ 40,951	$ —	$ —	$ 18,740	$ —	$ 22,211
Liabilities of consolidated entities:						
Notes payable	$ 215,733	$ —	$ —	$ 13,748	$ —	$ 201,985

The following table summarizes the changes in the Company’s Level III financial assets and liabilities for the three months ended June 30, 2021.

	March 31, 2021	Purchases / Issuances	Investment Sales / Settlements	Gains / (Losses) Included in Earnings	Gains / (Losses) Included in Other Comprehensive Income	June 30, 2021
	(dollars in thousands)					
Assets, at Fair Value						
Included within investments:						
CLOs	$ 202,842	$ 30,846	$ (16,125)	$ 330	$ 1,540	$ 219,433
Liabilities, at Fair Value						
Warrants	$ 62,771	$ —	$ —	$ (13,231)	$ —	$ 76,002

The following table summarizes the changes in the Company's Level III financial assets and liabilities for the six months ended June 30, 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	June 30, 2022
	(dollars in thousands)							
Assets, at Fair Value								
Included within investments:								
CLOs	$ 219,510	$ —	$ —	$ 29,839	$ (12,373)	$ (18,788)	$ (14,557)	$ 203,631
Investments of consolidated entities:								
Bank Debt	$ —	$ 3,603 (1)	$ (14,666) (1)	$ 56,425	$ (3,475)	$ (1,661)	$ —	$ 40,226
Liabilities, at Fair Value								
Warrants	$ 65,287	$ —	$ —	$ —	$ —	$ 43,076	$ —	$ 22,211
Liabilities of consolidated entities:								
Warrants	$ 7,590	$ —	$ (3,450) (2)	$ —	$ —	$ 4,140	$ —	$ —
Notes payable	$ —	$ —	$ —	$ 215,733	$ —	$ 13,748	$ —	$ 201,985

(1) 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.

(2) 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.

The following table summarizes the changes in the Company's Level III financial assets for the six months ended June 30, 2021:

	December 31, 2020	Purchases / Issuances	Investment Sales / Settlements	Gains / (Losses) Included in Earnings	Gains / (Losses) Included in Other Comprehensive Income	June 30, 2021
	(dollars in thousands)					
Assets, at Fair Value						
Included within investments:						
CLOs	$ 205,510	$ 33,294	$ (16,145)	$ 1,753	$ (4,979)	$ 219,433
Liabilities, at Fair Value						
Warrants	$ 37,827	$ —	$ —	$ (38,175)	$ —	$ 76,002

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Assets, at Fair Value				
Included within investments:				
CLOs	$ (23,928)	$ 2,625	$ (33,346)	$ (2,470)
Included within investments of consolidated entities:				
Bank debt	$ (1,566)	$ —	$ (1,566)	$ —
Liabilities, at Fair Value				
Warrants	$ 18,740	$ (13,231)	$ 43,076	$ (38,175)
Liabilities of consolidated entities:				
Notes payable	$ 13,748	$ —	$ 13,748	$ —

Valuation Methodologies for Fair Value Measurements Categorized within Level II and 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 53.25% as of June 30, 2022.

The warrant liabilities of the consolidated SPAC are currently valued using quoted prices. Prior to being transferred to Level I, they 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 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.

Investments of the Company's consolidated structured alternative investment solution that are categorized as Level II or Level III under the fair value hierarchy include common stock, bank debt, and corporate bonds. Common stock and corporate bonds are both categorized as Level II under the fair value hierarchy and are valued using independent pricing services. Bank debt is categorized as both Level II and Level III under the fair value hierarchy. Bank debt that is categorized as Level II is valued using independent pricing services, while bank debt that is categorized as Level III is valued using either independent pricing services or a discounted cash flows method. For bank debt within Level II there are no unobservable valuation inputs used in determining their value. The significant unobservable input used in the fair value measurement of the Company's bank debt that is valued using a discounted cash flows method is the discount rate, which was 11.43% as of June 30, 2022.

Financial Instruments Not Measured at Fair Value

As of June 30, 2022, the Company's debt obligations had a fair value of $114.9 million and a carrying value of $123.3 million. Management estimates that the carrying value of the Company's repurchase agreements approximated their fair value as of June 30, 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. Management estimates that the carrying value of the Company's other financial instruments approximated their fair values as of June 30, 2022.

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 six months ended June 30, 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 June 30, 2022 and December 31, 2021, the Company's investments in these retained interests had a fair value of $78.9 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. For both the six months ended June 30, 2022 and 2021, the Company received $1.3 million, 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. In accordance with GAAP consolidation guidance, the Company consolidates certain VIEs for which it is the primary beneficiary either directly or indirectly, through a consolidated entity. 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.

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Assets		
Assets of consolidated entities:		
Cash and cash equivalents of consolidated entities	$ 25,650	$ —
Investments of consolidated entities, at fair value	331,151	—
Other assets of consolidated entities	3,294	4,339
Total Assets	**$ 360,095**	**$ 4,339**
Liabilities		
Liabilities of consolidated entities:		
Notes payable of consolidated entities	$ 201,985	$ —
Other liabilities of consolidated entities	37,519	2,603
Total Liabilities	**$ 239,504**	**$ 2,603**

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 other than its own capital commitments.

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:

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Net assets of unconsolidated VIEs in which the Company has a variable interest	$ 11,981,206	$ 11,304,196
Maximum risk of loss as a result of the Company's involvement with VIEs:		
Unearned income and fees	67,271	62,800
Income and fees receivable	12,346	61,273
Investments	238,285	249,104
Investments of consolidated entities	123,411	—
Unfunded commitments[1]	94,139	60,474
Maximum Exposure to Loss	**$ 535,452**	**$ 433,651**

[1] Includes commitments from certain employees and executive managing directors in the amounts of $66.9 million and $46.3 million as of June 30, 2022 and December 31, 2021, respectively.

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 June 30, 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Lease Cost				
Operating lease cost	$ 4,656	$ 4,896	$ 9,364	$ 10,333
Short-term lease cost	44	5	54	22
Finance lease cost - amortization of leased assets	91	198	183	397
Finance lease cost - imputed interest on lease liabilities	1	7	4	17
Less: Sublease income	(804)	(415)	(1,634)	(826)
Net Lease Cost	**$ 3,988**	**$ 4,691**	**$ 7,971**	**$ 9,943**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Supplemental Lease Cash Flow Information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows for operating leases	$ 5,165	$ 5,356	$ 10,491	$ 11,165
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	$ —	$ —	$ —	$ —

	June 30, 2022	December 31, 2021
Lease Term and Discount Rate		
Weighted average remaining lease term		
Operating leases	7.1 years	7.6 years
Finance leases	1.0 year	1.3 years
Weighted average discount rate		
Operating leases	7.8 %	7.8 %
Finance leases	5.8 %	6.3 %

	Operating Leases	Finance Leases
	(dollars in thousands)	
Maturity of Lease Liabilities - Contractual Payments to be Paid		
July 1, 2022 to December 31, 2022	$ 10,409	$ 86
2023	20,153	—
2024	16,528	—
2025	14,328	—
2026	15,353	—
Thereafter	52,689	—
Total Lease Payments	**129,460**	**86**
Imputed interest	(30,726)	—
Total Lease Liabilities - Contractual Payments to be Paid	**$ 98,734**	**$ 86**

	Operating Leases
	(dollars in thousands)
Sublease Rent - Contractual Payments to be Received	
July 1, 2022 to December 31, 2022	$ 1,206
2023	3,057
2024	1,920
2025	1,920
2026	1,920
Thereafter	6,120
Total Sublease Rent - Contractual Payments to be Received	**$ 16,143**

7. DEBT OBLIGATIONS AND WARRANTS

	2020 Term Loan	CLO Investments Loans	Total
		(dollars in thousands)	
Maturity of Debt Obligations			
July 1, 2022 to December 31, 2022	$ —	$ —	$ —
2023	—	1,865	1,865
2024	—	—	—
2025	—	—	—
2026	—	—	—
2027	95,000	—	95,000
Thereafter	—	39,035	39,035
Total Payments	**95,000**	**40,900**	**135,900**
Unamortized discounts & deferred financing costs	(12,393)	(212)	(12,605)
Total Debt Obligations	**$ 82,607**	**$ 40,688**	**$ 123,295**

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 four 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").

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 $8.35 per share as of June 30, 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 June 30, 2022, the warrants had fair value of $2.6 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. Changes in the fair value of the notes payable of the structured alternative investment solution are presented within net losses of consolidated entities in the consolidated statements of operations. The fair value of the notes payable as of June 30, 2022, was $202.0 million. The notes payable mature in May 2037.

The table below summarizes material terms of the notes payable:

	Class A Notes	Class B Notes	Class C Notes	Subordinate Notes[1]
	(dollars in thousands)			
Type	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 June 30, 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 June 30, 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 $41.2 million and $43.1 million as of June 30, 2022 and December 31, 2021, respectively.

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	
			June 30, 2022	December 31, 2021
			(dollars in thousands)	
June 7, 2017	LIBOR plus 1.48%	November 16, 2029	$ 17,232	$ 17,221
August 2, 2017	LIBOR plus 1.41%	January 21, 2030	21,592	21,589
October 21, 2021	EURIBOR plus 0.85%	August 29, 2023	—	5,892
January 19, 2022	EURIBOR plus 1.00%	December 15, 2023	1,864	—
			$ 40,688	**$ 44,702**

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 June 30, 2022, €42.9 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.

The table below presents securities sold under agreements to repurchase that are offset, if any, as well as securities transferred to the counterparty 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 June 30, 2022	$ 163,329	$ —	$ 163,329	$ 152,838	$ 10,491
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 to the counterparty under agreement to repurchase by class of collateral pledged:

	Investments in CLOs				
Securities Sold under Agreements to Repurchase	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
			(dollars in thousands)		
As of June 30, 2022	$ —	$ —	$ —	$ 163,329	$ 163,329
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:

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Fixed Assets:		
Leasehold improvements	$ 47,736	$ 47,797
Computer hardware and software	54,508	55,320
Furniture, fixtures and equipment	8,078	8,013
Accumulated depreciation and amortization	(83,780)	(83,371)
Fixed assets, net	26,542	27,759
Redemption receivable[1]	32,118	—
Goodwill	22,691	22,691
Prepaid expenses	13,246	17,095
Other	12,450	9,546
Total Other Assets, Net	**$ 107,047**	**$ 77,091**

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

10. OTHER LIABILITIES

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

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Accrued expenses	$ 19,484	$ 16,949
Uncertain tax positions	8,250	8,250
Due to funds[(1)]	3,114	3,017
Unused trade commissions	1,405	1,513
Other	4,026	9,061
Total Other Liabilities	**$ 36,279**	**$ 38,790**

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(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.

11. REVENUES

The following table presents management fees and incentive income recognized as revenues for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30,			
	2022		2021	
	Management Fees	Incentive Income	Management Fees	Incentive Income
	(dollars in thousands)			
Multi-strategy funds	$ 38,612	$ (835)	$ 38,252	$ 55,129
Credit				
Opportunistic credit funds	12,342	102	12,677	3,492
Institutional Credit Strategies	11,808	—	16,401	—
Real estate funds	9,008	45,313	9,280	923
Total	**$ 71,770**	**$ 44,580**	**$ 76,610**	**$ 59,544**

The following table presents management fees and incentive income recognized as revenues for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,			
	2022		2021	
	Management Fees	Incentive Income	Management Fees	Incentive Income
	(dollars in thousands)			
Multi-strategy funds	$ 78,592	$ 120	$ 74,600	$ 81,113
Credit				
Opportunistic credit funds	25,166	19,905	25,924	12,259
Institutional Credit Strategies	23,391	—	31,504	—
Real estate funds	18,058	46,197	18,543	13,976
Total	**$ 145,207**	**$ 66,222**	**$ 150,571**	**$ 107,348**

The following table presents the composition of the Company's income and fees receivable as of June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Management fees	$ 23,904	$ 25,520
Incentive income	1,517	168,116
Income and Fees Receivable	**$ 25,421**	**$ 193,636**

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 June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Management fees	$ 1,414	$ 84
Incentive income	65,857	62,716
Unearned Income and Fees	**$ 67,271**	**$ 62,800**

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 six months ended June 30, 2022 and 2021, the Company recognized $41.4 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.

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Statutory U.S. federal income tax rate	21.00 %	21.00 %	21.00 %	21.00 %
Loss (income) passed through to noncontrolling interests	13.60 %	-0.37 %	31.73 %	4.16 %
Foreign income taxes	5.14 %	3.58 %	-1.10 %	-46.09 %
RSU excess income tax benefit or expense	-1.24 %	-1.96 %	-85.00 %	1.51 %
State and local income taxes	16.21 %	2.85 %	156.82 %	-6.38 %
Nondeductible amortization of Partner Equity Units	2.54 %	2.27 %	143.06 %	-24.59 %
Foreign tax credits and deductions	-1.08 %	-0.75 %	0.23 %	9.68 %
Change in fair value of warrants	41.17 %	7.88 %	-591.40 %	-144.77 %
Disallowed executive compensation	-20.63 %	1.90 %	256.31 %	-16.18 %
Other, net	-0.52 %	0.59 %	3.31 %	-2.96 %
Effective Income Tax Rate	**76.19 %**	**36.99 %**	**-65.04 %**	**-204.62 %**

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 June 30, 2022 and December 31, 2021, the Company had a liability for unrecognized tax benefits of $8.3 million. As of and for the six months ended June 30, 2022, the Company did not accrue interest or penalties related to uncertain tax positions. As of June 30, 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 June 30, 2022.

