SCULPTOR CAPITAL MANAGEMENT, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/07/20 for the Period Ending 03/31/20

Address	9 WEST 57TH STREET SUITE 1300
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Telephone	(212)790-0000
CIK	0001403256
Symbol	SCU
SIC Code	6282 - Investment Advice
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

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 May 4, 2020, there were 22,058,420 Class A Shares and 32,845,414 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 38.1 million Class A Shares to DIC Sahir Limited, a wholly owned indirect subsidiary of Dubai Holdings LLC
active executive managing directors	Executive managing directors who remain active in our business
Annual Report	Our annual report on Form 10-K for the year ended December 31, 2019, as amended, dated February 25, 2020 and filed with the SEC
Advisers Act	Investment Advisers Act of 1940, as amended
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
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
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
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 D Units	Refers collectively to one Class D operating group unit in each of the Sculptor Operating Partnerships. Group D Units are limited partner interests held by our executive managing directors

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 Class 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 securitizations, collateralized bond obligations, and other customized solutions
IPO	Our initial public offering of 3.6 million Class A Shares that occurred in November 2007
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 represents one "Preferred Unit." Certain of our executive managing directors collectively own 100% of the Preferred Units. Preferred Units issued in 2016 and 2017 are, collectively, referred to as "2016 Preferred Units." Preferred Units issued in 2019 are referred to as "2019 Preferred Units."
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 active and former executive managing directors 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
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, D, 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
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, 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 webcast. 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, including the impact of public health crises, such as the COVID-19 pandemic; U.S. and foreign regulatory developments relating to, among other things, financial institutions and markets, government oversight, fiscal and tax policy; 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 arising therefrom; whether the Company realizes all or any of the anticipated benefits from the Recapitalization and other related transactions; whether the Recapitalization and other related transactions result in any increased or unforeseen costs, indemnification obligations or have an impact on our ability to retain or compete for professional talent or investor capital; 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 active 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; the anticipated benefits of changing the Registrant's tax classification from a partnership to a corporation and subsequently converting from a limited liability company to a corporation; 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 our Annual Report.

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

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED BALANCE SHEETS — UNAUDITED

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Assets		
Cash and cash equivalents	$ 142,753	$ 240,938
Restricted cash	4,607	4,501
Investments (includes assets measured at fair value of $342,266 and $329,435, including assets sold under agreements to repurchase of $84,200 and $98,085 as of March 31, 2020 and December 31, 2019, respectively)	419,806	411,426
Income and fees receivable	43,782	215,395
Due from related parties	17,813	15,355
Deferred income tax assets	321,754	310,557
Operating lease assets	113,127	115,810
Other assets, net	79,262	82,608
Assets of consolidated funds:		
Other assets of consolidated funds	649	649
Total Assets	**$ 1,143,553**	**$ 1,397,239**
Liabilities and Shareholders' Equity		
Liabilities		
Compensation payable	$ 22,770	$ 187,180
Unearned incentive income	62,366	60,798
Due to related parties	195,199	211,915
Operating lease liabilities	124,240	128,043
Debt obligations	263,777	286,728
Securities sold under agreements to repurchase	95,775	97,508
Other liabilities	53,614	59,217
Liabilities of consolidated funds:		
Other liabilities of consolidated funds	389	389
Total Liabilities	**818,130**	**1,031,778**
Commitments and Contingencies (Note 18)		
Redeemable Noncontrolling Interests (Note 4)	**151,327**	**150,000**
Shareholders' Equity		
Class A Shares, $0.01 and $0.01 par value, 100,000,000 and 100,000,000 shares authorized, 21,946,639 and 21,284,945 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	219	213
Class B Shares, $0.01 and $0.01 par value, 75,000,000 and 75,000,000 shares authorized, 32,845,414 and 29,208,952 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	328	292
Additional paid-in capital	130,968	117,936
Accumulated deficit	(383,187)	(343,759)
Shareholders' deficit attributable to Class A Shareholders	(251,672)	(225,318)
Shareholders' equity attributable to noncontrolling interests	425,768	440,779
Total Shareholders' Equity	**174,096**	**215,461**
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity	**$ 1,143,553**	**$ 1,397,239**

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Revenues		
Management fees	$ 66,953	$ 63,623
Incentive income	9,322	53,198
Other revenues	2,953	3,769
Income of consolidated funds	—	2,604
Total Revenues	**79,228**	**123,194**
Expenses		
Compensation and benefits	67,419	85,715
Interest expense	5,782	6,208
General, administrative and other	34,706	37,788
Expenses of consolidated funds	—	55
Total Expenses	**107,907**	**129,766**
Other (Loss) Income		
Changes in tax receivable agreement liability	278	—
Net losses on early retirement of debt	(523)	(5,458)
Net (losses) gains on investments	(34,069)	2,689
Net gains of consolidated funds	—	3,746
Total Other (Loss) Income	**(34,314)**	**977**
Loss Before Income Taxes	**(62,993)**	**(5,595)**
Income taxes	(9,968)	3,386
Consolidated and Comprehensive Net Loss	**(53,025)**	**(8,981)**
Less: Net loss attributable to noncontrolling interests	26,085	7,234
Less: Net income attributable to redeemable noncontrolling interests	—	(5,534)
Net Loss Attributable to Sculptor Capital Management, Inc.	**(26,940)**	**(7,281)**
Change in redemption value of Preferred Units	(1,327)	44,364
Net (Loss) Income Attributable to Class A Shareholders	**$ (28,267)**	**$ 37,083**
(Loss) Earnings per Class A Share		
(Loss) Earnings per Class A Share - basic	$ (1.27)	$ 1.81
(Loss) Earnings per Class A Share - diluted	$ (1.27)	$ 1.73
Weighted-average Class A Shares outstanding - basic	22,304,713	20,475,359
Weighted-average Class A Shares outstanding - diluted	38,319,348	21,491,970

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED

	Three Months Ended March 31,			
	2020		2019	
	(dollars in thousands)			
Number of Class A Shares				
Beginning balance		21,284,945		19,905,126
Equity-based compensation		661,694		579,304
Ending Balance		**21,946,639**		**20,484,430**
Number of Class B Shares				
Beginning balance		29,208,952		29,458,948
Equity-based compensation		3,636,462		(249,996)
Ending Balance		**32,845,414**		**29,208,952**
Class A Shares Par Value				
Beginning balance	$	213	$	—
Equity-based compensation		6		—
Ending Balance	**$**	**219**	**$**	**—**
Class B Shares Par Value				
Beginning balance	$	292	$	—
Equity-based compensation		36		—
Ending Balance	**$**	**328**	**$**	**—**
Additional Paid-in Capital				
Beginning balance	$	117,936	$	3,135,841
Dividend equivalents on Class A restricted share units		875		539
Equity-based compensation, net of taxes		13,484		19,700
Impact of changes in Sculptor Operating Group ownership		—		(124)
Reallocation of equity and income tax effects of Recapitalization		—		35,408
Change in redemption value of Preferred Units		(1,327)		44,364
Ending Balance	**$**	**130,968**	**$**	**3,235,728**

SCULPTOR CAPITAL MANAGEMENT, INC.

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

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Accumulated Deficit		
Beginning balance	$ (343,759)	$ (3,564,727)
Cash dividends declared on Class A Shares	(11,613)	(4,703)
Dividend equivalents on Class A restricted share units	(875)	(539)
Comprehensive net loss, excluding amounts attributable to redeemable noncontrolling interests	(26,940)	(7,281)
Ending Balance	**$ (383,187)**	**$ (3,577,250)**
Shareholders' Deficit Attributable to Class A Shareholders	**$ (251,672)**	**$ (341,522)**
Shareholders' Equity Attributable to Noncontrolling Interests		
Beginning balance	$ 440,779	$ 419,431
Capital contributions	1,490	427
Capital distributions	(286)	(285)
Equity-based compensation, net of taxes	9,870	14,418
Impact of changes in Sculptor Operating Group ownership	—	124
Reallocation of equity and income tax effects of Recapitalization	—	(39,086)
Change in redemption value of Preferred Units	—	57,042
Comprehensive net loss, excluding amounts attributable to redeemable noncontrolling interests	(26,085)	(7,234)
Ending Balance	**$ 425,768**	**$ 444,837**
Total Shareholders' Equity	**$ 174,096**	**$ 103,315**
Cash dividends paid on Class A Shares	$ 0.53	$ 0.23

See notes to consolidated financial statements.

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Cash Flows from Operating Activities		
Consolidated net loss	$ (53,025)	$ (8,981)
Adjustments to reconcile consolidated net loss to net cash provided by operating activities:		
Amortization of equity-based compensation	24,729	37,223
Depreciation, amortization and net gains and losses on fixed assets	1,802	2,411
Net losses on early retirement of debt	523	5,458
Deferred income taxes	(11,195)	2,064
Non-cash lease expense	5,298	5,310
Net losses (gains) on investments, net of dividends	35,204	(2,064)
Operating cash flows due to changes in:		
Income and fees receivable	171,613	9,400
Due from related parties	(2,458)	75
Other assets, net	4,439	(686)
Compensation payable	(164,961)	(80,690)
Unearned incentive income	1,569	2,371
Due to related parties	(16,716)	1,428
Operating lease liabilities	(6,261)	(2,383)
Other liabilities	(5,616)	(14,225)
Consolidated funds related items:		
Net gains of consolidated funds	—	(3,746)
Purchases of investments	—	(49,598)
Proceeds from sale of investments	—	60,094
Other assets of consolidated funds	—	(1,541)
Other liabilities of consolidated funds	—	2,402
Net Cash Used in Operating Activities	**(15,055)**	**(35,678)**
Cash Flows from Investing Activities		
Purchases of fixed assets	(394)	(287)
Purchases of United States government obligations	(89,489)	—
Maturities and sales of United States government obligations	50,632	11,800
Investments in funds	(7,852)	(14,631)
Return of investments in funds	288	30,345
Net Cash (Used in) Provided by Investing Activities	**(46,815)**	**27,227**

SCULPTOR CAPITAL MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED — (continued)

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Cash Flows from Financing Activities		
Contributions from noncontrolling and redeemable noncontrolling interests	1,490	2,134
Distributions to noncontrolling and redeemable noncontrolling interests	(285)	(15,897)
Dividends on Class A Shares	(11,613)	(4,703)
Proceeds from debt obligations, net of issuance costs	1,988	—
Repayment of debt obligations, including prepayment costs	(27,000)	(141,068)
Other, net	(789)	(1,886)
Net Cash Used in Financing Activities	**(36,209)**	**(161,420)**
Net change in cash and cash equivalents and restricted cash	(98,079)	(169,871)
Cash and cash equivalents and restricted cash, beginning of period	245,439	323,884
Cash and Cash Equivalents and Restricted Cash, End of Period	**$ 147,360**	**$ 154,013**
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	$ 2,937	$ 5,487
Income taxes	$ 2,113	$ 2,462
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents	$ 142,753	$ 144,750
Restricted cash	4,607	9,263
Total Cash and Cash Equivalents and Restricted Cash	**$ 147,360**	**$ 154,013**

See notes to consolidated financial statements.

1. OVERVIEW

Sculptor Capital Management, Inc. (the “Registrant”), a Delaware corporation, together with its consolidated subsidiaries (collectively, the “Company” or “Sculptor Capital”), is a global alternative asset management firm providing investment products in a range of areas, including multi-strategy, credit and real estate. With offices in New York, London, Hong Kong and Shanghai, the Company serves global clients through commingled funds, separate accounts and specialized products (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, in strategies including fundamental equities, corporate credit, real estate debt and equity, merger arbitrage, structured credit and private investments.

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 securitizations, collateralized bond obligations (“CBOs”), commingled products and other customized solutions for clients.

The Company’s primary sources of revenues are management fees, which are based on the amount of the Company’s assets under management, 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.

The Company has one operating and reportable segment and generates substantially all of its revenues in the United States. 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 executive managing directors who are no longer active in the Company’s business. References to the Company’s “active executive managing directors” refer to executive managing directors who remain active in the Company’s business.

COVID-19 Pandemic

In the first quarter of 2020, a novel strain of coronavirus (“COVID-19”) spread across the world resulting in a wide-spread economic downturn. As a result, the Company’s funds experienced significant performance-related depreciation, which has had a negative impact on the Company’s incentive income during the first quarter of 2020, as well as on the opening balance of assets under management in the second quarter, and therefore may cause the Company to recognize lower management fees from these funds in the second quarter. To the extent these losses are not reversed by gains later this year, it will have a material impact on the Company’s ability to earn incentive income in 2020, as well as in future years until the losses are recovered for continuing fund investors.

In addition, the Company experienced unrealized losses on its risk retention investments held in certain of the CLOs that it manages. While the Company is required to hold these investments for the entire duration of the CLOs, to the extent that cash flows in the CLOs deteriorate, the Company could experience declining interest income and impairments on these investments. The Company may also experience detrimental impacts to the management fees it earns from the CLOs if market conditions do not sufficiently recover over the life cycle of these CLOs.

The Company has also evaluated its long-lived assets including operating lease assets and goodwill and has not identified any impairments to these assets as of March 31, 2020.

Company Structure

As of March 31, 2020, 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 (the "Board").

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

The Company conducts its operations through the Sculptor Operating Group. The following is a list of the outstanding units of the Sculptor Operating Partnerships as of March 31, 2020:

- **Group A Units—**Group A Units are limited partner interests issued to certain executive managing directors. Beginning on the final day of the Distribution Holiday (as defined in Note 3), 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.

  Holders of Group A Units do not receive distributions during the Distribution Holiday. Group A Unit grants are accounted for as equity-based compensation. See Note 14 in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2019, dated February 25, 2020 ("Annual Report") for additional information. The Company completed a recapitalization in February 2019 ("Recapitalization"). See Note 3 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. In the Recapitalization, the holders of the 2016 Preferred Units (as defined below) forfeited an additional 749,813 Group A Units, which were recapitalized into 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, forfeiture or minimum retained ownership requirements.