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Occupancy and equipment	$ 6,900	$ 7,311	$ 13,990	$ 15,343
Professional services	6,177	3,261	11,641	7,689
Recurring placement and related service fees	5,182	5,243	10,431	9,594
Information processing and communications	5,175	5,500	10,201	10,857
Insurance	2,228	2,270	4,435	4,492
Business development	797	158	1,295	310
Other expenses	(34)	1,279	1,748	4,113
	$ 26,425	**$ 25,022**	**$ 53,741**	**$ 52,398**

14. (LOSS) EARNINGS PER CLASS A SHARE

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

For the three months ended June 30, 2022 and 2021, the Company included 163,136 and 167,904 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 (loss) earnings per Class A Share. For the six months ended June 30, 2022 and 2021, the Company included 174,974 and 199,893 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 (loss) earnings per Class A Share.

When calculating dilutive (loss) earnings 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 (loss) earnings per Class A Share, as the applicable market 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 (loss) income attributable to Class A Shareholders is presented net of tax.

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

Three Months Ended June 30, 2022	Net Loss Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units and Warrants Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ (8,052)	25,514,364	$ (0.32)	
Effect of dilutive securities:				
Group A Units	—	—		15,025,994
Group E Units	—	—		13,009,158
RSUs	—	—		2,605,627
RSAs	—	—		1,575,134
Warrants	(15,702)	1,051,428		—
Diluted	$ (23,754)	26,565,792	$ (0.89)	

Three Months Ended June 30, 2021	Net Income Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Earnings Per Class A Share	Number of Antidilutive Units and Warrants Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ 21,814	25,025,974	$ 0.87	
Effect of dilutive securities:				
Group A Units	283	16,019,506		—
Group E Units	—	12,387,325		—
RSUs	—	1,758,888		—
Warrants	—	—		4,338,015
Diluted	$ 22,097	55,191,693	$ 0.40	

Six Months Ended June 30, 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	$ 8,830	26,052,478	$ 0.34	
Effect of dilutive securities:				
Group A Units	—	—		15,025,994
Group E Units	—	—		13,009,157
RSUs	—	—		2,557,642
RSAs	—	—		1,312,520
Warrants	(36,341)	1,558,579		—
Diluted	$ (27,511)	27,611,057	$ (1.00)	

Six Months Ended June 30, 2021	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	$ 1,521	24,442,940	$ 0.06	
Effect of dilutive securities:				
Group A Units	(19,079)	16,019,506		—
Group E Units	—	12,230,728		—
RSUs	—	1,536,519		—
Warrants	—	—		4,338,015
Diluted	$ (17,558)	54,229,693	$ (0.32)	

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 $178.8 million as of June 30, 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 six months ended June 30, 2022 and 2021, respectively, of which $7.4 million and $3.9 million were paid to related parties. No payments were made in the three months ended June 30, 2022 and 2021, respectively.

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 June 30, 2022 and December 31, 2021, respectively, approximately $1.0 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 June 30, 2022 and December 31, 2021, approximately 47% 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Fees charged on investments held by related parties:				
Management fees	$ 1,320	$ 855	$ 2,159	$ 1,827
Incentive income	$ 1,533	$ 174	$ 2,031	$ 2,153

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 out of which $55 thousand was funded and subsequently written-off. As of June 1, 2022, BharCap Acquisition Corp’s registration statement filed with the SEC lapsed and the Company will not be funding any additional amounts in connection with the foregoing commitment.

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 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 June 30, 2022, the estimated future payment under the tax receivable agreement was $178.8 million, which is recorded in the tax receivable agreement liability balance on the consolidated balance sheets.

The table below presents management's estimate as of June 30, 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.

	Potential Payments Under Tax Receivable Agreement
	(dollars in thousands)
July 1, 2022 to December 31, 2022	$ 29,483
2023	662
2024	15,120
2025	24,660
2026	23,602
2027	26,320
Thereafter	58,912
Total Payments	**$ 178,759**

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 $143.2 million to certain funds it manages, of which $34.8 million relates to commitments to consolidated funds and $108.4 million relates to commitments of the Company to unconsolidated funds. Approximately $46.8 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 $25.7 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.

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 six months ended June 30, 2022 and 2021 these amounts were not material.

17. SUBSEQUENT EVENTS

Dividend

On August 3, 2022, the Company announced a cash dividend of $0.13 per Class A Share. The dividend is payable on August 22, 2022, to holders of record as of the close of business on August 15, 2022.

Share Repurchases

As discussed in Note 1, as of June 30, 2022, the Company repurchased 1,641,589 Class A Shares at a cost of $19.5 million for an average price of $11.87 per share through open market purchase transactions. Through August 1, 2022, we purchased 1,756,112 shares in aggregate at an average price of $11.68, resulting in a total buyback of $20.5 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 Our Business

Sculptor Capital is a leading institutional alternative asset manager, with approximately $36.8 billion in Assets Under Management as of July 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

As a global alternative asset manager, our results of operations are impacted by a variety of factors, including conditions in the global financial markets and economic and political environments. Financial markets severely corrected in the second quarter as investors collectively gauged the rising uncertainty of a deteriorating global growth outlook. This tops an already fraught market debate around record inflation, rising interest rates, and the immense value distortion of risk assets for much of the last two-plus years. From equities to bonds, the first half of 2022 has been one of the worst on record as 60/40 strategies suffered their weakest performance in 90 years. However, we believe both our funds, through their unconstrained investment style, and our platform, from our business diversification and strong balance sheet, are well positioned to navigate these challenging conditions.

As of June 30, 2022, our AUM was $36.9 billion, a decrease of $944.5 million from the prior year period. Our AUM decreased, primarily due to performance-related depreciation in multi-strategy funds, as well as distributions and other reductions in Institutional Credit Strategies and real estate funds, partially offset by net inflows in Institutional Credit Strategies and real estate funds. We continued our fundraising momentum for our multi-strategy funds with gross inflows of $776.5 million in the first half of 2022. 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, Tactical Credit Fund ("STAX"), the latest vintage in our series of seven closed-end opportunistic credit funds, and closed a $350.0 million structured alternative investment solution, which was tailored to meet the needs of insurance investors. Lastly, we launched two additional CLOs in the first half of 2022. These new launches further diversify our business by product, channel and vintage, continuing the trend of raising long term capital, as we grew our long-term AUM to 71% of our total AUM as of June 30, 2022.

We reported a GAAP net loss of $8.1 million in the second quarter of 2022, compared to net income of $21.8 million for the second quarter of 2021, and GAAP net income of $8.8 million in the first half of 2022, compared to net income of $1.5 million in the first half of 2021.

Management fees for the second quarter of 2022 were $71.8 million, a decrease of $4.8 million compared to the second quarter of 2021. Our management fees fell primarily due to Institutional Credit Strategies, driven by the one-time recovery of previously deferred subordinated management fees in the prior year as well as lower weighted-average management fee rates. We continue to issue new CLOs and reset older CLO vintages, which extends the duration of our AUM in Institutional Credit Strategies, but we have seen our average fee rate decline in these vehicles, bringing down management fees despite growth in AUM.

Incentive income was $44.6 million for the second quarter of 2022 driven by crystallizations and distributions in real estate funds, primarily from Sculptor Real Estate Fund III.

Expenses were $111.3 million for the second quarter of 2022, up $22.7 million from the second quarter of 2021 driven by higher compensation and benefits expense, which included higher bonus expense primarily as a result of higher real estate incentive income profit sharing, and higher equity-based compensation expense. Additionally, general, administrative and other expenses were higher due to higher professional services expenses.

Other loss for the second quarter of 2022 increased compared 2021, as a result of losses on our investments and losses of consolidated entities in the second quarter of 2022. These were partially offset by 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 $224.4 million of prepayments of the 2020 Term Loan.

Economic Income was $32.6 million for the second quarter of 2022, compared to $75.1 million for the second quarter of 2021. Economic Income was $61.8 million for the first half of 2022, compared to $116.0 million in the first half of 2021. The decreases were primarily due to lower incentive income, higher compensation and benefits expenses from incentive income profit sharing and lower management fees.

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 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 June 30, 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 47% 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 June 30, 2022					
	March 31, 2022	Inflows / (Outflows)(1)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other(2)	June 30, 2022
	(dollars in thousands)					
Multi-strategy funds	$ 11,076,217	$ (137,889)	$ —	$ (1,188,851)	$ —	$ 9,749,477
Credit						
Opportunistic credit funds	6,309,552	75,275	(103,589)	(254,941)	—	6,026,297
Institutional Credit Strategies	16,657,708	123,637	(52,195)	(2,801)	(266,485)	16,459,864
Real estate funds	4,590,385	77,782	(33,348)	333	(11,200)	4,623,952
Total	**$ 38,633,862**	**$ 138,805**	**$ (189,132)**	**$ (1,446,260)**	**$ (277,685)**	**$ 36,859,590**

	Three Months Ended June 30, 2021					
	March 31, 2021	Inflows / (Outflows)(1)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other(2)	June 30, 2021
	(dollars in thousands)					
Multi-strategy funds	$ 10,918,733	$ 119,155	$ (36)	$ 267,940	$ —	$ 11,305,792
Credit						
Opportunistic credit funds	6,552,499	(307,334)	(5,361)	227,610	—	6,467,414
Institutional Credit Strategies	15,652,429	725,922	(727,594)	208	4,033	15,654,998
Real estate funds	4,250,757	239,280	(114,467)	275	—	4,375,845
Total	**$ 37,374,418**	**$ 777,023**	**$ (847,458)**	**$ 496,033**	**$ 4,033**	**$ 37,804,049**

	Six Months Ended June 30, 2022					
	December 31, 2021	Inflows / (Outflows)(1)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other(2)	June 30, 2022
	(dollars in thousands)					
Multi-strategy funds	$ 11,112,445	$ 172,722	$ (49)	$ (1,535,641)	$ —	$ 9,749,477
Credit						
Opportunistic credit funds	6,350,474	(22,853)	(103,589)	(197,735)	—	6,026,297
Institutional Credit Strategies	16,052,406	920,280	(153,396)	(2,947)	(356,479)	16,459,864
Real estate funds	4,544,862	214,393	(119,780)	333	(15,856)	4,623,952
Total	**$ 38,060,187**	**$ 1,284,542**	**$ (376,814)**	**$ (1,735,990)**	**$ (372,335)**	**$ 36,859,590**

	Six Months Ended June 30, 2021					
	December 31, 2020	Inflows / (Outflows)[1]	Distributions / Other Reductions	Appreciation / (Depreciation)	Other[2]	June 30, 2021
	(dollars in thousands)					
Multi-strategy funds	$ 10,504,024	$ 197,392	$ (759)	$ 605,135	$ —	$ 11,305,792
Credit						
Opportunistic credit funds	6,287,777	(424,411)	(10,961)	615,009	—	6,467,414
Institutional Credit Strategies	15,697,827	1,035,394	(768,542)	417	(310,098)	15,654,998
Real estate funds	4,308,648	378,420	(312,823)	1,600	—	4,375,845
Total	**$ 36,798,276**	**$ 1,186,795**	**$ (1,093,085)**	**$ 1,222,161**	**$ (310,098)**	**$ 37,804,049**

(1) Includes transfers between Sculptor funds.

(2) 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.

AUM totaled $36.9 billion as of June 30, 2022. In the six months ended June 30, 2022, AUM decreased by $1.2 billion, driven by performance-related depreciation of $1.7 billion, primarily from multi-strategy funds, a decrease of $294.9 million due to the effects of foreign currency translation adjustments on CLOs, and distributions and other reductions of $376.8 million, driven primarily by distributions from our CLOs and real estate funds. These decreases were partially offset by net inflows of $1.3 billion across Institutional Credit Strategies, multi-strategy and real estate funds.

AUM net inflows of $1.3 billion were comprised of (i) $2.1 billion of gross inflows, driven by $958.2 million in Institutional Credit Strategies, from the launch of additional CLOs, $698.7 million in multi-strategy funds and $214.4 million in real estate funds, driven by the launch of Real Estate Credit Fund II; and (ii) $762.2 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, sovereign wealth and corporates, and pensions, while pensions, fund-of-funds, and high net worth and family offices were the largest source of gross outflows.

Distributions and other reductions of $376.8 million were driven primarily by $153.4 million of distributions from Institutional Credit Strategies as a result of paydowns in certain of our CLOs, and $119.8 million of distributions from our real estate funds as a result of realizations.