- **Group E Units—**Group E Units are limited partner interests issued to certain executive managing directors that are only entitled to future profits and gains. Each Group E Unit converts into a Group A Unit and becomes exchangeable for one Class A Share (or the cash equivalent thereof) to the extent there has been a sufficient amount of appreciation for a Group E Unit to achieve a book-up target and, subject to other conditions contained in the limited partnership agreements of the Sculptor Operating Partnerships, the Distribution Holiday has ended (or an earlier exchange date is established by the Exchange Committee). The Group E Units are entitled to share in residual assets upon liquidation, dissolution or winding up and become eligible to participate in any tag along right, in a change of control transaction or other liquidity event only to the extent of their relative positive capital accounts (if any). In connection with the Recapitalization, all outstanding Group D Units, which were non-equity profits interests, converted into Group E Units on a one-for-one basis. Holders of Group E Units do not receive distributions during the Distribution Holiday. See Note 3 for additional information. Group E Unit grants are accounted for as equity-based compensation. See Note 14 in the 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. 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 performance 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 performance 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. Group P Unit grants are accounted for as equity-based compensation. See Note 14 in the Annual Report for additional information.

- **Preferred Units—** The Preferred Units are non-voting preferred equity interests in the Sculptor Operating Partnerships. Preferred Units issued in 2016 and 2017 are collectively referred to as the “2016 Preferred Units.” The Preferred Units issued in 2019 are referred to as the “2019 Preferred Units.” See Note 10 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) and Group P Units held. Upon the exchange of a Group A Unit or a 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.

The following table presents the number of shares and units (excluding Preferred Units) of the Registrant and the Sculptor Operating Partnerships, respectively, that were outstanding as of March 31, 2020:

	As of March 31, 2020
Sculptor Capital Management, Inc.	
Class A Shares	21,946,639
Class B Shares	32,845,414
Sculptor Operating Partnerships	
Group A Units	16,019,506
Group A-1 Units	9,779,446
Group B Units	21,946,639
Group E Units	13,450,821
Group P Units	3,410,000

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 14 in the Annual Report for additional information.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Recently Adopted Accounting Pronouncements

No changes to GAAP that went into effect in the three months ended March 31, 2020 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. RECAPITALIZATION

On February 7, 2019, the Company completed the Recapitalization, which included a series of transactions that involved the reallocation of certain ownership interests in the Sculptor Operating Partnerships to existing members of senior management, a "Distribution Holiday" on interests held by active and former executive managing directors, an amendment to the tax receivable agreement, a "Cash Sweep" to pay down the 2018 Term Loan (as defined in Note 8) and 2019 Preferred Units, and various other related transactions. In addition, (i) $200.0 million of the 2016 Preferred Units was restructured into the Debt Securities (as described in Note 8) and (ii) $200.0 million of the 2016 Preferred Units was restructured into the 2019 Preferred Units.

Reallocation of Equity

In connection with the Recapitalization, holders of Group A Units collectively reallocated 35% of their Group A Units to existing members of senior management and for potential grants to new hires. The reallocation was effected by (i) recapitalizing such Group A Units into Group A-1 Units and (ii) creating and making grants to existing members of senior management (and reserving for future grants to active managing directors and new hires) of Group E Units. An equivalent number of Group A-1 Units will be canceled at such time and to the extent that Group E Units vest and achieve a book-up. Upon vesting, holders of Group E Units received in connection with the reallocation of Group A Units will be entitled to vote a corresponding number of Class B Shares previously allocated to Group A-1 Units. Until such time as the relevant Group E Units become vested, the Class B Shares corresponding to the Group A-1 Units will be voted pro rata in accordance with the vote of the Class A Shares. In connection with the Recapitalization, the holders of the 2016 Preferred Units forfeited an additional 749,813 Group A Units (which were recapitalized into Group A-1 Units).

Distribution Holiday

The Sculptor Operating Partnerships initiated a distribution holiday (the "Distribution Holiday") on the Group A Units, Group D Units, Group E Units and Group P Units and on certain RSUs 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 (as defined in the Sculptor Operating Partnerships' limited partnership agreements) is realized and (y) April 1, 2026.

During the Distribution Holiday, (i) the Sculptor Operating Partnerships shall 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 will continue to receive dividend equivalents in respect of dividends or distributions paid on the Class A Shares. For executive managing directors that have received Group E Units, distributions on Group P Units, RSUs and PSUs is limited to an aggregate amount not to exceed $4.00 per Group P Unit, PSU or RSU, 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.

The Distribution Holiday was effective retroactively to October 1, 2018. As a result, the Company recorded an adjustment to additional paid-in capital and noncontrolling interests to reallocate a portion of pre-Recapitalization earnings and related income tax effects from noncontrolling interests to the Company's additional paid-in capital. Such adjustment is recorded within Recapitalization adjustment in the consolidated statement of shareholders' equity (deficit).

Cash Sweep

As part of the Recapitalization, the Company instituted a "Cash Sweep" with regards to the paydowns of the 2018 Term Loan and the 2019 Preferred Units. During the Distribution Holiday, on a quarterly basis, for each of the first three quarters of the year 100% of all Economic Income (subject to certain adjustments described in the 2019 Preferred Unit Designations as defined in Note 10) will be applied to repay the 2018 Term Loan and then to redeem the 2019 Preferred Units, in each case, together with accrued interest. The Cash Sweep will not apply to the extent that it would result in the Sculptor Operating Group having a minimum "Free Cash Balance" (as defined in the 2019 Preferred Unit Designations) of less than $200.0 million except in certain specified circumstances. In the fourth quarter of each year, an amount equal to the excess of the Free Cash Balance over the minimum Free Cash Balance of $200.0 million, will be used to repay the 2018 Term Loan and redeem the 2019 Preferred Units. In addition, without duplication of the Cash Sweep, (i) certain of the proceeds resulting from the realization of incentive income from certain longer term assets under management described in the 2019 Preferred Units Designations ("Designated Accrued Unrecognized Incentive") and (ii) 85% of the net cash proceeds from any Asset Sales (as defined in the 2019 Preferred Units Designations), will be used to repay the 2018 Term Loan and redeem the 2019 Preferred Units.

As long as the Cash Sweep is in effect, the Sculptor Operating Group may only use funds from a cumulative discretionary one-time basket of up to $50.0 million in the aggregate, or reserve up to $17.0 million in the aggregate annually (the “Discretionary Basket”), to engage in certain “Restricted Activities” (as defined below) or any other activities related to the strategic expansion of the Sculptor Operating Group, and may not use any other funds of the Sculptor Operating Group to fund such activities, subject to certain exceptions. The Discretionary Basket will not be subject to the Distribution Holiday or the Cash Sweep and, subject to certain exceptions, may only be used to fund new firm investments or new firm products or to fund share buybacks (including RSU cash settlements in excess of permitted amounts) in an aggregate amount not to exceed $25.0 million (the “Restricted Activities”). The Discretionary Basket may not be used to fund employee compensation payments.

4. 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.

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. In addition, the blended participation percentages in 2019 take into account the difference in methodology described above for the period prior to the Recapitalization Date compared to the period following the Recapitalization Date. For example, Sculptor Capital Advisors LP had net income in the period prior to the Recapitalization Date, and as a result, allocates a portion of its net income for the three months ended March 31, 2019 to the Group A Units.

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
	(dollars in thousands)	
Sculptor Capital LP		
Net loss	$ (41,177)	$ (32,049)
Blended participation percentage	42 %	44 %
Net Loss Attributable to Group A Units	**$ (17,374)**	**$ (14,064)**
Sculptor Capital Advisors LP		
Net (loss) income	$ (9,938)	$ 17,497
Blended participation percentage	42 %	38 %
Net (Loss) Income Attributable to Group A Units	**$ (4,193)**	**$ 6,695**
Sculptor Capital Advisors II LP		
Net (loss) income	$ (8,933)	$ 2,053
Blended participation percentage	42 %	0 %
Net (Loss) Income Attributable to Group A Units	**$ (3,770)**	**$ —**
Total Sculptor Operating Group		
Net loss	$ (60,048)	$ (12,499)
Blended participation percentage	42 %	59 %
Net Loss Attributable to Group A Units	**$ (25,337)**	**$ (7,369)**

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

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Group A Units	$ (25,337)	$ (7,369)
Other	(748)	135
	$ (26,085)	**$ (7,234)**

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

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Group A Units	$ 419,476	$ 434,943
Other	6,292	5,836
	$ 425,768	**$ 440,779**

The Preferred Units and fund investors' interests in certain consolidated funds (which were deconsolidated in the third quarter of 2019) are redeemable outside of the Company's control. These interests are classified within redeemable noncontrolling interests in the consolidated balance sheets. The following tables present the activity in redeemable noncontrolling interests:

	Three Months Ended March 31,			
	2020	2019		
	Preferred Units	Funds	Preferred Units	Total
	(dollars in thousands)			
Beginning balance	$ 150,000	$ 157,660	$ 420,000	$ 577,660
Fair value of Debt Securities exchanged for 2016 Preferred Units	—	—	(167,799)	(167,799)
Fair value of 2019 Preferred Units exchanged for 2016 Preferred Units	—	—	(137,759)	(137,759)
Issuance of 2019 Preferred Units, net of issuance costs	—	—	136,964	136,964
Change in redemption value of Preferred Units	1,327	—	(101,406)	(101,406)
Capital contributions	—	1,707	—	1,707
Capital distributions	—	(15,611)	—	(15,611)
Comprehensive income	—	5,534	—	5,534
Ending Balance	**$ 151,327**	**$ 149,290**	**$ 150,000**	**$ 299,290**

5. INVESTMENTS AND FAIR VALUE DISCLOSURES

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

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
United States government obligations, at fair value	$ 186,979	$ 146,565
CLOs, at fair value	155,287	182,870
Other investments, equity method	77,540	81,991
Total Investments	**$ 419,806**	**$ 411,426**

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). 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 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 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.

Assets and liabilities measured at fair value are classified into one of the following categories:

- **Level I** – Fair value is determined using quoted prices that are available in active markets for identical assets or liabilities. The types of assets and liabilities that would generally be included in this category are certain listed equities, U.S. government obligations and certain listed derivatives.

- **Level II** – Fair value is determined using quotations received from dealers making a market for these assets or liabilities ("broker quotes"), valuations obtained from independent third-party pricing services, the use of models or other valuation methodologies based on pricing inputs that are either directly or indirectly market observable as of the measurement date. The types of assets and liabilities 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.

- **Level III** – Fair value is determined using pricing inputs that are unobservable in the market and includes situations where there is little, if any, market activity for the asset or liability. The fair value of assets and liabilities in this category may require significant judgment or estimation in determining fair value of the assets or liabilities. The fair value of these assets and liabilities 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. The types of assets and liabilities that would generally be included in this category include CLOs, real estate investments, equity and debt securities issued by private entities, limited partnerships, certain corporate bonds, certain credit default swap contracts, certain bank debt securities, certain commercial real estate debt, certain OTC derivatives, residential and commercial mortgage-backed securities, 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, an asset or liability'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 an input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Fair Value Measurements Categorized within the Fair Value Hierarchy

The following table summarizes the Company's investments measured at fair value on a recurring basis within the fair value hierarchy as of March 31, 2020:

	As of March 31, 2020			
	Level I	Level II	Level III	Total
	(dollars in thousands)			
Assets, at Fair Value				
Included within investments:				
United States government obligations	$ 186,979	$ —	$ —	$ 186,979
CLOs[(1)]	$ —	$ —	$ 155,287	$ 155,287

(1) As of March 31, 2020, investments in CLOs had contractual principal amounts of $169.6 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 investments measured at fair value on a recurring basis within the fair value hierarchy as of December 31, 2019:

	As of December 31, 2019			
	Level I	Level II	Level III	Total
	(dollars in thousands)			
Assets, at Fair Value				
Included within cash and cash equivalents:				
United States government obligations	$ 97,034	$ —	$ —	$ 97,034
Included within investments:				
United States government obligations	$ 146,565	$ —	$ —	$ 146,565
CLOs[1]	$ —	$ —	$ 182,870	$ 182,870

(1) As of December 31, 2019, investments in CLOs had contractual principal amounts of $170.0 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, excluding those of the consolidated funds are recorded within net (losses) gains on investments in the consolidated statements of comprehensive income (loss), and gains and losses of the consolidated funds are recorded within net gains of consolidated funds. 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.

The following table summarizes the changes in the Company's Level III assets and liabilities for the three months ended March 31, 2020:

	December 31, 2019	Transfers In	Transfers Out	Investment Purchases / Issuances	Investment Sales / Settlements	Gains / Losses	March 31, 2020
	(dollars in thousands)						
Assets, at Fair Value							
Included within investments:							
CLOs	$ 182,870	$ —	$ —	$ 3,333	$ —	$ (30,916)	$ 155,287

The following table summarizes the changes in the Company's Level III assets and liabilities for the three months ended March 31, 2019:

	December 31, 2018	Transfers In	Transfers Out	Investment Purchases / Issuances	Investment Sales / Settlements	Gains / Losses	March 31, 2019
	(dollars in thousands)						
Assets, at Fair Value							
Included within investments:							
CLOs	$ 181,868	$ —	$ —	$ 808	$ (23,135)	$ (1,073)	$ 158,468
Investments of consolidated funds:							
Bank debt	$ 75,613	$ 5,178	$ (23,617)	$ 17,557	$ (16,082)	$ 520	$ 59,169
Corporate bonds	$ —	$ —	$ —	$ 987	$ (981)	$ (6)	$ —

Transfers out of Level III presented in the tables above resulted from the fair values of certain securities becoming market observable, with fair value determined using independent pricing services. Transfers into Level III presented in the tables above resulted from the valuation of certain investments with decreased market observability, with fair values determined using independent pricing services.