In the six months ended June 30, 2021, our funds experienced performance-related appreciation of $1.2 billion, net inflows of $1.2 billion and a decrease of $310.1 million primarily due to the effects of changes in par value of underlying collateral of the CLOs. The net inflows were comprised of (i) $2.2 billion of gross inflows, driven by $1.0 billion in Institutional Credit Strategies, primarily driven by the launch of additional CLOs, and $760.2 million in multi-strategy funds; and (ii) $1.0 billion of gross outflows due to redemptions, primarily in our multi-strategy and opportunistic credit funds. Distributions and other reductions of $1.1 billion were driven primarily by $768.5 million of distributions from Institutional Credit Strategies as a result of a wind down of a CLO, and $312.8 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 high net worth and family offices, sovereign wealth and corporates, and fund-of-funds, 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 June 30, 2022					
	March 31, 2022	**Inflows / (Outflows)[1]**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**Other[2]**	**June 30, 2022**
	(dollars in thousands)					
Multi-strategy funds	$ 10,837,660	$ (145,836)	$ —	$ (1,160,088)	$ 8,915	$ 9,540,651
Credit						
Opportunistic credit funds	5,730,008	71,312	(100,715)	(251,223)	50,531	5,499,913
Institutional Credit Strategies	11,337,931	136,884	(29,665)	(2,346)	(206,992)	11,235,812
Real estate funds	3,923,995	52,211	(30,724)	—	(51,200)	3,894,282
Total	**$ 31,829,594**	**$ 114,571**	**$ (161,104)**	**$ (1,413,657)**	**$ (198,746)**	**$ 30,170,658**

	Three Months Ended June 30, 2021					
	March 31, 2021	**Inflows / (Outflows)[1]**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**Other[2]**	**June 30, 2021**
	(dollars in thousands)					
Multi-strategy funds	$ 10,708,351	$ 80,973	$ (35)	$ 260,030	$ 12,841	$ 11,062,160
Credit						
Opportunistic credit funds	5,895,539	(297,453)	(5,358)	225,345	61,244	5,879,317
Institutional Credit Strategies	12,226,454	436,667	(411,144)	45	(153,932)	12,098,090
Real estate funds	3,559,184	422,876	(101,194)	—	275	3,881,141
Total	**$ 32,389,528**	**$ 643,063**	**$ (517,731)**	**$ 485,420**	**$ (79,572)**	**$ 32,920,708**

	Six Months Ended June 30, 2022					
	December 31, 2021	**Inflows / (Outflows)[1]**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**Other[2]**	**June 30, 2022**
	(dollars in thousands)					
Multi-strategy funds	$ 10,877,541	$ 158,142	$ (49)	$ (1,500,539)	$ 5,556	$ 9,540,651
Credit						
Opportunistic credit funds	5,742,605	(26,223)	(100,715)	(194,872)	79,118	5,499,913
Institutional Credit Strategies	11,142,956	458,449	(67,852)	(2,360)	(295,381)	11,235,812
Real estate funds	3,875,427	162,211	(87,487)	—	(55,869)	3,894,282
Total	**$ 31,638,529**	**$ 752,579**	**$ (256,103)**	**$ (1,697,771)**	**$ (266,576)**	**$ 30,170,658**

	Six Months Ended June 30, 2021					
	December 31, 2020	Inflows / (Outflows)(1)	Distributions / Other Reductions	Appreciation / (Depreciation)	Other(2)	June 30, 2021
	(dollars in thousands)					
Multi-strategy funds	$ 10,319,387	$ 137,207	$ (35)	$ 594,026	$ 11,575	$ 11,062,160
Credit						
Opportunistic credit funds	5,964,678	(395,464)	(5,358)	605,968	(290,507)	5,879,317
Institutional Credit Strategies	12,694,258	589,411	(449,492)	89	(736,176)	12,098,090
Real estate funds	3,575,828	558,753	(255,037)	—	1,597	3,881,141
Total	**$ 32,554,151**	**$ 889,907**	**$ (709,922)**	**$ 1,200,083**	**$ (1,013,511)**	**$ 32,920,708**

(1) Includes transfers between Sculptor funds.

(2) 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 $30.2 billion as of June 30, 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 six months ended June 30, 2022, FP AUM decreased by $1.5 billion, driven largely by the drivers discussed in the Summary of Changes in AUM section above. FP AUM as a percentage of AUM decreased during the period due to an increase in the amount of CLO equity held by our funds for which there is no fee.

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 second 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 an 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Weighted-average fee-paying assets under management	$ 31,728,559	$ 31,919,091	$ 31,824,604	$ 32,259,491
Average management fee rates	0.84 %	0.89 %	0.85 %	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

Our 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 second quarter of 2022, our multi-strategy funds had an average management fee rate of 1.27% 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 upon crystallization at the end of the multi-year commitment period.

	Assets Under Management as of June 30,		Returns for the Six Months Ended June 30,				Annualized Returns Since Inception Through June 30, 2022	
			2022		2021			
	2022	2021	Gross	Net	Gross	Net	Gross	Net
Fund	(dollars in thousands)							
Sculptor Master Fund(1)	$ 9,031,780	$ 10,343,152	-12.6 %	-13.2 %	8.2 %	5.9 %	15.6 % (2)	10.7 % (2)
Sculptor Enhanced Master Fund	706,133	952,657	-17.6 %	-18.3 %	4.9 %	3.4 %	10.5 %	6.4 %
Other funds	11,564	9,983	n/m	n/m	n/m	n/m	n/m	n/m
	$ 9,749,477	**$ 11,305,792**						

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n/m not meaningful

(1) 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 six months ended June 30, 2022 were -12.2% gross and -12.8% net, for the six months ended June 30, 2021 were 8.3% gross and 6.1% net, and annualized since inception through June 30, 2022 were 15.4% gross and 10.6% net.

(2) 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 June 30, 2022, the annualized returns since the Sculptor Master Fund's inception on January 1, 1998 were 12.5% gross and 8.2% net excluding Special Investments and 12.2% gross and 8.1% net inclusive of Special Investments.

AUM in our multi-strategy funds decreased by $1.6 billion, or 14%, year-over-year. This was driven primarily by $1.6 billion of performance-related depreciation, partially offset by $75.3 million of net inflows.

Our funds exhibited resilience in the face of extreme market stress during the quarter and experienced a portion of the market volatility. Our multi-strategy approach affirmed its value as it dampened volatility. In the first half of 2022, the Sculptor Master Fund generated a gross return of -12.6% and a net return of -13.2%. Equities was the largest detractor for the quarter, although the fund also faced losses in credit strategies.

In the first half of 2021, the Sculptor Master Fund generated a gross return of 8.2% and a net return of 5.9%. The fund profited from positions within fundamental equities, corporate credit, structured credit and merger arbitrage, while proactive risk management provided downside protection during a period of pronounced factor volatility in equity markets.

Credit

	Assets Under Management as of June 30,	
	2022	**2021**
	(dollars in thousands)	
Opportunistic credit funds	$ 6,026,297	$ 6,467,414
Institutional Credit Strategies	16,459,864	15,654,998
	$ 22,486,161	**$ 22,122,412**

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 closed-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 the 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 second quarter of 2022, our opportunistic credit funds had an average management fee rate of 0.88% 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 the 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.

	Assets Under Management as of June 30,		Returns for the Six Months Ended June 30, 2022		Returns for the Six Months Ended June 30, 2021		Annualized Returns Since Inception Through June 30, 2022	
Fund	**2022**	**2021**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
	(dollars in thousands)							
Sculptor Credit Opportunities Master Fund[1]	$ 1,904,832	$ 2,336,582	-2.4 %	-2.8 %	14.6 %	11.7 %	13.2 %	9.3 %
Customized Credit Focused Platform	3,827,891	3,792,908	See below for return information on our Customized Credit Focused Platform.					
Closed-end opportunistic credit funds	293,574	337,924	See below for return information on our closed-end opportunistic credit funds.					
	$ 6,026,297	**$ 6,467,414**						

(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 six months ended June 30, 2022 were -2.4% gross and -2.8% net, for the six months ended June 30, 2021 were 14.6% gross and 11.8% net, and annualized since inception through June 30, 2022 were 12.9% gross and 9.1% net.

AUM in our opportunistic credit funds decreased by $441.1 million, or 7%, year-over-year. This was driven primarily by $398.2 million of net outflows, offset by $88.2 million of performance-related appreciation and $85.0 million related to the first closing STAX, which is the latest vintage in our series of seven closed-end opportunistic credit funds. We continue to raise capital for STAX and held a second closing on July 1 with $250.0 million, bringing total committed capital to $370.0 million. We plan to hold additional closes throughout the year and have seen previous periods of market volatility act as a catalyst for capital raising in these types of strategies.

In the first half of 2022, the Sculptor Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of -2.4% and a net return of -2.8%. The fund delivered strong results as compared to Global High Yield and global equities. In 2022, the fund experienced losses in corporate credit and structured credit.

In the first half of 2021, the Sculptor Credit Opportunities Master Fund generated a gross return of 14.6% and a net return of 11.7%. The fund continued to see contributions to performance from exposure added in the depths of the dislocation. Corporate credit led performance from additional positive development across a variety of our largest process driven investments in both the U.S. and Europe. The portfolio benefited from the successful progression of a number of long-term restructurings where we had added to our exposure over the past year at and near pricing lows.

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	Weighted Average Return for the Six Months Ended June 30,[2] 2022 Gross	2022 Net	2021 Gross	2021 Net	Inception to Date as of June 30, 2022 IRR Gross[3]	IRR Net[4]	Net Invested Capital Multiple[5]
Opportunistic Credit Performance[1]	-4.6 %	-4.0 %	14.1 %	11.3 %	14.8 %	11.2 %	2.5x

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(1) Performance presented is for the opportunistic credit strategies in the Customized Credit Focused Platform. As of June 30, 2022, approximately 93% 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 June 30, 2022	2021	Inception to Date as of June 30, 2022 Total Commitments	Total Invested Capital[1]	Gross IRR[2]	Net IRR[3]	Gross MOIC[4]
	(dollars in thousands)						
Sculptor Tactical Credit Fund (2022 - 2025)[5]	83,651	—	119,940	85,142	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)	—	10,956	326,850	326,850	19.2 %	15.1 %	2.1x
Sculptor Structured Products Offshore Fund II (2011-2014)	—	9,967	304,531	304,531	16.5 %	12.9 %	1.9x
Sculptor Structured Products Offshore Fund I (2010-2013)	—	3,907	155,098	155,098	23.7 %	18.9 %	2.1x
Sculptor Structured Products Domestic Fund I (2010-2013)	3,423	4,242	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	206,500	308,852	428,940	284,582	n/m	n/m	n/m
	$ 293,574	$ 337,924	$ 2,109,086	$ 1,775,817			

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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 June 30, 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.

(5) This fund is in the first year of deployment; therefore, IRR and MOIC information is not presented, as it is not meaningful.

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 second 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 decreased in line with the broader market trends. We continue to issue new CLOs and reset older CLO vintages, which extends the duration of our AUM and we believe may lead to enhanced 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 issued senior and subordinated notes to investors and used 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. Upon investment in the funds, which began during April 2022, we earn management and incentive fees based on the terms of the underlying funds in which the vehicle invests and the associated AUM is included in those funds.

	Most Recent Launch or Refinancing Year	Deal Size	Assets Under Management as of June 30, 2022	2021
			(dollars in thousands)	
Collateralized loan obligations	2017	$ 1,658,282	$ 1,024,627	$ 1,024,781
	2018	5,315,728	4,038,908	4,807,567
	2019	653,250	—	—
	2020	1,868,287	1,673,813	1,713,880
	2021	8,174,069	6,981,035	6,814,580
	2022	852,334	783,981	—
		18,521,950	14,502,364	14,360,808
Aircraft securitization vehicles	2018	696,000	432,723	475,415
	2019	1,128,000	299,178	357,369
	2020	472,732	173,943	172,738
	2021	821,529	591,256	—
		3,118,261	1,497,100	1,005,522
Collateralized bond obligation	2021	367,050	286,141	273,987
Other funds			174,259	14,681
		$ 22,007,261	**$ 16,459,864**	**$ 15,654,998**

AUM in Institutional Credit Strategies totaled $16.5 billion as of June 30, 2022, increasing $804.9 million, or 5%, year-over-year. The year-over-year increase in AUM in Institutional Credit Strategies was driven primarily by the launches of five CLOs 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 non-traditional 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 if and when 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 second quarter of 2022, our real estate funds, inclusive of co-investment vehicles, had an average management fee rate of 0.86% 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, typically with lower fees.

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 June 30,	
	2022	2021
Fund (Investment Period)	(dollars in thousands)	
Sculptor Real Estate Fund I (2005-2010)	$ —	$ —
Sculptor Real Estate Fund II (2011-2014)	20,413	26,148
Sculptor Real Estate Fund III (2014-2019)	251,089	327,771
Sculptor Real Estate Fund IV (2019-2023)	2,593,626	2,593,365
Sculptor Real Estate Credit Fund I (2015-2020)	375,001	345,914
Sculptor Real Estate Credit Fund II (2022-2025)	136,035	—
Co-investment and other funds	1,247,788	1,082,647
	$ 4,623,952	**$ 4,375,845**

	Inception to Date as of June 30, 2022									
		Total Investments					Realized/Partially Realized Investments[1]			
	Total Commitments	Invested Capital[2]	Total Value[3]	Gross IRR[4]	Net IRR[5]	Gross MOIC[6]	Invested Capital	Total Value	Gross IRR[4]	Gross MOIC[6]
Fund	(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	1,611,953	32.9 %	21.8 %	2.1x	762,588	1,611,953	32.9 %	2.1x
Sculptor Real Estate Fund III	1,500,000	1,101,784	2,137,145	30.2 %	16.4 %	1.9x	920,933	1,867,810	34.3 %	2.0x
Sculptor Real Estate Fund IV[7]	2,596,024	916,080	1,141,061	n/m	n/m	n/m	293,006	440,611	n/m	n/m
Sculptor Real Estate Credit Fund I	736,225	677,221	861,513	18.5 %	13.3 %	1.3x	338,375	456,642	20.3 %	1.3x
Sculptor Real Estate Credit Fund II[7]	136,235	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m
Co-investment and other funds	1,357,509	1,181,282	1,485,151	n/m	n/m	n/m	196,791	353,206	n/m	n/m
	$ 7,573,582	**$ 5,025,253**	**$ 8,084,435**				**$ 2,897,991**	**$ 5,577,834**		

Fund	Unrealized Investments as of June 30, 2022 Invested Capital	Total Value	Gross MOIC[6]
	(dollars in thousands)		
Sculptor Real Estate Fund I	$ —	$ —	—
Sculptor Real Estate Fund II	—	—	—
Sculptor Real Estate Fund III	180,851	269,335	1.5x
Sculptor Real Estate Fund IV[7]	623,074	700,450	n/m
Sculptor Real Estate Credit Fund I	338,845	404,871	1.2x
Sculptor Real Estate Credit Fund II[7]	n/m	n/m	n/m
Co-investment and other funds	984,491	1,131,944	n/m
	$ 2,127,261	**$ 2,506,600**	

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 June 30, 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 June 30, 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 June 30, 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 include $34.3 million associated with the structure alternative investment solution.

AUM in our real estate funds totaled $4.6 billion as of June 30, 2022, increasing $248.1 million, or 6%, year-over-year due to net inflows of $544.3 million, primarily due to the launch of our SPAC and the first closing of Sculptor Real Estate Credit Fund II. This was partially offset by $277.5 million of distributions and other reductions, primarily related to Sculptor Real Estate Fund III, Sculptor Real Estate Credit Fund I, and various other real estate funds, as these funds are harvesting investments and making distributions. Our real estate funds continue to deploy capital and generate strong returns with a 16.4% annualized net return in Sculptor Real Estate Fund III and a 13.3% annualized net return in Sculptor Real Estate Credit Fund I.