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

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Assets, at Fair Value		
Included within investments:		
CLOs	$ (30,916)	$ (914)
Investments of consolidated funds:		
Bank debt	$ —	$ 436

Valuation Methodologies for Fair Value Measurements Categorized within Levels II and III

Investments in CLOs, bank debt and corporate bonds are valued using independent pricing services, and therefore the Company does not have transparency into the significant inputs used by such services.

The Company elected to measure its investments in CLOs at fair value through consolidated net income (loss) in order to simplify its accounting for these instruments. Changes in fair value of these investments are included within net gains on investments in the consolidated statements of comprehensive income (loss). The Company accrues interest income on its investments in CLOs using the effective interest method.

Fair Value of Other Financial Instruments

As of March 31, 2020, the Company's debt obligations had a fair value of $248.8 million and a carrying value of $263.8 million, and repurchase agreements had a fair value of $86.1 million and a carrying value of $95.8 million. 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 March 31, 2020.

Loans Sold to CLOs Managed by the Company

From time to time the Company sells loans to CLOs managed by the Company. These loans are purchased by the Company in the open market and sold for cash at cost to the CLOs. The loans are accounted for as transfers of financial assets as they meet the criteria for derecognition under GAAP. No loans were sold in the three months ended March 31, 2020 and 2019. The Company invests in senior secured and subordinated notes issued by certain CLOs to which it sold loans in the past. These investments represent retained interests to the Company and are in the form of a 5% vertical strip (i.e., 5% of each of the senior and subordinated tranches of notes issued by each CLO). The retained interests are reported within investments on the Company's consolidated balance sheet. As of March 31, 2020 and December 31, 2019, the Company's investments in these retained interests had a fair value of $75.4 million and $88.2 million, respectively.

The Company is subject to risks associated with the performance of the underlying collateral and the market yield of the assets. The Company's risk of loss from retained interest is limited to its investments in these interests. The Company receives quarterly payments of interest and principal, as applicable, on these retained interests. In the three months ended March 31, 2020 and 2019, the Company received $893 thousand and $909 thousand, respectively, of interest and principal payments related to the retained interests.

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

6. VARIABLE INTEREST ENTITIES

In the ordinary course of business, the Company sponsors the formation of funds that are considered VIEs. See Note 2 of 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 assets and liabilities of consolidated VIEs were not material as of March 31, 2020 and December 31, 2019.

The Company's direct involvement with funds that are VIEs and not consolidated by the Company 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. The Company has commitments to certain funds that are VIEs as discussed in Note 18. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support to its VIEs that are not consolidated.

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

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Net assets of unconsolidated VIEs in which the Company has a variable interest	$ 8,215,166	$ 8,805,128
Maximum risk of loss as a result of the Company's involvement with VIEs:		
Unearned revenues	64,900	63,337
Income and fees receivable	26,811	21,841
Investments	173,137	200,215
Maximum Exposure to Loss	**$ 264,848**	**$ 285,393**

7. 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, other than a three-year renewal option for its lease in Hong Kong, which was not included in the determination of the related lease asset and liability. The Company also subleases a portion of its office space in London through the end of the lease term. Finally, the Company has finance leases for computer hardware.

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Lease Cost		
Operating lease cost	$ 5,147	$ 5,149
Short-term lease cost	13	18
Finance lease cost - amortization of leased assets	137	137
Finance lease cost - imputed interest on lease liabilities	14	24
Less: Sublease income	(384)	(384)
Net Lease Cost	**$ 4,927**	**$ 4,944**

	Three Months Ended March 31,	
	2020	2019
	(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	$ 5,602	$ 3,998
Operating cash flows for finance leases	$ 3	$ 24
Finance cash flows for finance leases	$ 459	$ 457
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ 6	$ 126,000
Finance leases	$ —	$ 1,702

	March 31, 2020	December 31, 2019
Lease Term and Discount Rate		
Weighted average remaining lease term		
Operating leases	9.1 years	9.3 years
Finance leases	2.0 years	2.1 years
Weighted average discount rate		
Operating leases	7.9 %	7.9 %
Finance leases	7.9 %	7.9 %

	Operating Leases	Finance Leases
	(dollars in thousands)	
Maturity of Lease Liabilities		
April 1, 2020 to December 31, 2020	$ 16,814	$ 156
2021	20,909	618
2022	19,713	—
2023	19,032	—
2024	15,353	—
Thereafter	82,234	—
Total Lease Payments	**174,055**	**774**
Imputed interest	(49,815)	(44)
Total Lease Liabilities	**$ 124,240**	**$ 730**

As of March 31, 2020, the Company has pledged collateral related to its lease obligations of $6.2 million, which is included within investments in the consolidated balance sheets.

	Operating Leases
	(dollars in thousands)
Sublease Rent Payments Receivable	
April 1, 2020 to December 31, 2020	$ 1,112
2021	1,482
2022	1,482
2023	1,160
2024	—
Thereafter	—
Total Sublease Rent Payments Receivable	**$ 5,236**

8. DEBT OBLIGATIONS

	Debt Securities	2018 Term Loan	CLO Investments Loans	Total
	(dollars in thousands)			
Maturity of Debt Obligations				
April 1, 2020 to December 31, 2020	$ —	$ —	$ —	$ —
2021	—	—	5,111	5,111
2022	40,000	—	275	40,275
2023	40,000	18,000	—	58,000
2024	40,000	—	17,972	57,972
Thereafter	80,000	—	39,201	119,201
Total Payments	**200,000**	**18,000**	**62,559**	**280,559**
Unamortized discounts & deferred financing costs	(16,124)	(330)	(328)	(16,782)
Total Debt Obligations	**$ 183,876**	**$ 17,670**	**$ 62,231**	**$ 263,777**

Debt Securities

In connection with the Recapitalization, the Sculptor Operating Partnerships, each as a borrower, entered into an unsecured senior subordinated term loan credit and guaranty agreement (the "Subordinated Credit Agreement") under which $200.0 million of Debt Securities were issued in exchange for an equal amount of 2016 Preferred Units. The Debt Securities mature on the earlier of (i) the fifth anniversary of the date on which all obligations under the 2019 Preferred Unit Designations have been paid in full and (ii) April 1, 2026.

As of February 1, 2020, the Debt Securities bear interest at a per annum rate equal to, at the borrower's option, one, three or six-month (or twelve-month with the consent of each lender) LIBOR plus 4.75%, or a base rate plus 3.75%. Commencing on the earlier of (i) the first anniversary of the date on which all 2019 Preferred Units are paid in full and (ii) March 31, 2022, the Debt Securities amortize in quarterly installments each in a principal amount equal to 5% of the aggregate principal amount of the Debt Securities of the applicable borrower on the effective date of the Subordinated Credit Agreement or, in the case of incremental Debt Securities of such borrower, the date 2019 Preferred Units are exchanged for incremental Debt Securities; provided that in no event shall amortization payments in any fiscal year be required to exceed $40.0 million.

For a period of nine months after the repayment of the 2019 Preferred Units, the borrowers will have the option to voluntarily repay the initial Debt Securities at a 5% discount.

The Subordinated Credit Agreement contains customary representations and warranties and covenants for a transaction of this type and financial covenants consistent with those described below for the 2018 Term Loan. The Subordinated Credit Agreement also requires prepayment of loans under the 2018 Term Loan and the 2019 Preferred Units in accordance with the Cash Sweep, and restricts the incurrence of indebtedness for borrowed money and certain liens, in each case subject to exceptions set forth in the Implementing Agreements.

The Subordinated Credit Agreement contains customary events of default for a transaction of this type and is based on substantially the same terms as the 2018 Term Loan. If an event of default under the Subordinated Credit Agreement occurs and is continuing, then, at the request (or with the consent) of the lenders holding a majority of the Debt Securities, upon notice by the Subordinated Credit Agreement Administrative Agent to the borrowers, the obligations under the Subordinated Credit Agreement shall become immediately due and payable. In addition, if the Sculptor Operating Partnerships or any of their material subsidiaries become the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law, then any outstanding obligations under the Subordinated Credit Agreement will automatically become immediately due and payable.

2018 Term Loan

On April 10, 2018 (the "Closing Date"), Sculptor Capital LP, as borrower, (the "Senior Credit Agreement Borrower"), and certain other subsidiaries of the Company, as guarantors, entered into a senior secured credit and guaranty agreement (the "Senior Credit Agreement") consisting of (i) a $250.0 million term loan facility (the "2018 Term Loan") and (ii) a $100.0 million revolving credit facility (the "2018 Revolving Credit Facility"). Effective as of February 7, 2019, the Company terminated in full the commitments under the 2018 Revolving Credit Facility. At the time of such termination, no borrowings were outstanding under the 2018 Revolving Credit Facility.

In connection with the Recapitalization, the Company entered into Amendment No. 1 (the "Senior Credit Agreement Amendment") to the Senior Credit Agreement (the Senior Credit Agreement, as amended by the Senior Credit Agreement Amendment, the "Amended Senior Credit Agreement"). In accordance with the Amended Senior Credit Agreement, indebtedness outstanding under the 2018 Term Loan will be payable in accordance with the provisions of the Cash Sweep described in Note 3. The 2018 Term Loan matures April 10, 2023. The maturity date of the 2018 Term Loan may be extended pursuant to the terms of the Amended Senior Credit Agreement. As of March 31, 2020, $18.0 million remained outstanding under the 2018 Term Loan. In accordance with the Cash Sweep, the Company repaid an additional $9.5 million on May 5, 2020.

The 2018 Term Loan bears interest at a per annum rate equal to, at the Company's option, one, three or six months (or twelve months with the consent of each lender) LIBOR plus 4.75%, or a base rate plus 3.75%. Prior to the termination of the 2018 Revolving Credit Facility in February 2019, the Company was required to pay an undrawn commitment fee at a rate per annum equal to 0.20% to 0.75% of the undrawn portion of the commitments under the 2018 Revolving Credit Facility, computed on a daily basis.

The obligations under the Amended Senior Credit Agreement are guaranteed by the Sculptor Operating Partnerships and are secured by a lien on substantially all of the Sculptor Operating Partnerships' assets, subject to certain exclusions.

The Amended Senior Credit Agreement contains two financial maintenance covenants. The first financial maintenance covenant states that the Company's total fee-paying assets under management as of the last day of any fiscal quarter must be greater than $20.0 billion, and the second states that the total net leverage ratio (as defined in the Amended Senior Credit Agreement, which excludes the Debt Securities) as of the last day of any fiscal quarter must be less than (i) 3.00 to 1.00, or (ii) following the third anniversary of the Closing Date, 2.50 to 1.00. As of March 31, 2020, the Company was in compliance with the financial maintenance covenants.

The Amended Senior Credit Agreement requires compliance with the provisions of the Implementing Agreements that impose restrictions on distributions, including certain tax distributions, during the Distribution Holiday, requiring prepayment of loans under the Amended Senior Credit Agreement with excess cash above a certain threshold, and restricting the incurrence of indebtedness for borrowed money and certain liens, in each case subject to exceptions set forth in the Implementing Agreements.

In the event the Amended Senior Credit Agreement remains outstanding on or after March 31, 2022, the Amended Senior Credit Facility allows for the issuance of an additional $200.0 million of incremental Debt Securities in exchange for the remaining Preferred Units at that time. The Amended Senior Credit Agreement also allows restricted payments for preferred dividends of up to $12.0 million per year.

The Amended Senior Credit Agreement contains customary events of default. If an event of default under the Amended Senior Credit Agreement occurs and is continuing, then, at the request (or with the consent) of the lenders holding a majority of the commitments and loans, upon notice by the administrative agent to the Senior Credit Agreement Borrower, the obligations under the Amended Senior Credit Agreement shall become immediately due and payable. In addition, if the Senior Credit Agreement Borrower or any of its material subsidiaries becomes the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law, then any outstanding obligations under the Amended Senior Credit Agreement will automatically become immediately due and payable.

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 and principal 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 in the event that 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 $57.0 million and $65.9 million as of March 31, 2020 and December 31, 2019, 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	
			March 31, 2020	December 31, 2019
			(dollars in thousands)	
June 7, 2017	LIBOR plus 1.48%	November 16, 2029	$ 17,250	$ 17,245
August 2, 2017	LIBOR plus 1.41%	January 21, 2030	21,680	21,679
September 14, 2017	EURIBOR plus 2.21%	September 14, 2024	17,915	18,237
August 1, 2019	EURIBOR plus 1.15%	June 29, 2021	5,111	3,464
February 27, 2020	EURIBOR plus 0.80%	January 11, 2022	275	—
			$ 62,231	**$ 60,625**

9. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

On May 29, 2018, the Company entered into a €100.0 million master credit facility agreement (the "CLO Financing Facility") to finance a portion of the risk retention investments in certain European CLOs managed by the Company. Subject to the terms and conditions of the CLO Financing Facility, the Company and the counterparty may enter into repurchase agreements on such terms agreed upon by the parties. Each transaction entered into under the CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of March 31, 2020, €12.3 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 in the event that 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 counterparties related to such transactions (capped so that the net amount presented will not be reduced below zero). No other material financial instruments were subject to master netting agreements or other similar agreements:

Securities Sold under Agreements to Repurchase	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities in the Consolidated Balance Sheet	Securities Transferred	Net Amount
			(dollars in thousands)		
As of March 31, 2020	$ 95,775	$ —	$ 95,775	$ 84,200	$ 11,575
As of December 31, 2019	$ 97,508	$ —	$ 97,508	$ 97,508	$ —

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

	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 March 31, 2020	$ —	$ —	$ —	$ 95,775	$ 95,775
As of December 31, 2019	$ —	$ —	$ —	$ 97,508	$ 97,508

10. PREFERRED UNITS

2019 Preferred Units

Pursuant to the 2019 Preferred Unit Designations, the Sculptor Operating Partnerships issued 2019 Preferred Units with an aggregate liquidation preference of $200.0 million, in exchange for $200.0 million of the 2016 Preferred Units. Other than following the occurrence of a Discount Termination Event (as defined in the 2019 Preferred Unit Designations), the Sculptor Operating Partnerships have the option to redeem the 2019 Preferred Units at a 25% discount until March 31, 2021, and then at a 10% discount at any time between April 1, 2021 and March 30, 2022. Any mandatory payments as a result of the Cash Sweep will be entitled to the same discount. To the extent that the 2019 Preferred Units are not repaid in full prior to March 31, 2022, at the option of the holder thereof, all or any portion of the 2019 Preferred Units will be converted into Debt Securities in an aggregate principal amount equal to the Liquidation Value (as defined below) of such 2019 Preferred Units, with such Debt Securities having the same terms as the existing $200.0 million of Debt Securities.

Pursuant to the 2019 Preferred Unit Designations, distributions on the 2019 Preferred Units were payable on the liquidation preference amount on a cumulative basis at an initial distribution rate of 0% per annum until February 19, 2020 (the “Step Up Date”), after which the distribution rate increased to 6% per annum from the Step Up Date until the sixth anniversary of the Step Up Date, then continue to increase in stages thereafter to a maximum of 10% per annum on and after the eighth anniversary of the Step Up Date. The Company has the option to defer distributions on the 2019 Preferred Units, in which case such amount is added to the redemption value of the 2019 Preferred Units and such amounts would also be eligible for the redemption discount described above. The Company elected to do so for the first payment due during the first quarter of 2020.

Following the occurrence of a change of control event, the Sculptor Operating Partnerships will redeem the 2019 Preferred Units at a redemption price equal to the liquidation preference plus all accumulated but unpaid distributions (collectively, the “Liquidation Value”). If the Sculptor Operating Partnerships fail to redeem all of the outstanding 2019 Preferred Units after such change of control event, the distribution rate will increase by 7% per annum, beginning on the 31st day following such event. Pursuant to the 2019 Preferred Unit Designations, the Sculptor Operating Partnerships will not be required to effect such redemption until the earlier of (i) the date that is 20 days following such change of control event and (ii) the payment in full of all loans and other obligations and the termination of all commitments under the 2018 Term Loan.

From and after March 31, 2022, if the amounts distributed to partners of the Sculptor Operating Partnerships in respect of their equity interests in the Sculptor Operating Partnerships (other than amounts distributed in respect of tax distributions or certain other distributions) or used for repurchase of units by such entities (or which were available but not used for such purposes) for the immediately preceding fiscal year exceed $100.0 million in the aggregate, then an amount equal to 20% of such excess shall be used to redeem the 2019 Preferred Units on a pro rata basis at a redemption price equal to the Liquidation Value. Furthermore, if the average closing price of the Company’s Class A Shares exceeds $150.00 per share for the previous 20 trading days from and after the Recapitalization Closing, the Sculptor Operating Partnerships have agreed to use their reasonable best efforts to redeem all of the outstanding 2019 Preferred Units as promptly as practicable. If such event occurs prior to the maturity date of the 2018 Term Loan and all obligations under the 2018 Term Loan have not been prepaid in accordance with the terms thereof, the Company has agreed to use its reasonable best efforts to obtain consents from its lenders in order to redeem the 2019 Preferred Units as promptly as practicable.

11. OTHER ASSETS, NET

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

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Fixed Assets:		
Leasehold improvements	$ 52,798	$ 52,798
Computer hardware and software	47,755	47,361
Furniture, fixtures and equipment	8,411	8,411
Accumulated depreciation and amortization	(75,531)	(73,730)
Fixed assets, net	33,433	34,840
Goodwill	22,691	22,691
Prepaid expenses	17,955	18,507
Other	5,183	6,570
Total Other Assets, Net	**$ 79,262**	**$ 82,608**

12. OTHER LIABILITIES

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

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Legal provision	$ 19,100	$ 19,100
Accrued expenses	15,079	19,275
Uncertain tax positions	8,250	8,250
Unused trade commissions	4,842	5,192
Other	6,343	7,400
Total Other Liabilities	**$ 53,614**	**$ 59,217**

13. REVENUES

The following table presents management fees and incentive income recognized as revenues for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
	Management Fees	Incentive Income	Management Fees	Incentive Income
	(dollars in thousands)			
Multi-strategy funds	$ 32,373	$ 1,824	$ 34,381	$ 14,984
Credit				
Opportunistic credit funds	9,563	4,670	10,435	30,920
Institutional Credit Strategies	15,266	—	13,723	—
Real estate funds	9,743	2,828	4,832	7,294
Other	8	—	252	—
Total	**$ 66,953**	**$ 9,322**	**$ 63,623**	**$ 53,198**

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. The following table presents the activity in the Company's unearned incentive income for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Beginning of Period	**$ 60,798**	**$ 61,397**
Amounts collected during the period	2,501	7,832
Amounts recognized during the period	(933)	(5,460)
End of Period	**$ 62,366**	**$ 63,769**

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 composition of the Company's income and fees receivable as of March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Management fees	$ 28,622	$ 25,726
Incentive income	15,160	189,669
Income and Fees Receivable	**$ 43,782**	**$ 215,395**

14. 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. Additionally, the amount of incentive income and discretionary cash bonuses recorded in any given quarter can have a significant impact on the Company's effective tax rate. Accordingly, the effective tax rate for interim periods is not indicative of the tax rate expected for a full year.

Changes in Tax Status and Legal Structure

The Sculptor Operating Partnerships are partnerships for U.S. federal income tax purposes. The Registrant was a partnership for U.S. federal income tax purposes until the Corporate Classification Change on April 1, 2019. Prior to the Corporate Classification Change, only a portion of the income the Company earned has been subject to corporate-level income taxes in the United States and foreign jurisdictions. Following the Corporate Classification Change, generally all of the income the Registrant earns will be subject to corporate-level income taxes in the United States allowing us to realize a portion of our deferred tax assets on an accelerated basis as compared to under our prior structure.

The amount of incentive income the Company earns in a given year, the resultant flow of revenues and expenses through the Company's legal entity structure, the effect that changes in the Class A Share price may have on the ultimate deduction the Company is able to take related to the settlement of RSUs, and any change in future enacted income tax rates may have a significant impact on the Company's income tax provision and effective income tax rate.

The Company's income tax provision and related income tax assets and liabilities are based on, among other things, an estimate of the impact of the Corporate Classification Change, inclusive of an analysis of tax basis and state tax implications of certain partnerships and their underlying assets and liabilities as of April 1, 2019. The Company's estimate is based on the most recent information available; however, the impact of the conversion cannot be finally determined until the Company's 2019 tax returns have been finalized. The Company does not currently expect such information to become available until the fourth quarter of 2020. The tax basis and state impact of the partnerships and their underlying assets and liabilities are based on estimates subject to finalization of the Company's tax returns, and the impact of the Corporate Classification Change may differ, possibly materially, from the current estimates described herein.

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

	Three Months Ended March 31,	
	2020	2019
Statutory U.S. federal income tax rate	21.00 %	21.00 %
Income passed through to noncontrolling interests	-9.04 %	21.52 %
Nondeductible transaction costs	— %	-37.08 %
Tax effects of income recorded to equity in connection with the Recapitalization	— %	28.96 %
Foreign income taxes	3.99 %	-18.71 %
RSU excess income tax benefit or expense	0.63 %	-18.52 %
State and local income taxes	1.44 %	-13.64 %
Income not subject to entity level tax	— %	7.82 %
Nondeductible amortization of Partner Equity Units	-2.31 %	-59.95 %
Nondeductible interest expense	-0.45 %	— %
Other, net	0.56 %	8.08 %
Effective Income Tax Rate	**15.82 %**	**-60.52 %**

The Company recognizes tax benefits for amounts that are "more likely than not" to be sustained upon examination by tax authorities. For uncertain tax positions in which the benefit to be realized does not meet the "more likely than not" threshold, the Company establishes a liability, which is included within other liabilities in the consolidated balance sheets. As of March 31, 2020 and December 31, 2019, the Company had a liability for unrecognized tax benefits of $8.3 million. As of and for the three months ended March 31, 2020, the Company did not accrue interest or penalties related to uncertain tax positions. As of March 31, 2020, 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 that, if recognized, would affect its effective tax rate was $4.8 million as of March 31, 2020.

15. GENERAL, ADMINISTRATIVE AND OTHER

The following table presents the components of general, administrative and other expenses as reported in the consolidated statements of comprehensive income (loss):

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Professional services	$ 9,749	$ 14,960
Occupancy and equipment	7,605	7,584
Recurring placement and related service fees	6,492	3,342
Information processing and communications	5,024	5,362
Insurance	2,130	2,152
Business development	1,060	1,098
Foreign exchange (gains) and losses	(29)	48
Other expenses	2,675	3,242
Total General, Administrative and Other	**$ 34,706**	**$ 37,788**

16. (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 March 31, 2020 and 2019, the Company included 566,136 and 184,254 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 unvested RSUs and the if-converted method to vested Group A Units and Group E Units. The Company applies the treasury stock method to unvested Group A Units and Group E Units and the if-converted method on the resulting number of units that would be issued. The Company did not include the Group P Units or PSUs in the calculations of dilutive (loss) earnings per Class A Share, as the applicable market performance conditions have not yet been met as of March 31, 2020.

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

Three Months Ended March 31, 2020	Net Loss Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
		(dollars in thousands, except per share amounts)		
Basic	$ (28,267)	22,304,713	$ (1.27)	
Effect of dilutive securities:				
Group A Units	(20,416)	16,014,635		—
Group E Units	—	—		13,450,821
RSUs	—	—		4,169,785
Diluted	$ (48,683)	38,319,348	$ (1.27)	

Three Months Ended March 31, 2019	Net Income Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Earnings Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
		(dollars in thousands, except per share amounts)		
Basic	$ 37,083	20,475,359	$ 1.81	
Effect of dilutive securities:				
Group A Units	—	—		20,039,945
Group E Units	—	1,016,611		—
RSUs	—	—		4,606,223
Diluted	$ 37,083	21,491,970	$ 1.73	

17. 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.

Due to Related Parties

Amounts due to related parties relate primarily to future payments owed to current and former executive managing directors and Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons (the "Ziffs") under the tax receivable agreement, as discussed further in Note 18. The Company made payments totaling $18.2 million under the tax receivable agreement (inclusive of interest thereon) in the three months ended March 31, 2020. No payments were made in the three months ended March 31, 2019.

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

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

As of March 31, 2020 and 2019, respectively, approximately $869.8 million and $1.4 billion of the Company's assets under management represented investments by the Company, its executive managing directors, employees and certain other related parties in the Company's funds. As of March 31, 2020 and 2019, approximately 43% and 21%, of these assets under management were not charged management fees or incentive income. The following table presents management fees and incentive income charged on investments held by the Company's executive managing directors, employees and certain other related parties:

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Fees charged on investments held by related parties:		
Management fees	$ 1,066	$ 2,725
Incentive income	$ 337	$ 1,561

Other

In connection with the Recapitalization, the Company paid for Mr. Och's expenses incurred in connection with these transactions in the amount of $5.0 million, of which $4.5 million was incurred in the fourth quarter of 2018 and the remainder in the first quarter of 2019. In addition, the Company will pay for reasonable expenses, if any, incurred by holders of the 2019 Preferred Units in connection with protecting the interests or enforcing the rights of such securities.

18. 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 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 United States 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%. The amendment to the tax receivable agreement was effective on April 1, 2019, the date on which the Registrant changed its tax classification from a partnership to a corporation. As a result of the amendment to the tax receivable agreement, the Company released $67.2 million of previously accrued tax receivable agreement liability, which reduced its deferred income tax assets by $16.3 million. The net impact of $51.0 million was recognized as an increase to additional paid-in capital.

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 United States 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 amounts due to related parties 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 comprehensive income (loss).

The estimate of the timing and the amount of future payments under the tax receivable agreement involves several assumptions that do not account for the significant uncertainties associated with these potential payments, including an assumption that Sculptor Corp will have sufficient taxable income in the relevant tax years to utilize the tax benefits that would give rise to an obligation to make payments. The actual timing and amount of any actual payments under the tax receivable agreement will vary based upon these and a number of other factors. As of March 31, 2020, the estimated future payment under the tax receivable agreement was $187.5 million, which is recorded in due to related parties on the consolidated balance sheets.

The table below presents management’s estimate as of March 31, 2020, 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)
April 1, 2020 to December 31, 2020	$	11,796
2021		—
2022		3,689
2023		24,109
2024		35,841
Thereafter		112,026
Total Payments	**$**	**187,461**

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. This has resulted, or may in the future result, in regulatory agency investigations, litigation and subpoenas and costs related to each.

In U.S. v. Oz Africa Management GP, LLC, Cr. No. 16-515 (NGG) (EDNY), certain former shareholders of a Canadian mining company filed a letter with the U.S. District Court for the Eastern District of New York stating they plan to seek restitution at the sentencing hearing for Oz Africa Management GP, LLC. On August 29, 2019, the court filed a Memorandum & Order in which it found that the claimants qualify as "victims" under the Mandatory Victims Restitution Act and directed the parties to submit briefs regarding the calculation of restitution, how to apportion the amount among OZ Africa Management GP, LLC and others, and whether the effort to arrive at a restitution amount is overly complex such that restitution should not be awarded.

OZ Africa Management GP, LLC has recorded a $19.1 million accrual, which is included in the consolidated financial statements of the Company. This accrual has been based on a detailed analysis performed by the Company, with assistance from external advisors. The U.S. Department of Justice (the "DOJ") has not expressed a view as to the appropriate amount of restitution, but has indicated that the value of the portion of the mining rights held by the Canadian company in which the claimants were shareholders could be as high as $151.5 million. Claimants have taken the position that the value of their interest in these rights is $421.8 million. The Company does not agree with the analysis underlying these positions and believes material reductions would need to be applied to each in any event to arrive at a restitution figure. The Company will continue to vigorously defend the matter. It is possible that its losses in this matter may exceed the accrued amount.