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

As of June 30, 2022, approximately 71% of our AUM was 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.

	June 30, 2022	December 31, 2021
	(dollars in thousands)	
Multi-strategy funds	$ 459,873	$ 458,242
Credit		
Opportunistic credit funds	4,606,318	4,773,980
Institutional Credit Strategies	16,446,064	16,038,071
Real estate funds	4,623,952	4,544,862
	$ 26,136,207	**$ 25,815,155**

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 71% as of June 30, 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 six months ended June 30, 2022:

	December 31, 2021	Recognized Incentive Income	Performance	June 30, 2022
		(dollars in thousands)		
Multi-strategy funds	$ 5,246	$ (401)	$ (4,119)	$ 726
Credit				
Opportunistic credit funds	98,674	(10,417)	(31,582)	56,675
Real estate funds	122,940	(46,881)	54,995	131,054
	$ 226,860	**$ (57,699)**	**$ 19,294**	**$ 188,455**

Incentive income, if any, on our longer-term AUM is based on the cumulative investment performance generated over the respective commitment period. As of June 30, 2022, our ABURI was $188.5 million, down $38.4 million in the first half of 2022 primarily from the crystallization of ABURI into incentive income. In real estate, we generated $55.0 million of performance for the year which was largely crystallized during the period. During the first half of the year, the opportunistic credit funds reversed a portion of previously accrued ABURI due to performance.

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 will be recognized during each fund's harvest period after invested capital and a preferred return has been distributed to the clients, other than tax distributions.

- ◦ The Customized Credit Focused Platform, where incentive income is recognized at the end of a multi-year term; previously crystallized on December 31, 2020, other than tax distributions.

- *Real estate funds*. Real Estate ABURI is derived from long-dated real estate funds, where incentive income 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 other than tax distributions.

Certain ABURI amounts 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 as the compensation is structured as carried interest in these vehicles. 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 FP 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 (Loss) Income

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 and gains (losses) on investments held by consolidated entities, as well as changes in the fair value of the structured alternative investment solution’s assets and liabilities and related interest and other income.

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 Income (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 and Six Months Ended June 30, 2022 Compared to Three and Six Months Ended June 30, 2021

Net (Loss) Income Attributable to Class A Shareholders

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Net (Loss) Income Attributable to Class A Shareholders	$ (8,052)	$ 21,814	$ 8,830	$ 1,521

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

Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Management fees	$ 71,770	$ 76,610	$ 145,207	$ 150,571
Incentive income	44,580	59,544	66,222	107,348
Other revenues	2,520	1,778	4,950	3,359
Income of consolidated entities	311	—	150	3
Total Revenues	**$ 119,181**	**$ 137,932**	**$ 216,529**	**$ 261,281**

Total revenues for the quarter-to-date period were $119.2 million, decreasing $18.8 million from the prior year period, primarily due to the following:

- A $4.8 million decrease in management fees, primarily due to the following:

  - *Institutional Credit Strategies.* A $4.6 million decrease due to the recovery of $2.6 million of previously deferred subordinated management fees in the prior year period, as well as natural life cycle events within our existing CLOs which drove down our average net fee rate. Such life cycle events include: (i) a reduction in AUM in certain of our CLOs due to distributions; (ii) the redemptions of certain of our CLOs during 2021; and (iii) new issuances and refinancing transactions priced at lower rates. These decreases were partially offset by an increase in management fees driven by the launches of several CLOs.

  - Management fees in our multi-strategy, opportunistic credit, and real estate funds remained relatively flat year-over-year.

See "—Managing Business Performance—Weighted-Average FP AUM and Average Management Fee Rates" above for information regarding our average management fee rates.

- A $15.0 million decrease in incentive income, primarily due to the following:

  - *Multi-strategy funds.* A $56.0 million decrease in incentive income, 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.* A $3.4 million decrease in incentive income from our opportunistic credit funds, which was driven a lower trailing twelve month return year-over year in Sculptor Credit Opportunities Master Fund.

  - *Real estate funds.* A $44.4 million increase in incentive income, which was driven by crystallizations and realizations, primarily in Sculptor Real Estate Fund III, as the fund is realizing investments during its harvest period.

- A $742 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.

Total revenues for the year-to-date period were $216.5 million, decreasing $44.8 million year over year, primarily due to the following:

- A $5.4 million decrease in management fees, primarily due to the following:
    - *Multi-strategy funds.* A $4.0 million increase due to higher average net management fee rates.
    - *Institutional Credit Strategies.* An $8.1 million decrease due to the recovery of $3.2 million previously deferred subordinated management fees in the prior year period, as well as natural life cycle events within our existing CLOs which drove down our average net fee rate.
    - *Opportunistic credit and Real estate funds.* Management fees remained relatively flat year-over-year.

See "—Managing Business Performance—Weighted-Average FP AUM and Average Management Fee Rates" above for information regarding our average management fee rates.

- A $41.1 million decrease in incentive income, primarily due to the following:
    - *Multi-strategy funds.* An $81.0 million decrease in incentive income, which was driven by investors that crystallize off cycle and for which the trailing twelve month return was lower year over year, as well as lower tax distributions.
    - *Opportunistic credit funds.* A $7.7 million increase in incentive income, which was primarily driven by tax distributions, as well as from investors with off cycle crystallization periods. These increases were partially offset by less incentive income from certain of our closed-ended credit funds.
    - *Real estate funds.* A $32.2 million increase in incentive income primarily due to realizations in Sculptor Real Estate Fund III.
- A $1.6 million 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, 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Compensation and benefits	$ 79,743	$ 59,447	$ 157,528	$ 148,681
Interest expense	3,427	4,135	6,712	9,003
General, administrative and other	26,425	25,022	53,741	52,398
Expenses of consolidated entities	1,668	—	1,912	2
Total Expenses	**$ 111,263**	**$ 88,604**	**$ 219,893**	**$ 210,084**

Total expenses for the quarter-to-date period were $111.3 million, increasing $22.7 million, primarily due to the following:

- A $20.3 million increase in compensation and benefits expenses driven by the following:

    - $10.8 million increase in real estate incentive income profit sharing expense primarily as a result of realizations in Sculptor Real Estate Fund III.

    - Equity-based compensation expenses increased by $8.8 million, primarily due to an $11.9 million increase in RSAs and Group P Units, which were granted in the fourth quarter of 2021 and the first quarter of 2022. These increases were partially offset by a $3.2 million decrease in amounts related to Group E Units, as the remaining units are being amortized on an accelerated basis (i.e., each tranche is being amortized over its respective service period), resulting in decreasing expenses in each subsequent vesting year on these awards.

    - Salaries and benefits increased by $1.3 million.

- A $1.7 million increase in expenses of consolidated funds, primarily due to the activity of the structured alternative investment solution that was consolidated in the first quarter of 2022.

- A $1.4 million increase in general, administrative and other expenses, primarily due to an increase in professional services expenses driven by higher legal expenses, partially offset by foreign currency transaction gains.

- An offsetting $708 thousand 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.

Total expenses for the year-to-date period were $219.9 million, increasing $9.8 million year over year, primarily due to the following:

- An $8.8 million increase in compensation and benefits expenses driven by the following:

    - Bonus expense increased by $4.3 million, primarily driven by an increase in real estate incentive income profit sharing expenses, partially offset by separation-related compensation incurred in the first half of 2021 for a departing executive.

    - Equity-based compensation expense increased by $2.7 million primarily driven by a $22.9 million increase in RSAs and Group P Units granted in the fourth quarter of 2021 and the first quarter of 2022. These increases were partially offset by decreases in stock-based compensation of $16.4 million for RSUs and PSUs, primarily due to the separation-related costs incurred in the prior year period for a departing executive, as well as a $3.8 million decrease in amounts related to Group E Units, as the remaining units are being amortized on an accelerated basis (i.e., each tranche is being amortized over its respective service period), resulting in decreasing expenses in each subsequent vesting year on these awards.

    - Salaries and benefits increased by $1.8 million.

- A $1.9 million increase in expenses of consolidated entities, primarily due to the activity of the structured alternative investment solution that was consolidated in the first quarter of 2022, as well an increase in expenses of the Company’s consolidated SPAC.

- A $1.3 million increase in general, administrative and other expenses, primarily due to an increase in professional services expenses driven by higher legal, accounting, and recruiting expenses, partially offset by reductions across various other operating expense categories including rent expense.

- An offsetting $2.3 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.

Other (Loss) Income

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(dollars in thousands)			
Changes in fair value of warrant liabilities	$ 18,740	$ (13,231)	$ 43,076	$ (38,175)
Changes in tax receivable agreement liability	227	(559)	220	21
Net losses on retirement of debt	—	(6,525)	—	(30,198)
Net (losses) gains on investments	(30,838)	6,255	(36,182)	11,617
Net losses of consolidated entities	(6,434)	—	(2,294)	—
Total Other (Loss) Income	**$ (18,305)**	**$ (14,060)**	**$ 4,820**	**$ (56,735)**

Total other loss for the quarter-to-date period was $18.3 million, increasing $4.2 million, while other income for the year-to-date period was $4.8 million, up from a loss of $56.7 million, which resulted from the following:

- *Changes in fair value of warrant liabilities.* These 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 quarter-to-date and year-to-date amounts in 2022 were gains, driven by a decrease in the fair value of the warrants primarily due to a decrease in our Class A Share price while the amounts in 2021 were losses, driven by an increase in the fair value of the warrants that was primarily due to the increase in our Class A Share price. 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.* These are 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 quarter-to-date amount in 2021 was primarily related to the $50.0 million prepayment of amounts outstanding under the 2020 Term Loan and a $19.9 million repayment of a CLO Investment Loan, while the year-to-date amount in 2021 was primarily related to the $224.4 million prepayment of amounts outstanding under the 2020 Term Loan and a $19.9 million repayment of a CLO Investment 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 for both the quarter-to-date and year-to-date period decreased by $37.1 million and $47.8 million, respectively. This was primarily due to losses on our equity method investments in our multi-strategy funds and our risk retention investments in CLOs, as compared to the prior year amounts which represent investment income on our equity method investments, including the value of our risk retention investments in CLOs.

Income Taxes

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(dollars in thousands)			
Income taxes	$ (7,914)	$ 13,047	$ (947)	$ 11,332

Income tax expense for the quarter-to-date period decreased by $21.0 million, and decreased by $12.3 million for the year-to-date period. Income tax expense was lower primarily due to crystallization of incentive income recognized in the prior year, and a change in state tax rates on deferred taxes, partially offset by the change in fair value of warrant liabilities.

Net Income (loss) attributable to noncontrolling interests

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Group A Units	$ 4,881	$ (610)	$ (7,782)	$ (19,863)
Other	698	1,017	1,355	1,472
Total	**$ 5,579**	**$ 407**	**$ (6,427)**	**$ (18,391)**
Redeemable noncontrolling interests	$ (697)	$ —	$ (3,765)	$ —

Net income attributable to noncontrolling interests was $5.6 million for the quarter-to-date period, increasing by $5.2 million, and net loss attributable to noncontrolling interests was $6.4 million for the year-to-date period, decreasing by $12.0 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.

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Change in redemption value of redeemable noncontrolling interests	$ 697	$ —	$ 3,765	$ —

The change in redemption value of redeemable noncontrolling interests for the quarter-to-date period was a gain of $697 thousand and was a gain of $3.8 million for the year-to-date period. The amounts in 2022 represent 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, gains and losses on investments in funds, and gains and losses of consolidated entities 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 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 and Six Months Ended June 30, 2022 Compared to Three and Six Months Ended June 30, 2021

Economic Income (Non-GAAP)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	(dollars in thousands)							
Economic Income	$	32,565	$	75,112	$	61,766	$	116,047

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 June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	(dollars in thousands)							
Economic Income Basis								
Management fees	$	66,313	$	70,903	$	134,070	$	139,973
Incentive income		44,580		59,545		66,149		107,349
Other revenues		1,604		1,778		3,044		3,359
Total Economic Income Revenues	**$**	**112,497**	**$**	**132,226**	**$**	**203,263**	**$**	**250,681**

Economic Income revenues for the quarter-to-date period were $112.5 million decreasing $19.7 million, primarily due to the following:

- A $4.6 million decrease in management fees, driven primarily by the following:
  - *Institutional Credit Strategies.* A $4.6 million decrease due to the recovery of $2.6 million of previously deferred subordinated management fees in the prior year period, as well as natural life cycle events within our existing CLOs which drove down our average net fee rate. Such life cycle events include: (i) a reduction in AUM in certain of our CLOs due to distributions; (ii) the redemptions of certain of our CLOs during 2021; and (iii) new issuances and refinancing transactions priced at lower rates. These decreases were partially offset by an increase in management fees driven by the launches of several CLOs.
  - Management fees in our multi-strategy, opportunistic credit, and real estate funds remained relatively flat year-over-year.
- A $15.0 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds.* A $56.0 million decrease in incentive income, 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.* A $3.4 million decrease in incentive income from our opportunistic credit funds, which was driven a lower trailing twelve month return year-over year in Sculptor Credit Opportunities Master Fund.
  - *Real estate funds.* A $44.4 million increase in incentive income, which was driven by crystallizations and realizations, primarily in Sculptor Real Estate Fund III, as the fund is realizing investments during its harvest period.