Additionally, on January 23, 2020, the Company entered into an amendment to the Deferred Prosecution Agreement (the "DPA") with the DOJ and the U.S. Attorney's Office for the Eastern District of New York that extended the term of the DPA until 61 days after the entry of a final judgment by the U.S. District Court for the Eastern District of New York in the matter of U.S. v. Oz Africa Management GP, LLC, Cr. No. 16-515 (NGG) (EDNY). The amendment makes no other material changes to the DPA. The extension is based solely on the voluntary agreement of the parties and is not premised on any non-compliance by the Company with the DPA.

Investment Commitments

From time to time, certain funds consolidated by the Company may have commitments to fund investments. These commitments are funded through contributions from investors in those funds, including the Company if it is an investor in the relevant fund.

The Company has unfunded capital commitments of $60.7 million to certain funds it manages. It expects to fund these commitments over the next eight 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 $32.3 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.

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

COVID-19 Pandemic

In the first quarter of 2020, a novel strain of coronavirus ("COVID-19") spread across the world resulting in a wide-spread economic downturn. As a result, our funds experienced significant performance-related depreciation, which has had a negative impact on our incentive income during the first quarter of 2020, as well as on the opening balance of assets under management in the second quarter, and therefore may cause us to recognize lower management fees from these funds in the second quarter. To the extent these losses are not reversed by gains later this year, it will have a material impact on our ability to earn incentive income in 2020, as well as in future years until the losses are recovered for continuing fund investors.

In addition, we experienced unrealized losses on our risk retention investments held in certain of the CLOs that we manage. While we are required to hold these investments for the entire duration of the CLOs, to the extent that cash flows in the CLOs deteriorate, we could experience declining interest income and impairments on these investments. We may also experience detrimental impacts to the management fees we earn from the CLOs that we manage if market conditions do not sufficiently recover over the life cycle of these CLOs.

We have also evaluated our long-lived assets including operating lease assets and goodwill and have not identified any impairments to these assets as of March 31, 2020.

We have successfully executed a business continuity plan and continued our operations with no material interruptions by implementing a work from home model as necessary to protect the health and well-being of our employees and in response to mandated precautions, where applicable. In addition, we have reached out to our critical vendors to ensure that they are well positioned to operate during the pandemic. We rely significantly on the effectiveness of our information technology infrastructure to continue our operations and to continue to maintain appropriate controls over operations, treasury function, accounting and financial reporting.

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 COVID-19 pandemic will ultimately have on our future business and financial results. Please see the COVID-19 commentary included throughout this MD&A, including "—Liquidity and Capital Resources" as well as "Item 1A. Risk Factors" in this quarterly report for additional information on these impacts and the potential impacts on our results of operations and financial position.

Overview of Our Financial Results

We reported a GAAP net loss of $28.3 million in the first quarter of 2020, compared to net income of $37.1 million in the first quarter of 2019. The increase in net loss attributable to Class A Shareholders for the first quarter of 2020 was primarily due to lower incentive income and unrealized losses on our investments, partially offset by lower income taxes, lower compensation and benefits expenses, lower general, administrative and other expenses and lower losses on early retirement of debt. Also impacting our results to Class A Shareholders was an adjustment to the redemption value of Preferred Units recognized in connection with the Recapitalization in the first quarter of 2019 that increased net income attributable to Class A Shareholders in the first quarter of 2019 by $44.4 million. In the first quarter of 2020, an adjustment of $1.3 million to the redemption value of the Preferred Units related to the accrual of distributions on the units decreased amounts attributable to Class A Shareholders in the first quarter of 2020. Please see "—Results of Operations" for detailed discussion of the drivers of our results.

Economic Income was $2.3 million in first quarter of 2020, compared to $37.8 million in first quarter of 2019. This decrease was primarily due to lower incentive income, partially offset by lower compensation and benefits expenses and lower general, administrative and other expenses. Please see "—Economic Income Analysis" for detailed discussion of the drivers of our results. 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."

Overview of Assets Under Management and Fund Performance

Assets under management totaled $33.4 billion as of March 31, 2020. Longer-dated assets under management, which are those subject to initial commitment periods of three years or longer, were $23.9 billion, comprising 71% of our total assets under management as of March 31, 2020. Assets under management in our dedicated credit, real estate and other strategy-specific funds were $24.9 billion, comprising 75% of assets under management as of March 31, 2020.

Assets under management in our multi-strategy funds totaled $8.5 billion as of March 31, 2020, decreasing $1.8 billion, or 18%, year-over-year. This change was driven by net capital outflows of $1.7 billion, primarily in the Sculptor Master Fund, our largest multi-strategy fund, performance-related depreciation of $67.9 million, and $49.5 million of distributions to investors in certain smaller funds that we have decided to close.

Sculptor Master Fund generated a gross return of -6.5% and a net return of -6.6% year-to-date through March 31, 2020. Losses in Sculptor Master Fund were concentrated in corporate credit where even the highest quality securities widened to levels not seen since the global financial crisis of 2008. We view the majority of these losses to be mark-to-market in nature, resulting from technical pressure that had become disconnected from fundamentals, and we believe that much of the performance will be earned back in time. Please see "—Assets Under Management and Fund Performance—Multi-Strategy Funds" for additional information regarding the returns of the Sculptor Master Fund.

Assets under management in our dedicated credit products totaled $20.9 billion as of March 31, 2020, increasing $1.8 billion, or 9%, year-over-year. Assets under management in our opportunistic credit funds totaled $4.9 billion as of March 31, 2020, decreasing $842.3 million, or 15%, year-over-year. This change was driven by $789.6 million of performance-related depreciation, $32.4 million of net outflows, and $20.3 million of distributions in our closed-end opportunistic credit funds.

Sculptor Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of -19.8% and a net return of -20.0% year-to-date through March 31, 2020. Similar to the Sculptor Master Fund, performance was impacted by the widened levels of credit spreads not seen since 2008. Again, our view is that the majority of the March credit losses were not due to permanent capital impairment and we believe we will recover much of that performance over time. Assets under management for the fund were $1.1 billion as of March 31, 2020.

Assets under management in Institutional Credit Strategies totaled $16.0 billion as of March 31, 2020, increasing $2.6 billion, or 20%, year-over-year. The increase was driven primarily by the closing of additional CLOs and launches of aircraft securitizations and a CBO, partially offset by changes in underlying collateral value and distributions.

Assets under management in our real estate funds totaled $4.0 billion as of March 31, 2020, increasing $1.3 billion, or 50%, year-over-year primarily due to launch of Sculptor Real Estate Fund IV and a related co-investment vehicle, partially offset by $1.2 billion of distributions and other reductions primarily related to the expiration of the investment period of Sculptor Real Estate Fund III and related co-investment vehicles. Since inception through March 31, 2020, the gross internal rate of return ("IRR") was 28.7% and 18.7% net for Sculptor Real Estate Fund III (for which the investment period ended in September 2019).

Assets Under Management and Fund Performance

Our financial results are primarily driven by the combination of our assets under management 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 assets under management due to capital placed with us by investors in our funds and positive investment performance of our funds drive growth in our revenues and earnings. Conversely, poor investment performance slows our growth by decreasing our assets under management 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 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. The lock-up requirements for our funds may generally be waived or modified at the sole discretion of each fund's 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 assets under management 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 assets under management 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.

In a declining market, during periods when the hedge fund industry generally experiences outflows, or in response to specific company events, we could experience increased redemptions and a consequent reduction in our assets under management. Over the past few years, our assets under management have declined and this trend may continue to some extent for some period of time in light of the 2016 settlements and the global economic downturn as a result of the COVID-19 pandemic. Throughout the latter part of 2017 and 2018, net outflows from our multi-strategy funds began to normalize and were partially offset by growth in our Institutional Credit Strategies business, as well as positive fund performance. However, in the first part of 2020 our funds experienced significant performance-related depreciation due to the unprecedented market events that unfolded as a result of the COVID-19 pandemic. The COVID-19 pandemic has affected almost every segment of the global economy and may have a negative impact on our assets under management, management fees and incentive income.

Information with respect to our assets under management throughout this report, including the tables set forth below, includes investments by us, our executive managing directors, employees and certain other related parties. As of March 31, 2020, approximately 3% of our assets under management represented investments by us, our executive managing directors, employees and certain other related parties in our funds. As of that date, approximately 43% of these affiliated assets under management 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, 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 assets under management as of the beginning of each quarter. The assets under management in the tables below are presented net of management fees and incentive income as of the end of the period. Accordingly, the assets under management 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. Appreciation (depreciation) within Institutional Credit Strategies includes the effects of changes in the par value of the underlying collateral of the CLOs and CBO, foreign currency translation changes in the measurement of assets under management of our European CLOs and changes in the portfolio appraisal values for aircraft securitizations.

Summary of Changes in Assets Under Management

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

	Three Months Ended March 31, 2020				
	December 31, 2019	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	March 31, 2020
			(dollars in thousands)		
Multi-strategy funds	$ 9,332,118	$ (209,674)	$ (5,446)	$ (656,788)	$ 8,460,210
Credit					
Opportunistic credit funds	6,025,306	(279,275)	—	(801,199)	4,944,832
Institutional Credit Strategies	15,710,319	396,992	(6)	(112,906)	15,994,399
Real estate funds	3,393,876	646,876	(41,390)	(9,541)	3,989,821
Other	8,311	16	(7,113)	—	1,214
Total	**$ 34,469,930**	**$ 554,935**	**$ (53,955)**	**$ (1,580,434)**	**$ 33,390,476**

	Three Months Ended March 31, 2019				
	December 31, 2018	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	March 31, 2019
			(dollars in thousands)		
Multi-strategy funds	$ 10,420,858	$ (886,353)	$ (21,278)	$ 779,324	$ 10,292,551
Credit					
Opportunistic credit funds	5,751,411	(63,530)	(26,972)	126,209	5,787,118
Institutional Credit Strategies	13,491,734	13,506	(107,147)	(32,450)	13,365,643
Real estate funds	2,577,040	75,470	—	(22)	2,652,488
Other	286,635	(62,868)	—	379	224,146
Total	**$ 32,527,678**	**$ (923,775)**	**$ (155,397)**	**$ 873,440**	**$ 32,321,946**

In the three months ended March 31, 2020, our funds experienced performance-related depreciation of $1.6 billion and net inflows of $554.9 million. The net inflows were comprised of (i) $1.1 billion of gross inflows, driven by $646.9 million in real estate funds, primarily due to additional closes of Sculptor Real Estate Fund IV, and $427.1 million in Institutional Credit Strategies, primarily driven by a launch of an aircraft securitization; and (ii) $571.8 million of gross outflows due to redemptions, primarily in our open-ended credit and multi-strategy funds. In 2020, excluding securitization vehicles within Institutional Credit Strategies, our largest sources of gross inflows were from private banks and pensions, while pensions were the largest source of gross outflows.

As of May 1, 2020, estimated assets under management increased to $34.0 billion, driven by $472.3 million of performance-related appreciation and capital net inflows of $178.5 million.

In the three months ended March 31, 2019, our funds experienced performance-related appreciation of $873.4 million and net outflows of $923.8 million. The net inflows were comprised of $240.4 million of gross inflows and $1.2 billion of gross outflows due to redemptions, primarily in our multi-strategy funds. In 2019, excluding securitization vehicles within Institutional Credit Strategies, our largest sources of gross inflows were from fund-of-funds, related parties and family offices and individuals, while related parties were the largest sources of gross outflows. The net outflows include approximately $558.1 million of redemptions to former executive managing directors, the majority of which were driven by the anticipated Liquidity Redemption discussed in Note 3 of our Annual Report.

Weighted-Average Assets Under Management and Average Management Fee Rates

The table below presents our weighted-average assets under management and average management fee rates. Weighted-average assets under management exclude the impact of first quarter investment performance for the periods presented, as these amounts generally do not impact management fees calculated for those periods. The average management fee rates presented below take into account the effect of non-fee paying assets under management. Please see the respective sections below for average management fee rates by fund type.

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Weighted-average assets under management	$ 34,393,956	$ 31,588,371
Average management fee rates	0.70 %	0.77 %

The decline in our average management fee rate for the periods presented occurred primarily because of a change in the mix of products that comprise our assets under management. Our average management fee will vary from period to period based on the mix of products that comprise our assets under management.

Fund Performance Information

The tables below present performance information for the funds we manage. The performance information presented in this report 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.

The return information presented in this report 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.

Multi-Strategy Funds

The table below presents assets under management and investment performance for our multi-strategy funds. Assets under management are generally based on the net asset value of these products. Management fees generally range from 0.94% to 2.25% annually of assets under management. For the first quarter of 2020, our multi-strategy funds had an average management fee rate of 1.28%.

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 assets under management 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 or LIBOR rate for our multi-strategy funds. Once the investment performance has exceeded the hurdle rate for these assets, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these assets.

Fund	Assets Under Management as of March 31,		Returns for the Three Months Ended March 31,				Annualized Returns Since Inception Through March 31, 2020	
			2020		2019			
	2020	2019	Gross	Net	Gross	Net	Gross	Net
	(dollars in thousands)							
Sculptor Master Fund(1)	$ 7,776,131	$ 9,191,339	-6.5 %	-6.6 %	10.1 %	8.4 %	16.0 % (2)	11.0 % (2)
Sculptor Enhanced Master Fund	622,453	886,834	-7.5 %	-7.2 %	15.0 %	12.7 %	12.4 %	8.2 %
Other funds	61,626	214,378	n/m	n/m	n/m	n/m	n/m	n/m
	$ 8,460,210	$ 10,292,551						

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 assets under management in the fund. As of March 31, 2020, inclusive of these Special Investments, the returns of the Sculptor Master Fund for three months ended March 31, 2020 were -6.8% gross and -6.8% net, for three months ended March 31, 2019 were 9.5% gross and 7.9% net, and annualized since inception through March 31, 2020 were 15.7% gross and 10.9% 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 March 31, 2020, the annualized returns since the Sculptor Master Fund's inception on January 1, 1998 were 12.5% gross and 8.3% net excluding Special Investments and 12.2% gross and 8.2% net inclusive of Special Investments.

The $1.8 billion, or 18%, year-over-year decrease in assets under management in our multi-strategy funds was primarily due to capital net outflows of $1.7 billion, primarily from the Sculptor Master Fund, our largest multi-strategy fund, performance-related depreciation of $67.9 million, and distributions of $49.5 million in certain other multi-strategy funds that we have decided to close. In 2020, the largest sources of gross outflows from our multi-strategy funds were attributable to private banks, pensions, and foundations and endowments.

In the first quarter of 2020, the Sculptor Master Fund generated a gross return of -6.5% and a net return of -6.6%. Losses in Sculptor Master Fund were concentrated in corporate credit where even the highest quality securities widened to levels not seen since the global financial crisis of 2008. We view the majority of these losses to be mark-to-market in nature, resulting from technical pressure that had become disconnected from fundamentals, and we believe that much of the performance will be earned back in time.

In the first quarter of 2019, the Sculptor Master Fund generated a gross return of 10.1% and a net return of 8.4%. Sculptor Master Fund delivered positive returns across all major strategies in the quarter with performance driven primarily by global equities, corporate credit and merger arbitrage.

Credit

	Assets Under Management as of March 31,	
	2020	2019
	(dollars in thousands)	
Opportunistic credit funds	$ 4,944,832	$ 5,787,118
Institutional Credit Strategies	15,994,399	13,365,643
	$ 20,939,231	**$ 19,152,761**

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.

Certain of our opportunistic credit funds are open-end and allow for contributions and redemptions (subject to initial lock-up and notice periods) on a periodic basis similar to our multi-strategy funds. Our remaining opportunistic credit funds are closed-end, whereby investors make a commitment that is funded over an investment period. Upon the expiration of an investment period, the investments are then sold or realized over a period of time, and distributions are made to the investors in the fund.

Assets under management for our opportunistic credit funds are generally based on the net asset value of those funds plus any unfunded commitments. Management fees for our opportunistic credit funds generally range from 0.75% to 2.00% annually of the net asset value of these funds. For the first quarter of 2020, our opportunistic credit funds had an average management fee rate of 0.67%.

The table below presents assets under management 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 assets under management is subject to hurdle rates, which are generally 6% to 8% for our open-end opportunistic credit funds. Once the cumulative investment performance has exceeded the hurdle rate, we may receive a "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. The measurement periods for these assets under management generally range from one to five years.

	Assets Under Management as of March 31,		Returns for the Three Months Ended March 31,				Annualized Returns Since Inception Through March 31, 2020	
			2020		2019			
	2020	2019	Gross	Net	Gross	Net	Gross	Net
Fund	(dollars in thousands)							
Sculptor Credit Opportunities Master Fund[(1)]	$ 1,064,409	$ 1,726,050	-19.8 %	-20.0 %	3.4 %	2.4 %	11.5 %	7.5 %
Customized Credit Focused Platform	2,878,029	3,207,350	-17.7 %	-14.4 %	4.8 %	3.6 %	14.0 %	10.5 %
Closed-end opportunistic credit funds	518,104	447,976	See below for return information on our closed-end opportunistic credit funds.					
Other funds	484,290	405,742	n/m	n/m	n/m	n/m	n/m	n/m
	$ 4,944,832	**$ 5,787,118**						

n/m not meaningful

(1) The returns for the Sculptor Credit Opportunities Master Fund exclude Special Investments. Special Investments in the Sculptor Credit Opportunities Master Fund are held by investors representing a small percentage of assets under management in the fund. As of March 31, 2020, inclusive of these Special Investments, the returns of the Sculptor Credit Opportunities Master Fund for three months ended March 31, 2020 were -19.9% gross and -20.2% net, for three months ended March 31, 2019 were 3.2% gross and 2.3% net, and annualized since inception through March 31, 2020 were 11.1% gross and 7.3% net.

Assets under management in our opportunistic credit funds decreased by $842.3 million, or 15%, year-over-year. This change was driven by $789.6 million of performance-related depreciation, $32.4 million of net outflows, and $20.3 million of distributions in our closed-end opportunistic credit funds.

In the first quarter of 2020, the Sculptor Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of -19.8% and a net return of -20.0%. Similar to the Sculptor Master Fund, performance was impacted by the widened levels of credit spreads not seen since 2008. Again, our view is that the majority of the March credit losses were not due to permanent capital impairment and we believe we will recover much of that performance over time.

In the first quarter of 2019, the Sculptor Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 3.4% and a net return of 2.4%. Performance was broad-based with gains across both the corporate and structured credit strategies, and geographies.

The table below presents assets under management, 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 assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

	Assets Under Management as of March 31,		Inception to Date as of March 31,2020				
	2020	**2019**	**Total Commitments**	**Total Invested Capital[1]**	**Gross IRR[2]**	**Net IRR[3]**	**Gross MOIC[4]**
Fund (Investment Period)		(dollars in thousands)					
Sculptor European Credit Opportunities Fund (2012-2015)	$ —	$ 1,455	n/a	n/a	n/a	n/a	n/a
Sculptor Structured Products Domestic Fund II (2011-2014)	46,610	61,966	326,850	326,850	19.3 %	15.2 %	2.1x
Sculptor Structured Products Offshore Fund II (2011-2014)	50,480	64,360	304,531	304,531	16.7 %	13.0 %	1.9x
Sculptor Structured Products Offshore Fund I (2010-2013)	3,744	6,095	155,098	155,098	23.8 %	19.1 %	2.1x
Sculptor Structured Products Domestic Fund I (2010-2013)	3,270	5,350	99,986	99,986	22.6 %	18.0 %	2.0x
Other funds	414,000	308,750	414,750	80,959	n/m	n/m	n/m
	$ 518,104	**$ 447,976**	**$ 1,301,215**	**$ 967,424**			

n/m not meaningful

(1) Represents funded capital commitments net of recallable distributions to investors.

(2) Gross IRR for our closed-end opportunistic credit funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the fund as of March 31, 2020, 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 MOIC for our closed-end opportunistic credit funds is calculated by dividing the sum of the net asset value of the fund, accrued incentive income, life-to-date incentive income and management fees paid and any non-recallable distributions made from the fund by the invested capital.

Institutional Credit Strategies

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

Assets under management for Institutional Credit Strategies are generally based on the par value of the collateral and cash held for CLOs and CBO, and adjusted portfolio values for our aircraft securitizations. However, assets under management are reduced for any investments in these securitization vehicles held by our other funds to avoid double counting these assets. Management fees for Institutional Credit Strategies, generally range from 0.30% to 0.50% annually of assets under management. For the first quarter of 2020, Institutional Credit Strategies had an average management fee rate of 0.46% gross of rebates on cross-investments from other funds we manage (0.37% net of such rebates).

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 securitizations.

A portion of the management fees we earn from our CLOs are subordinated to other obligations of the CLOs, including principal and interest on the notes issued by the CLOs. When certain overcollateralization and interest coverage tests are triggered, cash flows received on the underlying collateral in the CLOs that would have otherwise been distributed to us are redirected to pay principal and interest on the more senior obligations of the CLOs. Starting in April 2020, because of ratings downgrades and defaults on certain of the collateral held by our CLOs, driven by the market and economic impacts of the COVID-19 pandemic, certain of our CLOs failed to satisfy one or more overcollateralization tests, which has deferred the collection of a portion of our subordinated management fees. We expect to collect these fees at a later date. As of March 31, 2020, we had recognized as revenue approximately $3.4 million of subordinated management fees that were due to be collected in April but that have been deferred to future periods. We will continue to evaluate our ability to collect these and any future fees; however, to the extent the overcollateralization tests in our CLOs have not resolved, the amount of fees deferred would continue to increase, which may negatively impact our liquidity and the amounts we recognize as revenue in future periods.

	Most Recent Closing or Refinancing Year	Deal Size	Assets Under Management as of March 31, 2020	2019
			(dollars in thousands)	
Collateralized loan obligations	2016	$ 653,250	$ 604,441	$ 608,231
	2017	4,209,590	3,467,743	3,494,341
	2018	7,487,273	7,027,289	7,098,813
	2019	2,331,964	2,236,570	948,336
	2020	409,250	398,461	395,554
		15,091,327	13,734,504	12,545,275
Aircraft securitizations	2018	696,000	497,611	573,084
	2019	1,128,000	1,035,459	—
	2020	472,732	398,653	—
		2,296,732	1,931,723	573,084
Collateralized bond obligation	2019	349,550	274,183	—
Other funds	n/a	n/a	53,989	247,284
		$ 17,737,609	**$ 15,994,399**	**$ 13,365,643**

Assets under management in Institutional Credit Strategies totaled $16.0 billion as of March 31, 2020, increasing $2.6 billion, or 20%, year-over-year. The year-over-year increase in assets under management in Institutional Credit Strategies was driven primarily by the closing of additional CLOs and launches of aircraft securitizations and a CBO, partially offset by changes in underlying collateral value and distributions. In addition, in 2020 we refinanced one of our 2016 CLOs.

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.

Assets under management 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. However, assets under management are reduced for unfunded commitments by our executive managing directors that will be funded through transfers from other funds in order to avoid double counting these assets. Management fees for our real estate funds generally range from 0.50% to 1.50% annually of assets under management; however, management fees for Sculptor Real Estate Credit Fund I are based on invested capital both during and after the investment period. For the first quarter of 2020, our real estate funds had an average management fee rate of 0.72%.

The tables below present assets under management, investment performance and other information for our real estate funds. 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 hurdle 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.

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.

	Assets Under Management as of March 31,	
	2020	**2019**
Fund	**(dollars in thousands)**	
Sculptor Real Estate Fund I	$ —	$ 13,578
Sculptor Real Estate Fund II	61,602	100,904
Sculptor Real Estate Fund III	540,979	1,483,435
Sculptor Real Estate Fund IV	2,023,070	—
Sculptor Real Estate Credit Fund I	730,738	725,200
Other funds	633,432	329,371
	$ 3,989,821	**$ 2,652,488**

Fund (Investment Period)	Inception to Date as of March 31, 2020									
		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]
	(dollars in thousands)									
Sculptor Real Estate Fund I[7] (2005-2010)	$ 408,081	$ 386,298	$ 845,975	25.5 %	16.1 %	2.2x	$ 386,298	$ 845,975	25.5 %	2.2x
Sculptor Real Estate Fund II[7] (2011-2014)	839,508	762,588	1,547,666	32.9 %	21.6 %	2.0x	762,588	1,547,666	32.9 %	2.0x
Sculptor Real Estate Fund III[7] (2014-2019)	1,500,000	1,053,427	1,685,570	28.7 %	18.7 %	1.6x	603,680	1,090,035	35.5 %	1.8x
Sculptor Real Estate Fund IV[8] (2019-2023)	2,023,070	—	—	n/m	n/m	n/m	—	—	n/m	n/m
Sculptor Real Estate Credit Fund I[8] (2015-2020)	736,225	318,286	363,757	n/m	n/m	n/m	87,921	114,964	n/m	n/m
Other funds	938,815	434,323	567,195	n/m	n/m	n/m	63,338	112,938	n/m	n/m
	$ 6,445,699	**$ 2,954,922**	**$ 5,010,163**				**$ 1,903,825**	**$ 3,711,578**		

Fund (Investment Period)	Unrealized Investments as of March 31, 2020		
	Invested Capital	Total Value	Gross MOIC[6]
	(dollars in thousands)		
Sculptor Real Estate Fund I (2005-2010)[7]	$ —	$ —	—
Sculptor Real Estate Fund II (2011-2014)[7]	—	—	—
Sculptor Real Estate Fund III (2014-2019)[7]	449,747	595,535	1.3x
Sculptor Real Estate Fund IV (2019-2023)[8]	—	—	n/m
Sculptor Real Estate Credit Fund I (2015-2020)[8]	230,365	248,793	n/m
Other funds	370,985	454,257	n/m
	$ 1,051,097	**$ 1,298,585**	

n/m not meaningful

(1) An investment is considered partially realized when the total amount of proceeds received, including dividends, interest or other distributions of income and return of capital, represents at least 50% of invested capital.

(2) Invested capital represents total aggregate contributions made for investments by the fund.

(3) Total value represents the sum of realized distributions and the fair value of unrealized and partially realized investments as of March 31, 2020. Total value will be impacted (either positively or negatively) by future economic and other factors. Accordingly, the total value ultimately realized will likely be higher or lower than the amounts presented as of March 31, 2020.

(4) Gross IRR for our real estate funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the aggregated investments as of March 31, 2020, 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 concluded their investment periods, and therefore we expect assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

(8) This fund has invested less than half of its committed capital; therefore, IRR and MOIC information is not presented, as it is not meaningful.

Assets under management in our real estate funds increased $1.3 billion, or 50%, year-over-year due to net inflows of $2.6 billion, primarily due to launch of Sculptor Real Estate Fund IV and a related co-investment vehicle, partially offset by $1.2 billion of distributions and other reductions primarily related to the expiration of the investment period of Sculptor Real Estate Fund III and related co-investment vehicles. Our real estate funds continue to deploy capital and generate strong returns with an 18.7% annualized net return in Sculptor Real Estate Fund III. Despite the recent market dislocation, we believe our diversified approach across product types, position in the capital structure, focus on current income and modest use of leverage has allowed our portfolios to generate consistent returns over time. While we continue to actively navigate the current economic and market conditions resulting from the COVID-19 pandemic, to the extent our ability to realize investments may be delayed or operating cash flows from existing investments may be reduced or deferred, we may experience a delay in our ability to recognize incentive income from these funds.