Economic Income revenues for the year-to-date period were $203.3 million, decreasing $47.4 million, primarily due to the following:

- A $5.9 million decrease in management fees, driven primarily by the following:
  - *Multi-strategy funds.* A $3.2 million increase due to higher average net management fee rates.
  - *Institutional Credit Strategies.* An $8.0 million decrease due to the recovery of $3.2 million previously deferred subordinated management fees in the prior year period, as well as natural life cycle events within our existing CLOs which drove down our average net fee rate.
  - *Opportunistic credit and Real estate funds.* Management fees remained relatively flat year-over-year.
- A $41.2 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds.* An $81.0 million decrease in incentive income, which was driven by investors that crystallize off cycle and for which the trailing twelve month return was lower year over year, as well as lower tax distributions.
  - *Opportunistic credit funds.* A $7.6 million increase in incentive income, which was primarily driven by tax distributions, as well as from investors with off cycle crystallization periods. These increases were partially offset by less incentive income from certain of our closed-ended credit funds.
  - *Real estate funds.* A $32.2 million increase in incentive income primarily due to realizations in Sculptor Real Estate Fund III.

Economic Income Expenses (Non-GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Economic Income Basis				
Compensation and benefits	$ 58,011	$ 35,788	$ 97,208	$ 88,323
Interest expense	3,173	3,784	6,212	8,218
General, administrative and other expenses	18,658	17,542	37,985	38,093
Total Economic Income Expenses	**$ 79,842**	**$ 57,114**	**$ 141,405**	**$ 134,634**

Economic Income expenses for the quarter-to-date period were $79.8 million, increasing $22.7 million, primarily due to the following:

- A $22.2 million increase in compensation and benefits expenses primarily driven by a $20.9 million increase in bonus expense, primarily due to factors outlined below:
  - A $23.5 million increase in real estate incentive income profit sharing expense driven primarily by realizations from Sculptor Real Estate Fund III, which generated incentive income during the period. This was partially offset by a decrease in deferred cash compensation.
  - A $1.3 million increase in salaries and benefits.

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.

- A $1.1 million increase in general, administrative and other expenses primarily driven by an increase in professional services expenses. This increase was partially offset by a decrease in occupancy expense due to a sublease and a gain on foreign currency transactions.

- An offsetting $611 thousand 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.

Economic Income expenses for the year-to-date period were $141.4 million, increasing $6.8 million, primarily due to the following:

- An $8.9 million increase in compensation and benefits expenses primarily driven by a $7.1 million increase in bonus expense, primarily due to factors outlined below:

    - Real estate incentive income profit sharing expense increased by $17.0 million from the prior year, driven by higher realizations and incentive income from our real estate funds in the first half of 2022, primarily from Real Estate Fund III.

    - An increase of $1.4 million due to an increase in the amount of RSUs vested and settled in cash in the first half of 2022 compared to 2021.

    - Partially offsetting these increases was a $10.3 million decrease in separation-related compensation, primarily due to the costs incurred in the first half of 2021 related to a departing executive.

    - A $2.8 million decrease in deferred cash compensation expense.

    - Salaries and benefits increased by $1.8 million.

- A $2.0 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.

- General, administrative and other expenses remained relatively flat year-over-year due to an increase in professional service expenses, partially offset by a reduction in occupancy expense due to a sublease, as we offset rental expense with subrental income for Economic Income, as well as a gain from foreign currency transactions.

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 $192.6 million of unrestricted cash and cash equivalents, and $25.4 million of management fees and incentive income receivable (the majority of which will be collected in the third 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 June 30, 2022, we repurchased 1,641,589 Class A Shares at the average price of $11.87 per share. Through August 1, 2022, we purchased 1,756,112 shares in aggregate at an average price of $11.68, resulting in a total buyback of $20.5 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 June 30, 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 $178.8 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 May 25, 2022 was in respect of earnings for the first quarter of 2022. 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.

	Class A Shares	
Payment Date	**Record Date**	**Dividend per Share**
May 25, 2022	May 18, 2022	$ 0.11
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 June 30, 2022, the Company repurchased 1,641,589 Class A Shares at a cost of $19.5 million for an average price of $11.87 per share through open market purchase transactions. From July 1 through August 1, 2022, we purchased an additional 114,523 shares, bringing the total shares repurchased to 1,756,112 shares for $20.5 million, for an average price of $11.68.

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 June 30, 2022, we have generated a total of $525.4 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 "Managing Business 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, for the remaining U.S. Dollar settings. As of June 30, 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 the state of New York’s enactment of the New York LIBOR Legislation, which was signed into law on April 6, 2021. Under the New York LIBOR Legislation, if a contract governed by New York law that references USD LIBOR as a benchmark interest rate either does not contain benchmark fallback provisions or contains benchmark fallback provisions that would cause the benchmark rate to fall back to a rate that would continue to be based on USD LIBOR, then the fallback rate would be the Secured Overnight Financing Rate plus any applicable spread adjustment and any conforming changes selected or recommended by a relevant recommending authority such as the Alternative Reference Rates Committee (a committee convened by the Federal Reserve that includes major market participants).

Additionally, the firm has pursued 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, and will continue to monitor our needs 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 the “Managing Business Performance” section, 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 $234.9 million in funds as of June 30, 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 $25.7 million 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 six months ended June 30, 2022 and 2021 was $(335.7) million and $351.6 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 six months ended June 30, 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 six months ended June 30, 2022 and 2021 was $177.7 million, and $(110.3) million, respectively. Investing cash inflows in 2022 primarily related to maturities and sales of U.S. government obligations and return of investments in our funds, partially offset by investments made in our funds and purchases of U.S. government obligations. Investing cash inflows in 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 six months ended June 30, 2022 and 2021 was $208.3 million, and $(272.3) 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 six months ended June 30, 2022, no repayments of the 2020 Term Loan were made, compared to repayments of $224.4 million in the six months ended June 30, 2021. Additionally, in the six months ended June 30, 2022, we entered into $20.4 million of repurchase agreements to finance or refinance risk retention investments in our European CLOs. Further, in the six months ended June 30, 2022, we repurchased $19.5 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.

We paid dividends of $2.8 million to our Class A Shareholders in the six months ended June 30, 2022, compared to dividends of $63.4 million paid to our Class A Shareholders in the six months ended June 30, 2021. No distributions were made to our executive managing directors in the six months ended June 30, 2022 or June 30, 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 June 30, 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 33% within Level I; approximately 42% within Level II; and approximately 25% 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 income of $3.7 million for the six months ended June 30, 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 $827.7 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 $827.7 million in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on estimated AUM of $36.8 billion as of July 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 June 30, 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 $233.6 million of net operating losses available to be carried forward without expiration. Additionally, $203.6 million of net operating losses are available to offset future taxable income for state income tax purposes and $199.8 million for local income tax purposes that will expire between 2035 and 2042.

Based on the analysis set forth above, as of June 30, 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 six months ended June 30, 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 June 30,	
	2022	2021
	(dollars in thousands)	
Net (Loss) Income Attributable to Class A Shareholders—GAAP	**$ (8,052)**	**$ 21,814**
Change in redemption value of redeemable noncontrolling interests	(697)	—
Net (Loss) Income Allocated to Sculptor Capital Management, Inc.—GAAP	**(8,749)**	**21,814**
Net income (loss) allocated to Group A Units	4,881	(610)
Equity-based compensation, net of RSUs settled in cash	20,804	12,022
Adjustment to recognize deferred cash compensation in the period of grant	7,730	5,742
2020 Term Loan and Debt Securities non-cash interest expense accretion	254	351
Income taxes	(7,914)	13,047
Changes in fair value of warrant liabilities	(18,740)	13,231
Net losses on early retirement of debt	—	6,525
Net losses (gains) on investments	30,838	(6,255)
Net losses of consolidated entities	6,434	—
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	(6,802)	5,895
Changes in tax receivable agreement liability	(227)	559
Depreciation, amortization and net gains and losses on fixed assets	1,304	1,574
Other adjustments	2,752	1,217
Economic Income—Non-GAAP	**$ 32,565**	**$ 75,112**

	Six Months Ended June 30,	
	2022	2021
	(dollars in thousands)	
Net Income Attributable to Class A Shareholders—GAAP	**$ 8,830**	**$ 1,521**
Change in redemption value of redeemable noncontrolling interests	(3,765)	—
Net Income Allocated to Sculptor Capital Management, Inc.—GAAP	**5,065**	**1,521**
Net loss allocated to Group A Units	(7,782)	(19,863)
Equity-based compensation, net of RSUs settled in cash	43,541	42,224
Adjustment to recognize deferred cash compensation in the period of grant	16,310	14,737
2020 Term Loan non-cash discount accretion	500	785
Income taxes	(947)	11,332
Changes in fair value of warrant liabilities	(43,076)	38,175
Net losses on retirement of debt	—	30,198
Net losses (gains) on investments	36,182	(11,617)
Net losses of consolidated entities	2,294	—
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	469	3,397
Changes in tax receivable agreement liability	(220)	(21)
Depreciation, amortization and net gains and losses on fixed assets	2,698	3,309
Other adjustments	6,732	1,870
Economic Income—Non-GAAP	**$ 61,766**	**$ 116,047**

Economic Income Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Management fees—GAAP	$ 71,770	$ 76,610	$ 145,207	$ 150,571
Adjustment to management fees[(1)]	(5,457)	(5,707)	(11,137)	(10,598)
Management Fees—Economic Income Basis—Non-GAAP	**66,313**	**70,903**	**134,070**	**139,973**
Incentive income—Economic Income Basis—GAAP	44,580	59,544	66,222	107,348
Adjustment to incentive income[(2)]	—	1	(73)	1
Incentive Income—Economic Income Basis— Non-GAAP	**44,580**	**59,545**	**66,149**	**107,349**
Other revenues—Economic Income Basis—GAAP	2,520	1,778	4,950	3,359
Adjustment to other revenues[(3)]	(916)	—	(1,906)	—
Other Revenues—Economic Income Basis—Non-GAAP	**1,604**	**1,778**	**3,044**	**3,359**
Total Revenues—Economic Income Basis—Non-GAAP	**$ 112,497**	**$ 132,226**	**$ 203,263**	**$ 250,681**

(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 June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(dollars in thousands)			
Compensation and benefits—GAAP	$ 79,743	$ 59,447	$ 157,528	$ 148,681
Adjustment to compensation and benefits[1]	(21,732)	(23,659)	(60,320)	(60,358)
Compensation and Benefits—Economic Income Basis—Non-GAAP	**$ 58,011**	**$ 35,788**	**$ 97,208**	**$ 88,323**
Interest expense—GAAP	$ 3,427	$ 4,135	$ 6,712	$ 9,003
Adjustment to interest expense[2]	(254)	(351)	(500)	(785)
Interest Expense—Economic Income Basis—Non-GAAP	**$ 3,173**	**$ 3,784**	**$ 6,212**	**$ 8,218**
General, administrative and other expenses—GAAP	$ 26,425	$ 25,022	$ 53,741	$ 52,398
Adjustment to general, administrative and other expenses[3]	(7,767)	(7,480)	(15,756)	(14,305)
General, Administrative and Other Expenses—Economic Income Basis—Non-GAAP	**$ 18,658**	**$ 17,542**	**$ 37,985**	**$ 38,093**

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(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 June 30, 2022.

	From October 1, 2018 to June 30, 2022 (dollars in thousands)
Net income attributable to Class A shareholders	$ 221,344
Change in redemption value of redeemable noncontrolling interests and Preferred Units	(15,253)
Net Income Allocated to Sculptor Capital Management, Inc.—GAAP	**206,091**
Net loss allocated to Group A Units	(72,630)
Equity-based compensation, net of RSUs settled in cash	289,809
Adjustment to recognize deferred cash compensation in the period of grant	(24,025)
2020 Term Loan and Debt Securities non-cash discount accretion	20,491
Income taxes	135,014
Changes in fair value of warrant liabilities	(8,068)
Net losses on retirement of debt	41,584
Net losses on investments	11,984
Net losses of consolidated entities	4,963
Impairment of right-of-use asset	11,240
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	(6,384)
Changes in tax receivable agreement liability	4,578
Depreciation, amortization and net gains and losses on fixed assets	29,928
Other adjustments	9,215
Less: Dividends paid on 2019 Preferred Units	(6,952)
Less: Dividends to Class A Shareholders declared with respect to such periods	(121,400)
Distribution Holiday Economic Income—Non-GAAP	**$ 525,438**

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 June 30, 2022 and December 31, 2021, would have resulted in changes of approximately $1.5 billion and $1.7 billion, respectively, 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 $10.3 million in the six months ended June 30, 2022 and $10.0 million in the six months ended June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 second 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

We may be adversely affected by the effects of inflation.

General inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. Inflation has the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure, particularly increased prices will increase our costs and may lead to our clients requesting fewer services or decreased investment in our funds. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, increased costs of labor, and other similar effects. Although we may take measures in an effort to mitigate the impact of this inflation, if these measures are not effective our business, financial condition, results of operations and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when such actions impact our results of operations and when the cost inflation is incurred.

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

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

<u>Issuer Purchases of Equity Securities</u>

The following table summarizes our Class A Share repurchase activity under our 2022 Share Repurchase Program during the second 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)
April 2022	505,273	$ 11.96	505,273	$ 87.7
May 2022	459,038	11.41	459,038	82.5
June 2022	203,559	9.62	203,559	80.5
Total	**1,167,870**	**$ 11.34**	**1,167,870**	**$ 80.5**

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 June 30, 2022, we repurchased 1,167,870 Class A Shares at a cost of $13.2 million, for an average price of $11.34 per share through open market purchase transactions. As of June 30, 2022, $80.5 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

Exhibit No.	Description
10.1+	Partner Agreement Between Sculptor Capital LP and Hap Pollard, dated December 15, 2021, incorporated herein by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q, filed on May 6, 2022
10.2+	Partner Agreement Between Sculptor Capital Advisors LP and Hap Pollard, dated December 15, 2021, incorporated herein by reference to Exhibit 10.2 of our Quarterly Report on Form 10-Q, filed on May 6, 2022
10.3+	Partner Agreement Between Sculptor Capital Advisors II LP and Hap Pollard, dated December 15, 2021, incorporated herein by reference to Exhibit 10.3 of our Quarterly Report on Form 10-Q, filed on May 6, 2022
10.4*	The Sculptor Capital Management, Inc. 2022 Incentive Plan
31.1*	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Quarterly Report on Form 10-Q for the three months ended June 30, 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: August 5, 2022

SCULPTOR CAPITAL MANAGEMENT, INC.