Longer-Term Assets Under Management

As of March 31, 2020, approximately 71% of our assets under management were subject to initial commitment periods of three years or longer. Incentive income on these assets, if any, is based on the cumulative investment performance generated over this commitment period. The table below presents the amount of these assets under management, as well as the amount of incentive income accrued at the fund level but that has not yet been recognized in our revenues. Further, 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.

	March 31, 2020		December 31, 2019	
	Longer-Term Assets Under Management	Accrued Unrecognized Incentive Income	Longer-Term Assets Under Management	Accrued Unrecognized Incentive Income
	(dollars in thousands)			
Multi-strategy funds	$ 327,649	$ 3,112	$ 344,623	$ 11,280
Credit				
Opportunistic credit funds	3,572,500	45,199	4,012,023	143,134
Institutional Credit Strategies	15,981,557	—	15,667,058	—
Real estate funds	3,989,813	91,699	3,393,877	99,163
Other	1,216	—	8,311	—
	$ 23,872,735	**$ 140,010**	**$ 23,425,892**	**$ 253,577**

Accrued unrecognized incentive income associated with longer-term assets decreased by $113.6 million during the quarter, primarily driven by negative performance in the Customized Credit Focused Platform within opportunistic credit funds. Based on April 2020 estimated performance, accrued unrecognized incentive income is estimated to have increased by approximately $15 to 20 million. We expect a large portion of the amounts related to our opportunistic credit funds to be recognized in the fourth quarter of 2020. For the remainder of accrued unrecognized incentive income, we generally recognize incentive income in multi-strategy funds and open-end opportunistic credit funds at or near the end of their respective commitment periods, which are generally three to five years, when such amounts are probable of not significantly reversing. We may begin recognizing incentive income related to assets under management in our closed-end opportunistic credit funds and real estate funds after the conclusion of their respective investment period, when such amounts are probable of not significantly reversing. However, these investment periods may generally be extended for an additional one to two years.

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 assets under management, the investment performance of our funds and the timing of when we recognize incentive income for certain assets under management as discussed below.

The ability of investors to contribute capital to and redeem capital from our funds causes our assets under management to fluctuate from period to period. Fluctuations in assets under management 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 assets under management 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 assets under management and the investment performance of our funds. For example, incentive income for the majority of our multi-strategy assets under management 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 assets under management 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 assets under management, the relative magnitude and timing of inflows and redemptions during the respective quarter, as well as the impact of differing management fee rates charged on those inflows and redemptions. See "—Weighted-Average Assets Under Management and Average Management Fee Rates" for information on our average management fee rate and Note 13 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 13 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 longer-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 Funds. Revenues recorded as income of consolidated funds consist of interest income, dividend income and other miscellaneous items.

Expenses

Compensation and Benefits. Compensation and benefits consist of salaries, 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.

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 PSUs and Partner Equity Units granted to executive managing directors.

We also have profit-sharing arrangements whereby certain employees or executive managing directors are entitled to a share of incentive income that we earn from certain 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.

Interest Expense. Amounts included within interest expense relate primarily to indebtedness outstanding. See "—Liquidity and Capital Resources—Debt Obligations" and "—Liquidity and Capital Resources—Securities Sold Under Agreements to Repurchase" for additional information.

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, foreign exchange gains and losses, and other miscellaneous expenses. Legal settlements and provisions are also included within general, administrative and other.

Expenses of Consolidated Funds. Expenses recorded as expenses of consolidated funds consist of interest expense and other miscellaneous expenses.

Other (Loss) Income

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 18 to our consolidated financial statements included in this report for additional information.

Net Losses on Early Retirement of Debt. Net losses on early retirement of debt consist of net losses realized upon the early 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 early retirement of debt.

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

Net Gains of Consolidated Funds. Net gains of consolidated funds consist of net realized and unrealized gains and losses on investments held by the consolidated funds.

Income Taxes

Income taxes consist of our provision for federal, state and local income taxes in the United States 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.

The Sculptor Operating Partnerships are partnerships for U.S. federal income tax purposes. The Registrant was a partnership for U.S. federal income tax purposes until the Corporate Classification Change on April 1, 2019. Prior to the Corporate Classification Change, only a portion of the income we earned was subject to corporate-level income taxes in the United States and foreign jurisdictions. The amount of incentive income we earn in a given year, the resultant flow of revenues and expenses through our legal entity structure, the effect that changes in our Class A Share price may have on the ultimate deduction we are able to take related to the settlement of RSUs, and any changes in future enacted income tax rates may have a significant impact on our income tax provision and effective income tax rate. Following the Corporate Classification Change, generally all of the income allocated to the Registrant from the Sculptor Operating Group will be subject to corporate-level income taxes in the United States.

Net Loss Attributable to Noncontrolling Interests

Noncontrolling interests represent ownership interests in our subsidiaries held by parties other than us and are primarily made up of Group A Units. Increases or decreases in net (loss) income attributable to the Group A Units are driven by the earnings of the Sculptor Operating Group. See Note 4 for additional information regarding our ownership interest in the Sculptor Operating Group.

Prior to the fourth quarter of 2019, we also consolidated certain of our opportunistic credit funds, wherein investors are able to redeem their interests after an initial lock-up period of up to three years. Allocations of earnings to these interests were reflected within net income attributable to redeemable noncontrolling interests in the consolidated statements of comprehensive income (loss). Increases or decreases in the net income (loss) attributable to fund investors' interests in consolidated funds were driven by the earnings of those funds as allocated under the contractual terms of the relevant fund agreements.

Results of Operations

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Revenues

	Three Months Ended March 31,		Change	
	2020	2019	$	%
		(dollars in thousands)		
Management fees	$ 66,953	$ 63,623	$ 3,330	5 %
Incentive income	9,322	53,198	(43,876)	(82) %
Other revenues	2,953	3,769	(816)	(22) %
Income of consolidated funds	—	2,604	(2,604)	(100) %
Total Revenues	**$ 79,228**	**$ 123,194**	**$ (43,966)**	**(36) %**

Total revenues decreased $44.0 million, primarily due to the following:

- A $3.3 million increase in management fees, driven primarily by (i) a $4.9 million increase in real estate funds, primarily driven by the launch of Sculptor Real Estate Fund IV in the fourth quarter of 2019; and (ii) a $1.5 million increase in Institutional Credit Strategies, primarily due to launch of additional CLOs, aircraft securitizations, and a CBO. These increases were partially offset by (i) a $2.0 million decrease in multi-strategy funds due to lower average assets under management; and (ii) an $872 thousand decrease in opportunistic credit funds. See "—Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rates" above for information regarding our average management fee rate.

- A $43.9 million decrease in incentive income, primarily due to the following:

  - *Multi-strategy funds.* A $13.2 million decrease in incentive income from our multi-strategy funds, which was driven by: (i) a $7.9 million decrease related to fund investor redemptions; (ii) a $3.2 million decrease from longer-term assets under management; and (iii) a $3.0 million decrease in tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management. These decreases were primarily due to negative fund performance in the first quarter of 2020.

  - *Opportunistic credit funds.* A $26.2 million decrease in incentive income from our opportunistic credit funds, which was driven by: (i) a $13.6 million decrease in tax distributions; (ii) a $7.5 million decrease from longer-term assets under management; (iii) a $4.3 million decrease from assets under management subject to a one-year measurement period; and (iv) a $1.0 million decrease related to fund investor redemptions. These decreases were primarily due to negative fund performance in the first quarter of 2020.

  - *Real estate funds.* A $4.5 million decrease in incentive income from our real estate funds, primarily due to lower realizations, as these will vary from period to period based on exit opportunities.

Expenses

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Compensation and benefits	$ 67,419	$ 85,715	$ (18,296)	(21) %
Interest expense	5,782	6,208	(426)	(7) %
General, administrative and other	34,706	37,788	(3,082)	(8) %
Expenses of consolidated funds	—	55	(55)	(100) %
Total Expenses	**$ 107,907**	**$ 129,766**	**$ (21,859)**	**(17)%**

Total expenses decreased $21.9 million, primarily due to the following:

- An $18.3 million decrease in compensation and benefits expenses driven by: (i) a $12.5 million decrease in equity-based compensation expense primarily due to (x) a $9.1 million decrease in amounts related to Group E Units, primarily due to certain awards issued in connection with the Recapitalization that were fully vested and therefore were fully expensed in the first quarter of 2019, as well as the remaining Group E Units being amortized on an accelerated basis (i.e., each tranche is being amortized over its respective service period), resulting in decreasing expenses each year on these awards, and (y) a $5.1 million decrease in RSUs amortization primarily as a result of fewer average number of awards outstanding in the current year period and lower average grant date fair values; (ii) a $5.0 million decrease in bonus expense due to lower carried interest profit sharing expense as a result of lower realizations in our real estate funds, as well as lower discretionary bonus accrual; and (iii) a $777 thousand decrease in salaries and benefits, as our worldwide headcount decreased to 388 as of March 31, 2020, from 393 as of March 31, 2019.

- A $426 thousand decrease in interest expense primarily due to a $2.2 million decrease in interest expense related to the 2018 Term Loan due to repayments made in connection with the Recapitalization and subsequent paydowns in accordance with the Cash Sweep, partially offset by a $1.7 million increase in interest expense related to the Debt Securities as a result of interest payments beginning in 2020 (inclusive of non-cash interest expense accretion of the discount taken at the time of the Recapitalization).

- A $3.1 million decrease in general, administrative and other expenses primarily driven by a $5.2 million decrease in professional services expenses, primarily due to higher legal and accounting fees incurred in connection with the Recapitalization in the prior-year period. These decreases were partially offset by a $3.2 million increase in placement fees, primarily related to Sculptor Real Estate Fund IV, which launched in the fourth quarter of 2019.

Other (Loss) Income

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Changes in tax receivable agreement liability	$ 278	$ —	$ 278	100 %
Net losses on early retirement of debt	(523)	(5,458)	4,935	(90)%
Net (losses) gains on investments	(34,069)	2,689	(36,758)	NM
Net gains of consolidated funds	—	3,746	(3,746)	(100)%
Total Other (Loss) Income	**$ (34,314)**	**$ 977**	**$ (35,291)**	**NM**

Total other income decreased by $35.3 million, primarily due to net losses on investments in the first quarter of 2020. These losses were driven primarily by a $36.8 million decline on our risk retention investments in CLOs and investments in other funds that resulted from the market conditions in March 2020. Further contributing to the decline in other income was a decrease in gains on investments in consolidated funds as the majority of the assets related to the funds were deconsolidated in the third quarter of 2019. Offsetting these decreases, losses recognized on early retirement of debt decreased, as we paid down $155.0 million of amounts outstanding on the 2018 Term Loan in 2019 and terminated the 2018 Revolving Credit Facility in connection with the Recapitalization in the first quarter of 2019.

Income Taxes

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Income taxes	$ (9,968)	$ 3,386	$ (13,354)	NM

Income taxes decreased by $13.4 million year-over-year, primarily due to lower profitability in the current period.

Net Loss Attributable to Noncontrolling Interests

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

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Group A Units	$ (25,337)	$ (7,369)	$ (17,968)	244 %
Other	(748)	135	(883)	NM
Total	**$ (26,085)**	**$ (7,234)**	**$ (18,851)**	**261 %**
Redeemable noncontrolling interests	$ —	$ 5,534	$ (5,534)	(100) %

Net loss attributable to noncontrolling interests decreased by $18.9 million. The year-over-year decrease was driven primarily by lower profitability of the Sculptor Operating Group, resulting from the drivers discussed above. See Note 4 for additional details.

Net (Loss) Income Attributable to Class A Shareholders

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Net (Loss) Income Attributable to Class A Shareholders	$ (28,267)	$ 37,083	$ (65,350)	NM

Net (loss) income attributable to Class A Shareholders decreased by $65.4 million from the prior year period. The year-over-year decrease was primarily due to lower incentive income and unrealized losses on our investments, partially offset by lower income taxes, lower compensation and benefits expenses, lower general, administrative and other expenses and lower losses on early retirement of debt. Also impacting our results to Class A Shareholders was an adjustment to the redemption value of Preferred Units recognized in connection with the Recapitalization in the first quarter of 2019 that increased net income attributable to Class A Shareholders in the first quarter of 2019 by $44.4 million. In the first quarter of 2020, an adjustment of $1.3 million to the redemption value of the Preferred Units related to the accrual of distributions on the units decreased amounts attributable to Class A Shareholders in the first quarter of 2020.

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, depreciation and amortization expenses, changes in the tax receivable agreement liability, net losses on early retirement of debt, gains and losses on fixed assets, and gains and losses on investments in funds, as management does not consider these items to be reflective of operating performance. However, the fair value of RSUs that are settled in cash to employees or executive managing directors is included as an expense at the time of settlement.

- Amounts related to non-cash interest expense accretion on Debt Securities issued in exchange for 2016 Preferred Units in connection with the Recapitalization. Upon exchange, Debt Securities were recognized at fair value and are being accreted to par value over time through interest expense for GAAP; however, management does not consider this interest accretion to be reflective of our operating performance.

- Amounts related to the consolidated funds, 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 assets under management 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 full in the year granted 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, 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 as alternatives to our GAAP net income allocated to Class A Shareholders or cash flow from operations, or as indicative of liquidity or the cash available to fund operations. Our non-GAAP measures may not be comparable to similarly titled measures used by other companies.

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Economic Income Revenues (Non-GAAP)

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Economic Income Basis				
Management fees	$ 59,862	$ 60,015	$ (153)	— %
Incentive income	9,322	53,198	(43,876)	(82) %
Other revenues	2,953	3,769	(816)	(22) %
Total Economic Income Revenues	**$ 72,137**	**$ 116,982**	**$ (44,845)**	**(38)%**

Economic Income revenues decreased $44.8 million, primarily due to the following:

- Management fees remained relatively flat, driven primarily by (i) a $2.0 million decrease in multi-strategy funds due to lower average assets under management; and (ii) an $862 thousand decrease in opportunistic credit funds. These decreases were partially offset by (i) a $1.7 million increase in real estate funds, primarily due to the launch of Sculptor Real Estate Fund IV during the fourth quarter of 2019; and (ii) a $1.2 million increase in Institutional Credit Strategies, primarily due to the launches of additional CLOs, aircraft securitizations, and a CBO. See "—Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rates" above for information regarding our average management fee rate.