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

Exhibit 10.4

SCULPTOR CAPITAL MANAGEMENT, INC.

2022 INCENTIVE PLAN

(effective as of June 22, 2022)

1. Purpose of the Plan.

This Sculptor Capital Management, Inc. 2022 Incentive Plan was adopted by the Board of Directors (the "Board") of Sculptor Capital Management, Inc. (the "Company") on April 27, 2022 and shall become effective upon the approval of the shareholders of the Company (the date of such approval, the "Effective Date"). The purpose of the Plan is to provide additional incentive to selected employees, directors, Executive Managing Directors and Consultants of and service providers to the Company or any of its Subsidiaries (including Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP) or Affiliates (the Company and any such Subsidiaries and Affiliates, collectively, "Participating Entities") whose contributions are essential to the growth and success of the Company's business, in order to strengthen the commitment of such persons to the Company and the other Participating Entities, motivate such persons to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated persons whose efforts should result in the long-term growth and profitability of the Company and the other Participating Entities. To accomplish such purposes, the Plan provides that a Participating Entity may grant or sell equity-based Awards based on or consisting of Class A Shares, Class B Shares, and LTIP Units. Notwithstanding any provision of the Plan, to the extent that any Award would be subject to Section 409A of the Code, it is the Company's intent that each such Award comply with the requirements set forth in Section 409A of the Code and any regulations or guidance promulgated thereunder.

2. Definitions.

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) "Administrator" means the Committee or, if and to the extent the Committee does not administer the Plan, the Board.

(b) "Affiliate" means, with respect to the Company, any Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the Company. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(c) "Award" means, individually or collectively, any Option, Share Appreciation Right, Restricted Share, Restricted Share Unit, Performance Share, unrestricted Share or Other Share-Based Award, including but not limited to LTIP Unit Awards, granted or sold under the Plan.

(d) "Award Document" means any written agreement, contract or other instrument or document, or any portion of any such instrument or document, evidencing an Award.

(e) A "Beneficial Owner" of a security is a Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose, or to direct the disposition of, such security. The term "Beneficially Own" and its derivatives shall each have a correlative meaning.

(f) "Board" means the Board of Directors of the Company.

(g) "Cause" means, unless otherwise defined in the Participant's Award Document, employment agreement, or other written agreement describing the Participant's terms of employment or other service with any Participating Entity, (i) the commission of an act of fraud, dishonesty, misrepresentation or breach of trust by the Participant in the course of the Participant's employment with or the Participant's provision of services to any Participating Entity; (ii) the Participant's indictment or entering of a plea of no contest for a crime constituting a felony or in respect of any act of fraud or dishonesty; (iii) the commission of an act by the Participant which would make the Participant or any Participating Entity subject to being enjoined, suspended, barred or otherwise disciplined for violation of federal or state securities laws, rules or regulations, including a statutory disqualification; (iv) gross negligence or willful misconduct in connection with the Participant's performance of his or her duties in connection with the Participant's employment by or provision of services to any Participating Entity which the Participant may be employed by or providing service to on a full-time basis at the time or the Participant's failure to comply with any of the restrictive covenants set forth herein; (v) the commission of any act that would result or which might reasonably be a substantial factor resulting in the termination of any Participating Entity for cause under the management, advisory or similar agreements of any Participating Entity; (vi) the Participant's failure to comply with any material policies or procedures of any Participating Entity which the Participant may be employed by or providing service to on a full-time basis at the time as in effect from time to time; provided, however, that the Participant shall have received a copy of such policies or a notice that they have been posted on any Participating Entity's website prior to such compliance failure; and (vii) the Participant's failure to perform the material duties in connection with the Participant's position.

(h) "Certificate of Incorporation" means the Restated Certificate of Incorporation of the Company, dated as of November 5, 2019.

(i) "Change in Capitalization" means any (i) merger, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase or other reorganization or corporate transaction or event, (ii) distribution (whether in the form of cash, shares, LTIP Units or other property, other than regular cash dividends), share or unit split or reverse split, (iii) combination or exchange of shares or units, or (iv) other change in structure, , which the Administrator determines, in its sole discretion, affects the Shares or LTIP Units such that an adjustment pursuant to Section 5 is appropriate.

(j) "Change in Control" means the occurrence of any of the following events:

(1) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act, or any successor provisions thereto,

excluding any Permitted Transferee or any group of Permitted Transferees, becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding voting securities; or

(2) the following individuals cease for any reason to constitute a majority of the number of directors of the Company then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds ($^2/_3$) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (2); or

(3) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (i) the members of the Board immediately prior to the merger or consolidation do not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a subsidiary, the ultimate parent thereof, or (ii) all of the Persons who were the respective Beneficial Owners of the voting securities of the Company immediately prior to such merger or consolidation do not Beneficially Own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation; or

(4) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company, or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company's assets, other than the sale or other disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are Beneficially Owned by shareholders of the Company in substantially the same proportions as their Beneficial Ownership of such securities of the Company immediately prior to such sale.

Notwithstanding the foregoing, except with respect to clause (2) and clause (3)(i) above, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(k) "Class A Shares" means the Class A Shares of the Company.

(l) "Class B Shares" means the Class B Shares of the Company.

(m) "Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

(n) "Committee" means the Board, or a committee designated by the Board to administer the Plan. With respect to Awards granted to executive officers of the Company and members of the Board, such committee shall consist of two or more persons, each of whom, unless otherwise determined by the Board, is a "nonemployee director" within the meaning of Rule 16b-3 under the Exchange Act ("Rule 16b-3") and has any other qualifications required by the applicable stock exchange on which the Shares are listed. If at any time or to any extent the Board shall not administer the Plan, then the functions of the Administrator specified in the Plan shall be exercised by such committee.

(o) "Company" means Sculptor Capital Management, Inc., a Delaware corporation, and any successors thereto.

(p) "Consultant" means a consultant or advisor who is a natural person, engaged to render bona fide services to a Participating Entity.

(q) "Disability" means, unless otherwise defined in the Participant's Award Document, that a Participant (i) as determined by the Administrator in its sole discretion, is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of any Participating Entity.

(r) "Distribution Equivalent" means a right, granted pursuant to the Plan, to be paid an amount determined with respect to the distributions declared and paid with respect to outstanding Shares or LTIP Units, as specified in, and pursuant to the terms of, an applicable Award Document.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(t) "Executive Managing Directors" means the executive managing directors from time to time of any Participating Entities, including any partners of Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP that are executive managing directors .

(u) "Exercise Price" means the per Share price at which a holder of an Option or Share Appreciation Right may purchase the Shares issuable upon exercise of such Option or Share Appreciation Right.

(v) "Fair Market Value" as of a particular date shall mean the fair market value as determined by the Administrator in its sole discretion; provided, however, that (i) if the share, LTIP Unit or other security is listed on a national securities exchange, the fair market value on any date shall be the closing sale price reported on such date, or (ii) if the share, LTIP Unit or other security is traded in an over-the-counter market, the fair market value on any date shall be the average of the highest bid and lowest asked prices for such share in such over-the-counter market on such date.

(x) "LTIP Unit Awards" means Awards consisting of, among other things, LTIP Units, as more fully described in Section 10(b).

(y) "LTIP Units" means interests in the members of the Sculptor Operating Group, as more fully described in Section 10(b).

(aa) "Option" means an option to purchase Shares granted pursuant to Section 7. Each Option shall be a nonqualified option, and shall not be an incentive stock option as defined in Section 422 of the Code.

(bb) "Other Share-Based Award" means an Award granted pursuant to Section 10.

(cc) "Participant" means (i) any employee, director, Executive Managing Director or Consultant of or service provider to any Participating Entity; and (ii) the trustee of any trust established for the purpose of providing benefits to any individual described in (i) and/or to any dependant, family member (including any spouse, former spouse, widow, widower or co-habitee) or household member of any individual described in (i) and/or to any class of individuals comprising individuals described in (i), their dependants, family members or household members, provided always that the relevant employee, director, Executive Managing Director, Consultant or service provider has been selected as a Participant by the Administrator, pursuant to the Administrator's authority in Section 3, to receive an Award or, where applicable, as being eligible or potentially eligible to receive an Award subject to any discretion conferred upon the trustee by the terms of the relevant trust.

(dd) "Performance Goals" means performance goals based on one or more of the following criteria: (i) earnings, including operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) economic income, distributable earnings or distributable earnings per share; (vi) revenue, revenue growth or rate of revenue growth; (vii) return on assets (gross or net), return on investment, return on capital, or return on equity; (viii) returns on sales or revenues; (ix) operating expenses; (x) share price appreciation; (xi) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xii) implementation or completion of critical projects or processes; (xiii) economic value created; (xiv) cumulative earnings per share growth; (xv) operating margin or profit margin; (xvi) share price or total shareholder return; (xvii) cost targets, reductions and savings, productivity and efficiencies; (xviii) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion, investor satisfaction, employee satisfaction, human resources management, supervision of litigation, or information technology goals, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xix) personal professional objectives, including any of the foregoing Performance Goals, the implementation of policies and plans, the negotiation of transactions, the development of long-term business goals, the formation of joint ventures, research or development collaborations, and the completion of other corporate transactions; and (xx) any combination of, or a specified increase in, any of the foregoing or such other performance goals as may be selected by the Administrator. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Participating Entities, or a division or strategic business unit of the Company, or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Administrator. The Performance Goals may include a threshold level of performance below which no payment shall be made (or no vesting shall occur), levels of performance at which specified payments shall be made (or specified vesting shall occur), and a maximum level of performance above which no additional payment shall be made (or at which full vesting shall occur). Each of the foregoing Performance Goals shall not be required to be determined in accordance with generally accepted accounting principles and shall be subject to certification by the Administrator; provided, however, that the Administrator shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting any Participating Entity or the financial statements of any Participating Entity, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles.

(ee) "Performance Shares" means Shares that are subject to restrictions based upon the attainment of specified Performance Goals granted pursuant to Section 9.

(ff) "Permitted Transferee" means any transferee of a Share through a "Permitted Transfer," as defined in the Certificate of Incorporation, in accordance with applicable restrictions.

(gg) "Person" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

(hh) "Plan" means this Sculptor Capital Management, Inc. 2022 Incentive Plan, as amended from time to time.

(ii) "Prior Plan" means the Och-Ziff Capital Management Group LLC 2013 Incentive Plan, as amended from time to time.

(jj) "Restricted Shares" means Shares subject to certain restrictions granted pursuant to Section 9.

(kk) "Restricted Share Units" means the right to receive Shares or cash equal to the Fair Market Value of Shares at the end of a specified period granted pursuant to Section 9.

(ll) "Sculptor Operating Group" shall have the meaning assigned to it in the Certificate of Incorporation.

(mm) "Share Appreciation Right" means the right pursuant to an Award granted under Section 8 to receive an amount equal to the excess, if any, of (i) the aggregate Fair Market Value, as of the date such Share Appreciation Right or portion thereof is surrendered, of the Shares covered by such right or such portion thereof, over (ii) the aggregate Exercise Price of such right or such portion thereof.

(nn) "Shares" means the Class A Shares (as specified in the applicable Award Document) reserved for issuance under the Plan, as adjusted pursuant to the Plan, and any successor (pursuant to a merger, consolidation or other reorganization) security.

(oo) "Subsidiary" means, with respect to the Company, as of any date of determination, any other Person as to which the Company owns or otherwise controls, directly or indirectly, more than fifty percent (50%) of the voting shares or other similar interests or a sole general partner interest or managing member or similar interest of such Person.

3. Administration.

(a) The Plan shall be administered by the Committee in accordance with the requirements of Rule 16b-3, to the extent applicable.

(b) Pursuant to the terms of the Plan, the Administrator, subject to any restrictions on the authority delegated to it by the Board, shall have the power and authority, without limitation:

(1) to select Participants;

(2) to determine whether and to what extent Awards are to be granted to Participants;

(3) to determine the number of Shares, LTIP Units, or Class B Shares to be covered by each Award;

(4) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern Award Documents (including but not limited to (i) the restrictions applicable to Awards and the conditions under which restrictions applicable to such Awards shall lapse, (ii) the Performance Goals and periods applicable to Awards, (iii) the Exercise Price, base price or purchase price, if any, of Awards, (iv) the vesting schedule applicable to Awards, (v) the number of Shares, LTIP Units or Class B Shares subject to Awards and (vi) any amendments to the terms and conditions of outstanding Awards, including but not limited to reducing the Exercise Price or base price of such Awards in connection with adjustments described in Section 5 hereof, extending the exercise period of such Awards and accelerating the vesting schedule of such Awards);

(5) to make Fair Market Value determinations with respect to any Award;

(6) to determine the duration and purpose of leaves of absence which may be granted to a Participant without constituting a termination of the Participant's employment or service for purposes of Awards;

(7) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(8) to construe and interpret the terms and provisions of the Plan and any Award (and the Award Document relating thereto), and to otherwise supervise the administration of the Plan and exercise all powers and authorities either specifically granted under the Plan or advisable in the administration of the Plan;

(9) to delegate its authority, in whole or in part, under this Section 3 to one or more individuals (who may or may not be members of the Board), subject to the requirements of applicable law or any stock exchange on which the Shares are listed;

(10) to delegate its authority, in whole or in part, under this Section 3 and with respect to Participants who are not executive officers of the Company, to one or more individuals (who may or may not be members of the Board), subject to the requirements of applicable law or any stock exchange on which the Shares are listed; and

(11) to determine at any time whether, to what extent and under what circumstances and method or methods Awards may be settled by the Company or any other Participating Entity. In the event of such determination, references to the Company shall be deemed to be references to the applicable Participating Entity for purposes of the Plan as appropriate.

(c) Except as expressly provided by the Administrator (including but not limited to for purposes of complying with the requirements of the Certificate of Incorporation of the Company and the organizational documents of the Company or any other Participating Entity relating to lawful consideration for the issuance of Awards, Class A Shares, Class B Shares or LTIP Units), no consideration other than services will be required as consideration for the grant (but not the exercise) of any Award. Awards may, as determined by the Administrator, be granted in substitution for any other Award granted under the Plan or any award granted under any other plan of the Company or any other Participating Entity or any business entity to be acquired by any Participating Entity or any other right of a Participant to receive payment from any Participating Entity.

(d) Notwithstanding paragraph (b) of this Section 3, neither the Board, nor the Administrator, nor their respective delegates shall have the authority to reprice (or cancel and regrant) any Option or, if applicable, other Award at a lower Exercise Price or base price without first obtaining the approval of the Company's shareholders.

(e) All decisions made by the Administrator pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, including any Participating Entity and the Participants. No member of the Board or the Administrator, nor any officer, partner, member or employee of any Participating Entity acting on behalf of the Board or the Administrator, shall be personally liable for any action, omission, determination, or interpretation taken or made with respect to the Plan to the extent and as provided in the Company's organizational documents, and all members of the Board or the Administrator and each and any officer, partner, member or employee of any Participating Entity acting on their behalf shall be fully indemnified by the Company in respect of any such action, omission, determination or interpretation to the extent and as provided in the Company's organizational documents.

4. Shares Reserved for Issuance Under the Plan.

(a) Subject to Section 5, the maximum number of Class A Shares that may be delivered pursuant to Awards shall be 5,500,000 Class A Shares, plus the number of Shares subject to any award outstanding under the Prior Plan as of the Effective Date that after the Effective Date is not issued because such award is forfeited, terminates, expires or lapses without being exercised (to the extent applicable), or is settled for cash, or because such Shares are tendered or withheld in payment of the exercise price of the award or the taxes payable with respect to the exercise or vesting of the award.

(b) If any Award expires or terminates unexercised, is settled for cash, becomes unexercisable or is forfeited as to any Shares, or is tendered or withheld as to any Shares in payment of the Exercise Price of the Award or the taxes payable with respect to the exercise or vesting of the Award, then such unpurchased, forfeited, tendered or withheld Shares shall thereafter be available for further Awards under the Plan unless, in the case of Options, Related Share Appreciation Rights (as defined in paragraph (a) of Section 8) are exercised.

5. Equitable Adjustments.

In the event of any Change in Capitalization, an appropriate equitable substitution or proportionate adjustment shall be made, in each case in the manner to be determined by the Administrator in its sole discretion, in order to prevent an enlargement or dilution of rights, in (i) the aggregate number of Shares reserved for issuance under the Plan and the maximum number of Shares that may be subject to Awards granted to any Participant in any fiscal year, (ii) the kind, number and Exercise Price, base price, or ratio of Shares subject to outstanding Options, Share Appreciation Rights and exchangeable LTIP Units, and (iii) the kind and number of Shares or LTIP Units and the purchase price of Shares subject to outstanding Awards of Restricted Shares, Restricted Share Units, Performance Shares, unrestricted shares or Other Share-Based Awards, including but not limited to LTIP Unit Awards; provided, however, that any fractional shares or units resulting from the adjustment shall be eliminated. Without limiting the generality of the foregoing, in connection with a Change in Capitalization, the Administrator shall take such action as is necessary to adjust the outstanding Awards to reflect the Change in Capitalization, including but not limited to the cancellation of any outstanding Award in exchange for payment in cash or other property of the aggregate Fair Market Value of the Shares or LTIP Units covered by such Award, reduced by the aggregate Exercise Price, base price, or purchase price thereof, if any. Notwithstanding the foregoing, no such adjustment shall cause any Award that is or becomes subject to Section 409A of the Code to fail to comply with the requirements of such section. The Administrator's determinations pursuant to this Section 5 shall be final, binding and conclusive.

6. Eligibility.

Participants shall be selected from time to time by the Administrator, in its sole discretion.

7. Options.

(a) General. Each Participant who is granted an Option shall enter into an Award Document containing such terms and conditions as the Administrator shall determine, in its discretion, which Award Document shall set forth, among other things, the Exercise Price of the Option, the term of the Option and provisions regarding exercisability of the Option. The provisions of each Option need not be the same with respect to each Participant. More than one Option may be granted to the same Participant and be outstanding concurrently. Options shall be subject to the terms and conditions set forth in this Section 7 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable and set forth in the Award Document.

(b) Exercise Price. The Exercise Price of an Option shall be determined by the Administrator in its sole discretion at the time of grant; provided, however, that the Exercise Price relating to each Share purchasable under an Option shall not be less than one hundred percent (100%) of the Fair Market Value of each Share on the date of grant.

(c) Option Term. The maximum term of each Option shall be fixed by the Administrator, but no Option shall be exercisable more than ten (10) years after the date such Option is granted. Each Option's term is subject to earlier expiration pursuant to the applicable provisions in the Plan and the Award Document.

(d) Exercisability. Each Option shall be exercisable at such time or times and subject to such terms and conditions, including the attainment of pre-established Performance Goals, as shall be determined by the Administrator in the Award Document. The Administrator may also provide that any Option shall be exercisable only in installments, and the Administrator may waive such installment exercise provisions at any time, in whole or in part, based on such factors as the Administrator may determine in its sole discretion. Notwithstanding the foregoing, the Administrator shall have the authority to accelerate the exercisability of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. Notwithstanding anything to the contrary contained herein, an Option may not be exercised for a fraction of a Share.

(e) Method of Exercise. Options may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of Shares to be purchased, accompanied by payment in full of the aggregate Exercise Price of the Shares so purchased in cash or its equivalent, as determined by the Administrator. As determined by the Administrator in its sole discretion with respect to any Option or category of Options, payment in whole or in part may also be made (i) by means of consideration received under any cashless exercise procedure approved by the Administrator (including, but not limited to the withholding of Shares otherwise issuable upon exercise), (ii) in the form of unrestricted Shares already owned by the Participant which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which such Option shall be exercised, (iii) any other form of consideration approved by the Administrator and permitted by applicable law or (iv) any combination of the foregoing.

(f) Rights as Shareholder. A Participant shall have no rights to distributions or any other rights of a shareholder with respect to the Shares subject to an Option until the Participant has given written notice of exercise, has paid in full for such Shares, has satisfied the requirements of Section 15 and, if requested, has given the representation described in Section 16(b).

(g) Transfers of Options. Except as otherwise determined by the Administrator, no Option shall be transferable by a Participant other than by the laws of descent and distribution. Unless otherwise determined by the Administrator in accordance with the provisions of the immediately preceding sentence, an Option may be exercised during the lifetime of the Participant only by the Participant or, during the period the Participant is under a Disability, by the Participant's guardian or legal representative. The Administrator may, in its sole discretion, subject to applicable law, permit the gratuitous transfer during a Participant's lifetime of an Option, (i) by gift to a member of the Participant's immediate family, (ii) by transfer by instrument to a trust for the benefit of such immediate family members, or (iii) to a partnership or limited liability company in which such family members are the only partners or members; provided, however, that, in addition to such other terms and conditions as the Administrator may determine in connection with any such transfer, no transferee may further assign, sell, hypothecate or otherwise transfer the transferred Option, in whole or in part, other than by operation of the laws of descent and distribution. Each such transferee shall agree to be bound by the provisions of the Plan and the applicable Award Document.

(h) Termination of Employment or Service.

(1) Unless the applicable Award Document provides otherwise or unless otherwise determined by the Administrator, in the event that the employment or service of a Participant with any Participating Entity shall terminate for any reason other than Cause, Disability, or death, but including termination by reason of the entity employing the Participant or to which the Participant is rendering services ceasing to be a Subsidiary or Affiliate, (A) Options granted to such Participant, to the extent that they are exercisable at the time of such termination, shall remain exercisable until the date that is ninety (90) days after such termination, on which date they shall expire and (B) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. The ninety (90)-day period described in this Section 7(h)(1) shall be extended to one year after the date of such termination in the event of the Participant's death during such ninety (90)-day period. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its term.

(2) Unless the applicable Award Document provides otherwise or unless otherwise determined by the Administrator, in the event that the employment or service of a Participant with any Participating Entity shall terminate on account of the Disability or death of the Participant, (A) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the date that is one year after such termination, on which date they shall expire and (B) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its term.

(3) In the event of the termination of a Participant's employment or service with any Participating Entity for Cause, all outstanding Options, including vested Options, granted to such Participant shall expire at the commencement of business on the date of such termination.

(i) Other Change in Employment or Service Status. An Option may be affected, both with regard to vesting schedule and termination, by leaves of absence, changes from full-time to part-time employment, Disability or other changes in the employment or service status of a Participant, in the discretion of the Administrator. The Administrator shall follow applicable written policies of the Company (if any), including but not limited to such rules, guidelines and practices as may be adopted pursuant to Section 3, as they may be in effect from time to time, with regard to such matters.

8. Share Appreciation Rights.

(a) General. Share Appreciation Rights may be granted either alone ("Free-Standing Share Appreciation Rights") or in conjunction with all or part of any Option ("Related Share Appreciation Rights"). Related Share Appreciation Rights may be granted either at or after the time of the grant of such Option. The Administrator shall determine the Participants to whom, and the time or times at which, grants of Share Appreciation Rights shall be made; the number of Shares to be awarded; the Exercise Price; and all other conditions of Share Appreciation Rights. Notwithstanding the foregoing, no Related Share Appreciation Rights may be granted for more Shares than are subject to the Option to which they relate, and any Share Appreciation Rights must be granted with an Exercise Price not less than one hundred percent (100%) of the Fair Market Value of Shares on the date of grant. The provisions of Share Appreciation Rights need not be the same with respect to each Participant. Share Appreciation Rights shall be subject to the following terms and conditions set forth in this Section 8 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable, as set forth in the applicable Award Document.

(b) Exercisability.

(1) Free-Standing Share Appreciation Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator at or after grant.

(2) Related Share Appreciation Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate shall be exercisable in accordance with the provisions of Section 7.

(c) Payment Upon Exercise.

(1) Upon the exercise of a Free-Standing Share Appreciation Right, the Participant shall be entitled to receive up to, but not more than, the value equal to the excess of the Fair Market Value of a Share as of the date of exercise over the Exercise Price specified in the Free-Standing Share Appreciation Right (which price shall be no less than one hundred percent (100%) of the Fair Market Value of such Share on the date of grant) multiplied by the number of Shares in respect of which the Free-Standing Share Appreciation Right is being exercised, with the Administrator having the right to determine the form of payment.

(2) A Related Share Appreciation Right may be exercised by a Participant by surrendering the applicable portion of the related Option. Upon such exercise and surrender, the Participant shall be entitled to receive up to, but not more than, the value equal to the excess of

the Fair Market Value of a Share as of the date of exercise over the Exercise Price specified in the related Option (which price shall be no less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant) multiplied by the number of Shares in respect of which the Related Share Appreciation Right is being exercised, with the Administrator having the right to determine the form of payment. Options that have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Share Appreciation Rights have been so exercised.

(3) Notwithstanding the foregoing, the Administrator may determine to settle the exercise of a Share Appreciation Right in cash (or in any combination of Shares and cash).

(d) Rights as a Shareholder. A Participant shall have no rights to distributions or any other rights of a shareholder with respect to the Shares subject to Share Appreciation Rights until the Participant has given written notice of exercise, Shares have been issued to the Participant upon such exercise, and the Participant has satisfied the requirements of Section 15 and, if requested, has given the representation described in Section 16(b).

(e) Non-Transferability. Share Appreciation Rights shall not be transferable; provided, however, that Related Share Appreciation Rights are transferable only when and to the extent the related Option would be transferable under Section 7.

(f) Termination of Employment or Service.

(1) In the event of the termination of employment or service with any Participating Entity of a Participant who has been granted one or more Free-Standing Share Appreciation Rights, such Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator.

(2) In the event of the termination of employment or service with any Participating Entity of a Participant who has been granted one or more Related Share Appreciation Rights, such Rights shall be exercisable at such time or times and subject to such terms and conditions as set forth in the Award Document.

(g) Term.

(1) The term of each Free-Standing Share Appreciation Right shall be fixed by the Administrator, but no Free-Standing Share Appreciation Right shall be exercisable more than ten (10) years after the date such Right is granted.

(2) The term of each Related Share Appreciation Right shall be the term of the Option to which it relates, but no Related Share Appreciation Right shall be exercisable more than ten (10) years after the date such Right is granted.

9. Restricted Shares, Restricted Share Units and Performance Shares.

(a) General. Awards of Restricted Shares, Restricted Share Units or Performance Shares may be issued either alone or in addition to other Awards. The Administrator shall determine the Participants to whom, and the time or times at which, Awards of Restricted Shares, Restricted

Share Units or Performance Shares shall be made; the number of Shares to be awarded; the price, if any, to be paid by the Participant for the acquisition of Restricted Shares, Restricted Share Units or Performance Shares; the Restricted Period (as defined in paragraph (c) of this Section 9), if any, applicable to Awards of Restricted Shares or Restricted Share Units; the Performance Goals, if any, applicable to Awards of Restricted Shares, Restricted Share Units or Performance Shares; any rights to Distribution Equivalents; and all other conditions of the Awards of Restricted Shares, Restricted Share Units and Performance Shares. The Administrator may also condition the grant of the Award of Restricted Shares, Restricted Share Units or Performance Shares upon the exercise of Options, or upon such other criteria as the Administrator may determine, in its sole discretion. If the restrictions, Performance Goals and/or conditions established by the Administrator are not attained, a Participant shall forfeit his or her Restricted Shares, Restricted Share Units or Performance Shares. The provisions of the Awards of Restricted Shares, Restricted Share Units or Performance Shares need not be the same with respect to each Participant.

(b) Awards and Certificates. Except as otherwise provided below in this Section 9, (i) each Participant who receives an Award of Restricted Shares or Performance Shares shall be issued a share certificate in respect of such Restricted Shares or Performance Shares (or such other appropriate evidence of ownership as determined by the Administrator); and (ii) such certificate (or other evidence of ownership) shall be registered in the name of the Participant, and, if appropriate, shall bear a legend referring to the terms, conditions, and restrictions applicable to any such Award. The Company may require that the Share certificates evidencing Restricted Shares or Performance Shares be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Award of Restricted Shares or Performance Shares, the Participant shall have delivered a power of attorney, endorsed in blank, relating to the Shares covered by such Award.

(c) Restrictions and Conditions. The Awards of Restricted Shares, Restricted Share Units and Performance Shares shall be subject to the following restrictions and conditions and any additional restrictions or conditions as determined by the Administrator:

(1) Subject to the provisions of the Plan and the Award Document, during such period as may be set by the Administrator commencing on the date of the Award (the "Restricted Period"), the Participant shall not be permitted to sell, transfer, pledge or assign Restricted Shares, Restricted Share Units or Performance Shares; provided, however, that the Administrator may, in its sole discretion, provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Administrator may determine, in its sole discretion, including but not limited to the attainment of certain Performance Goals, the Participant's termination of employment or service as a director, Executive Managing Director or Consultant of or service provider to any Participating Entity or the Participant's death or Disability. Notwithstanding the foregoing, upon a Change in Control, the outstanding Awards shall be subject to Section 11.

(2) Except as may be provided in the Award Document, the Participant shall generally have the rights of a shareholder of the Company with respect to Restricted Shares and Performance Shares during the Restricted Period; provided, however, that (A) cash dividends or distributions on Restricted Shares shall either be automatically deferred and reinvested in

additional Restricted Stock or accrued in a bookkeeping account in the applicable Participant's name, and held subject to the vesting of the underlying Restricted Shares, and (B) subject to any adjustment pursuant to Section 5, dividends payable in Shares shall be paid in the form of Restricted Shares of the same class as the Shares with which such dividend was paid, held subject to the vesting of the underlying Restricted Shares. The Participant shall generally not have the rights of a shareholder with respect to Shares subject to Awards of Restricted Share Units during the Restricted Period; provided, however, that, at the discretion of the Administrator, Distribution Equivalents may be awarded during a Restricted Period with respect to the number of Shares covered by Restricted Share Units and may be accrued and paid to the Participant promptly after, and only after, the Restricted Period, if any, applicable to such Distribution Equivalents shall expire without forfeiture. Certificates for unrestricted Shares shall be delivered to the Participant promptly after, and only after, the Restricted Period shall expire without forfeiture in respect of such Awards of Restricted Shares, Restricted Share Units or Performance Shares except as the Administrator, in its sole discretion, shall otherwise determine.

(3) The rights of Participants granted Awards of Restricted Shares, Restricted Share Units or Performance Shares upon termination of employment or service as a director, Executive Managing Director or Consultant of or service provider to any Participating Entity for any reason during the Restricted Period shall be set forth in the Award Document.

10. Other Share-Based Awards.

(a) The Administrator is authorized to grant Awards to Participants in the form of Other Share-Based Awards, as deemed by the Administrator to be consistent with the purposes of the Plan and as evidenced by an Award Document, including but not limited to Awards that are valued in whole or in part by reference to Class A Shares, including Awards valued by reference to book value, fair value or performance of any Participating Entity or partnership interests, including Distribution Equivalents and restricted or performance units. Other Share-Based Awards may be granted as free-standing Awards or in tandem with other Awards. The Administrator shall determine the terms and conditions of such Awards, consistent with the terms of the Plan, including any Performance Goals and performance periods. Shares, partnership interests, or other securities or property delivered pursuant to an Award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including but not limited to Shares, other Awards, notes or other property, as the Administrator shall determine, subject to any required corporate action. The Administrator may, in its sole discretion, settle such Other Share-Based Awards for cash, Shares, partnership interests, or other property as appropriate; provided, however, that it determines, after consultation with its legal counsel and tax advisers, that such alternate settlement would be in the Company's best interests.

(b) The Administrator is also authorized to grant LTIP Unit Awards to Participants in the form of LTIP Units that, whether vested or unvested, shall entitle the Participant to receive, currently or on a deferred or contingent basis, distributions or Distribution Equivalents with respect to a number of LTIP Units or other distributions from the members of the Sculptor Operating Group, with respect to which the Administrator may provide in the Award Document that such amounts (if any) shall be deemed to have been reinvested in additional LTIP Units. The LTIP Units may include an exchange ratio pursuant to which the LTIP Units (with or without other property) may be exchanged for Class A Shares in accordance with the terms of the Certificate of Incorporation, and in such case may include Class B Shares; provided, however, that the number of Class B Shares issued as a feature of the LTIP Unit Award may not exceed the number of Class A Shares acquirable upon the exchange of the LTIP Units included in such Award and that such Class B Shares are cancelled pro tanto at the same time that the exchangeable LTIP Units are exchanged for such Class A Shares. LTIP Units may be structured as "profits interests," "capital interests" or other types of partnership interests for federal income tax purposes. The Administrator has the authority to determine the number of shares, interests, units or rights underlying LTIP Unit Awards in light of all applicable circumstances, including but not limited to performance-based vesting conditions, operating partnership "capital account allocations," value accretion factors, and conversion or exchange ratios, to the extent set forth in the limited partnership agreements of the members of the Sculptor Operating Group, the Code or otherwise.

11. Accelerated Vesting in Connection with a Change in Control.

(a) In the event of a Change in Control, any outstanding Award that is not assumed or continued, or for which an equivalent option or right is not substituted pursuant to the Change in Control transaction's governing document, shall become fully vested and exercisable "immediately prior to" the effective date of such Change in Control and shall expire upon the effective date of such Change in Control. For purposes of this Section 11, "immediately prior to", with respect to an Option or Stock Appreciation Right, shall mean sufficiently in advance of the Change in Control transaction such that there will be time for each affected Participant to exercise his or her Option/Stock Appreciation Right and participate in the Change in Control transaction in the same manner as all other holders of Shares. If an Award becomes fully vested and, if applicable, exercisable immediately prior to a Change in Control, the Administrator shall notify the affected Participant in writing or electronically that the Award has become fully vested and, if applicable, exercisable, and that the Award will terminate upon the Change in Control.

(b) Unless otherwise determined by the Administrator and evidenced in an Award Document, in the event that (i) a Change in Control occurs and (ii) the Participant's employment or service is terminated by the Company, its successor or affiliate thereof without Cause on or after the effective date of the Change in Control but prior to twelve (12) months following such Change in Control, then:

(1) any unvested or unexercisable portion of any Award carrying a right to exercise shall become vested and exercisable; and

(2) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to any other Award shall lapse and all unvested Awards shall be deemed fully vested and performance conditions imposed with respect to such Awards shall be deemed to be fully achieved.

12. Set-Off.

Notwithstanding any other provision of the Plan or any Award Document to the contrary, to the extent permitted by Section 409A of the Code, the Company or the Sculptor Operating Group, as the case may be, shall have the right to offset against any amount owed to a Participant any amounts that are owed by such Participant to the Company or the Sculptor Operating Group (including amounts owed under the Plan) at the time of any payment hereunder.

13. Amendment and Termination.

The Board may amend, alter or terminate the Plan, but no amendment, alteration, or termination shall be made that would impair the rights of a Participant under any Award theretofore granted without such Participant's consent. Unless the Board determines otherwise, the Board shall obtain approval of the Company's shareholders for any amendment that would require such approval in order to satisfy the requirements of any rules of the stock exchange on which the Shares are listed or other applicable law. If any Award is subject to Section 409A of the Code and fails to comply with the requirements of Section 409A of the Code, the Administrator reserves the right to (but is not obligated to) amend, modify or supplement such Award in order to cause it to either not be subject to Section 409A of the Code or to comply with the applicable provisions of Section 409A of the Code. The Administrator may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any Participant without his or her consent. At no time before the actual distribution of any Awards to Participants under the Plan shall any Participant accrue any interest or right whatsoever under the Plan.

14. Unfunded Status of Plan.

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of any Participating Entity.

15. Withholding Taxes.

Each Participant shall, no later than the date as of which the value of an Award first becomes includible in the gross income of the Participant for non-U.S. or U.S. federal, state, or local income tax purposes, pay to any Participating Entity, or make arrangements satisfactory to the Administrator regarding payment of, any non-U.S. or U.S. federal, state, or local taxes of any kind required by law to be withheld with respect to the Award. The obligations of any Participating Entity under the Plan shall be conditional on the making of such payments or arrangements, and any such Participating Entity shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. Whenever cash is to be paid pursuant to an Award, any Participating Entity shall have the right to deduct therefrom an amount sufficient to satisfy any non-U.S. or U.S. federal, state and local withholding tax requirements related thereto. Whenever Shares or LTIP Units are to be delivered pursuant to an Award, any Participating Entity shall have the right to require the Participant to remit to any such Participating Entity in cash an amount sufficient to satisfy any non-U.S. or U.S. federal, state and local withholding tax requirements related thereto. With the approval of the Administrator, a Participant may elect to satisfy the foregoing requirement by electing to have any Participating Entity withhold from delivery of Shares, LTIP Units, or other property or by delivering already owned unrestricted Shares, LTIP Units, or other property, in each case having a value equal to the minimum amount of tax required to be withheld. Such Shares, LTIP

Units, or other property shall be valued at their Fair Market Value, if any, on the business day immediately preceding the date on which the amount of tax to be withheld is determined. Fractional share or unit amounts shall be settled in cash. Such an election may be made with respect to all or any portion of the Shares, LTIP Units, or other property to be delivered pursuant to an Award. Each Participating Entity may also use any other method of obtaining the necessary payment or proceeds, as permitted by law, to satisfy its withholding obligation with respect to any Award.

16. General Provisions.

(a) Awards, Class A Shares, Class B Shares and LTIP Units shall not be issued pursuant to the Plan unless the issuance and delivery of such Awards, shares or LTIP Units pursuant hereto shall comply with all relevant provisions of law, including but not limited to the Securities Act of 1933, as amended, the Exchange Act and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) The Administrator may require each person acquiring Awards, Class A Shares, Class B Shares or LTIP Units to represent to and agree with any Participating Entity in writing that such person is acquiring the Awards, Class A Shares, Class B Shares or LTIP Units without a view to distribution thereof. The certificates for any shares or LTIP Units may include any legend that the Administrator deems advisable to reflect any restrictions on transfer which the Administrator determines, in its sole discretion, arise under applicable securities laws or are otherwise applicable.

(c) All certificates for Class A Shares, Class B Shares or LTIP Units delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares may then be listed, and any applicable federal or state securities law, and the Administrator may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(d) The Administrator may require a Participant receiving Awards, Class A Shares, Class B Shares or LTIP Units, as a condition precedent to receipt of such Awards, shares or LTIP Units, to enter into a shareholder agreement, “lock-up” or other agreement in such form as the Administrator shall determine is advisable to further the interests of any Participating Entity.

(e) Nothing in the Plan or any Award Document shall confer upon any Participant any right to continued employment or service with any Participating Entity, nor shall it interfere with or restrict in any way the right of any Participating Entity (or its equityholders) to terminate the employment or service of any Participant at any time for any reason whatsoever, with or without Cause.

(f) All obligations of any Participating Entity under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to such Participating Entity, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of such Participating Entity.

(g) Except as otherwise provided in the applicable Award Document, each Award under the Plan shall be paid solely from the general assets of the relevant Participating Entity. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to any distribution of an Award other than as an unsecured general creditor with respect to any distribution to which such Participant may be conditionally entitled.

17. Severability.

Should any provision of the Plan or any Award Document be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of the Plan or such Award Document, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Plan or Award Document. Moreover, if one or more of the provisions contained in the Plan or any Award Document shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

18. Remedies.

Any remedies provided for in this Plan 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. Notwithstanding any other provision herein to the contrary, any performance-based compensation, or any other amount, paid to a Participant pursuant to an Award, which is subject to recovery under any law, government regulation, stock exchange listing requirement, or any policy adopted by the Company will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement, or policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or be deemed a "constructive termination" (or any similar term) as such terms are used in any agreement between any Participant and the Company.

19. Section 409A

It is the Company's intent that payments and benefits under this Plan comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Participant shall not be considered to have terminated employment with any Participating Entity for purposes of this Plan unless the Participant would be considered to have incurred a "separation from service" from any Participating Entity within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this

Plan 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 accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six-month period immediately following a Participant’s separation from service shall instead be paid on the first business day after the date that is six months following the Participant’s separation from service (or death, if earlier). Notwithstanding the foregoing, for each Award that constitutes nonqualified deferred compensation under Section 409A of the Code, if required to avoid accelerated taxation and/or tax penalties, a Change in Control shall be deemed to have occurred for purposes of the payment or settlement of such Award under the Plan only if a “change in the ownership of the corporation,” a “change in effective control of the corporation” or a “change in the ownership of a substantial portion of the assets of the corporation,” within the meaning of Section 409A(a)(2)(A)(v) of the Code shall also be deemed to have occurred under Section 409A of the Code. The Plan and any Award Documents issued thereunder may be amended in any respect deemed by the Administrator to be necessary in order to preserve compliance with Section 409A of the Code.

20. Term of Plan.

No Award shall be granted pursuant to the Plan on or after the tenth (10th) anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

21. Governing Law.

The Plan shall be construed and enforced in accordance with the laws of the State of Delaware without regard to the application of the principles of conflicts or choice of laws.

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Exhibit 31.1

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: August 5, 2022

/s/ James S. Levin

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

Exhibit 31.2

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: August 5, 2022

/s/ Dava Ritchea

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

Exhibit 32.1

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 June 30, 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: August 5, 2022

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

Date: August 5, 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.