- A $43.9 million decrease in incentive income, primarily due to the following:

    - *Multi-strategy funds.* A $13.2 million decrease in incentive income from our multi-strategy funds, which was driven by: (i) a $7.9 million decrease related to fund investor redemptions; (ii) a $3.2 million decrease from longer-term assets under management; and (iii) a $3.0 million decrease in tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management. These decreases were primarily due to negative fund performance in the first quarter of 2020.

    - *Opportunistic credit funds.* A $26.2 million decrease in incentive income from our opportunistic credit funds, which was driven by: (i) a $13.6 million decrease in tax distributions; (ii) a $7.5 million decrease from longer-term assets under management; (iii) a $4.3 million decrease from assets under management subject to a one-year measurement period; and (iv) a $1.0 million decrease related to fund investor redemptions. These decreases were primarily due to negative fund performance in the first quarter of 2020.

    - *Real estate funds.* A $4.5 million decrease in incentive income from our real estate funds, primarily due to lower realizations, as these will vary from period to period based on exit opportunities.

Economic Income Expenses (Non-GAAP)

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Economic Income Basis				
Compensation and benefits	$ 40,260	$ 43,546	$ (3,286)	(8) %
Interest expense	3,917	3,897	20	1 %
General, administrative and other expenses	25,677	31,762	(6,085)	(19) %
Total Economic Income Expenses	**$ 69,854**	**$ 79,205**	**$ (9,351)**	**(12)%**

Economic Income expenses decreased by $9.4 million, primarily due to the following:

- A $3.3 million decrease in compensation and benefits expenses, driven by (i) a $2.5 million decrease in bonus expense due to lower carried interest profit sharing expense as a result of lower realizations in our real estate funds, as well as lower discretionary bonus accrual; and (ii) a $777 thousand decrease in salaries and benefits due to lower headcount.

- A $6.1 million decrease in general, administrative and other expenses primarily driven by a $5.2 million decrease in professional services expenses, primarily due to higher legal and accounting fees incurred in connection with the Recapitalization in the prior-year period.

- Partially offset by a $20 thousand increase in interest expense primarily due to a $2.1 million increase related to the Debt Securities, which began paying interest in 2020, partially offset by a $2.0 million decrease related to the 2018 Term Loan due to repayments made in connection with the Recapitalization and subsequent paydowns in accordance with the Cash Sweep.

Economic Income (Non-GAAP)

	Three Months Ended March 31,		Change	
	2020	2019	$	%
	(dollars in thousands)			
Economic Income	$ 2,283	$ 37,777	$ (35,494)	(94)%

Economic Income was $2.3 million in first quarter of 2020, compared to $37.8 million in first quarter of 2019. This decrease was primarily due to lower incentive income, partially offset by lower compensation and benefits expenses and lower general, administrative and other expenses.

Liquidity and Capital Resources

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 by the Sculptor Operating Group from our funds, as well as other sources of liquidity noted above and below.

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

- Pay our operating expenses.

- Pay interest and principal, as applicable, on our debt obligations, repurchase agreements and 2019 Preferred Units, including required paydowns under the Cash Sweep discussed below.

- Provide capital to facilitate the growth of our business, including making risk retention investments in CLOs managed by us that are subject to EU risk retention rules.

- Pay income taxes as well as compensation-related tax withholding obligations.

- Make cash distributions in accordance with our distribution policy as discussed below under “—Dividends and Distributions.”

Historically, management fees have been sufficient to cover our “fixed” operating expenses, which we define as salaries, benefits, a minimum discretionary bonus and our general, administrative and other expenses incurred in the ordinary course of business. Net capital outflows from our multi-strategy funds have resulted in lower management fees over the last several years, and while we are making every effort to scale our operations so that management fees are sufficient to cover our fixed operating expenses, our current management fees do not cover our current fixed operating expenses. Additionally, the global economic downturn due to the COVID-19 pandemic has increased the risk that our management fees may decline further. No assurances can be given that our management fees ultimately will be sufficient for these purposes in future periods.

We have evaluated our financing arrangements in light of the COVID-19 pandemic to ensure compliance with debt covenants. As of the date of this filing, we remain in compliance with our debt covenants and we expect to continue to be in compliance under the terms of these arrangements in the near term. Our ability to access financial markets, should it be necessary, may be limited because of the COVID-19 pandemic.

Currently our management fees do not cover fixed operating expenses and we intend to continue to rely on cash on hand and incentive income to cover any shortfall, as well as to fund any other liabilities. 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.

Based on our past results, management's experience and our current level of assets under management, we believe that our existing cash resources, together with the cash generated from management fees will be sufficient to meet our anticipated fixed operating expenses and other working capital needs for at least the next 12 months. Working capital does not include contingent liabilities.

Historically, we have determined the amount of discretionary cash bonuses during the fourth quarter of each year, based on our total annual revenues. 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. 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.

We may use cash on hand to repay all or a portion of our indebtedness outstanding or any other liabilities prior to their respective maturity or due dates, which would reduce amounts available to distribute to our Class A Shareholders. Additionally, we may refinance all or a portion of our outstanding indebtedness 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 issuing new notes or entering into new credit facilities, which could result in higher borrowing costs, or by issuing equity or other securities, which would dilute existing shareholders. 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. Any new notes or new credit facilities that we may be able to issue or 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.

On July 27, 2017, the UK Financial Conduct Authority announced that it would phase out LIBOR as a benchmark by the end of 2021. To address a potential transition away from LIBOR, the Senior Subordinated Credit Agreement and Senior Credit Agreement each provide for an agreed upon methodology to calculate the new floating rate reference plus new applicable spreads. See "Part I, Item 1A. Risk Factors—Risks Related to Our Business—Changes in the method of determining LIBOR, or 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.

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.

For our other longer-term liquidity requirements, we expect to continue to fund our fixed operating expenses through management fees and to fund discretionary cash bonuses and the repayment of our debt obligations 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 be able to grow our assets under management and generate positive investment performance in our funds, which we expect will allow us to grow our management fees and incentive income in amounts sufficient 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 retain cash, 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, repurchase agreements and 2019 Preferred Units.
- Repurchase Class A Shares or Sculptor Operating Group Units.
- Pursue new investment opportunities.
- Develop new distribution channels.
- Cover potential costs incurred in connection with the legal and regulatory matters described in the notes to our consolidated financial statements included in this report.

Market conditions, including the COVID-19 pandemic, and other factors may make it more difficult or costly to raise or borrow additional funds. Excessive costs or other significant market barriers may limit or prevent us from maximizing our growth potential and flexibility.

Cash Sweep

As part of the Recapitalization, we also instituted the Cash Sweep with regards to the paydown of the 2018 Term Loan and the 2019 Preferred Units. See Note 3 for detailed information regarding how the Cash Sweep amount is determined.

Debt Obligations

2018 Term Loan

As of March 31, 2020, $18.0 million remained outstanding under the 2018 Term Loan. In accordance with the Cash Sweep, we repaid an additional $9.5 million on May 5, 2020. See Note 8 for additional details, including information regarding financial covenants contained in these agreements. As of the date of this filing, we remain in compliance with these covenants and we expect to continue to be in compliance under the terms of the existing arrangements.

2019 Preferred Units and Debt Securities

In connection with the Recapitalization, $200.0 million of the 2016 Preferred Units was restructured into the Debt Securities and the remaining $200.0 million of the 2016 Preferred Units was restructured into the 2019 Preferred Units. As of March 31, 2020, both the Debt Securities and the 2019 Preferred Units remain outstanding. See Notes 8 and 10 for additional information, including information regarding financial covenants contained in these agreements. As of the date of this filing, we remain in compliance with these covenants and we expect to continue to be in compliance under the terms of the existing arrangements.

We have the option to defer distributions on the 2019 Preferred Units, in which case such amount is added to the redemption value of the 2019 Preferred Units and would be eligible for the redemption discount described in Note 10. We elected to do so for the first payment due during the first quarter of 2020.

CLO Investments Loans and Securities Sold Under Agreements to Repurchase

We enter into loans and repurchase agreements to finance portions of our required risk retention investments in CLOs. In general, we will make interest and principal payments on these borrowings at such time interest and principal payments are received on our investments in the related CLOs. These 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. See Notes 9 and 11 to our consolidated financial statements for additional details.

Tax Receivable Agreement

We have made, and may in the future be required to make, payments under the tax receivable agreement that we entered into with our executive managing directors and Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons (the "Ziffs"). As of March 31, 2020, 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 $187.5 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 18 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 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 2020 and 2019. We paid no related cash distributions to our executive managing directors on their Sculptor Operating Group Units in the respective periods.

	Class A Shares	
Payment Date	**Record Date**	**Dividend per Share**
March 3, 2020	February 25, 2020	$ 0.53
November 25, 2019	November 18, 2019	$ 0.03
August 21, 2019	August 14, 2019	$ 0.32
May 28, 2019	May 20, 2019	$ 0.37
March 29, 2019	March 22, 2019	$ 0.23

As discussed in Note 3, in connection with the Recapitalization, and pursuant to the Cash Sweep, we and our executive managing directors agreed to a "Distribution Holiday" on the Group A Units, Group D Units, Group E Units, Group P Units and certain RSUs 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 Economic Income adjusted for certain items described in the Sculptor Operating Partnership limited partnership agreements is realized and (y) April 1, 2026. During the Distribution Holiday, dividends may continue to be paid on our Class A Shares.

As agreed to as part of the Recapitalization, during the Distribution Holiday, pursuant to the Cash Sweep, 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, Preferred Units distributions (whether paid or deferred) 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). As a result of our Economic Income for the first quarter of 2020, less an estimate for payments under the tax receivable agreement, accrued Preferred Units distributions and income taxes, we did not declare a dividend in respect of the quarter.

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 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, which accrue additional dividend equivalents. The dividend equivalents will only be paid if the related RSUs vest and will be settled at the same time as the underlying RSUs. 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 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 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.

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 "—Assets Under Management and Fund Performance," capital contributions from investors in our multi-strategy and open-end opportunistic credit funds generally are subject to initial lock-up periods of one to three years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days' prior written notice. These lock-ups and redemption notice periods help us to manage our liquidity position. Investors in our other funds are generally not allowed to redeem until the end of the life of the fund.

We also follow a rigorous risk management process and regularly monitor the liquidity of our funds' portfolios in relation to economic and market factors and the timing of potential investor redemptions. As a result of this process, we may determine to reduce exposure or increase the liquidity of our funds' portfolios at any time, whether in response to global economic and market conditions, redemption requests or otherwise. For these reasons, we believe we will be well prepared to address market conditions and redemption requests, as well as any other events, with limited impact on our funds' liquidity position. Nevertheless, significant redemptions made during a single quarter could adversely affect our funds' liquidity position, as we may meet redemptions by using our funds' available cash or selling assets (possibly at a loss). Such actions would result in lower assets under management, 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. Please see the risk factor included in "Item 1A. Risk Factors" in this quarterly report for additional information.

Cash Flows Analysis

Operating Activities. Net cash from operating activities for the three months ended March 31, 2020 and 2019 was $(15.1) million and $(35.7) 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. Additionally, net cash from operating activities also includes the investment activities of the funds we consolidate.

Net cash flows from operating activities for the three months ended March 31, 2020 increased from the prior year period due to higher year-end incentive income earned in 2019, a large portion of which was collected in the beginning of 2020, as compared to year-end incentive income earned in 2018, a large portion of which was collected in the beginning of 2019. Additionally, we paid less in interest in the current year period as compared to the prior year period, primarily as a result of lower average outstanding balance on the 2018 Term Loan.

The increases in operating cash flows were partially offset by higher discretionary bonuses paid in 2020 as compared to 2019. The majority of our cash bonus expenses are paid out during the first quarter of the following year. Additionally, the increases in operating cash flows were also partially offset by investment activities of the funds we consolidate. These investment-related cash flows are of the consolidated funds and do not directly impact the cash flows related to our Class A Shareholders. As we deconsolidated certain of our funds in the third quarter 2019, we do not expect significant cash flows in the future from consolidated funds.

Investing Activities. Net cash from investing activities for the three months ended March 31, 2020 and 2019 was $(46.8) million, and $27.2 million, respectively. Investing cash outflows in 2020 primarily related to purchases of U.S. government obligations and investments made in Sculptor funds, partially offset by maturities and sales of U.S. government obligations. Investing cash inflows in 2019 primarily related to return of investments in funds and maturities and sales of U.S. government obligations, partially offset by purchases of investments in funds made during the quarter.

Financing Activities. Net cash from financing activities for the three months ended March 31, 2020 and 2019 was $(36.2) million, and $(161.4) 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, and proceeds from repurchase agreements used to finance risk retention investments in our European CLOs. Contributions from noncontrolling interests, which primarily relate to fund investor contributions into the consolidated funds (prior to the deconsolidation of certain of our funds in the third quarter of 2019), and distributions to noncontrolling interests, which primarily relate to fund investor redemptions from the consolidated funds (prior to the deconsolidation of certain of our funds in the third quarter of 2019) and 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.

As we deconsolidated certain of our funds in the third quarter 2019, we do not expect significant cash flows in the future from consolidated funds.

In the three months ended March 31, 2020, we repaid $27.0 million of the 2018 Term Loan. In the three months ended March 31, 2019, we repaid $120.0 million of the 2018 Term Loan and a $21.1 million CLO Investment Loan.

We paid dividends of $11.6 million to our Class A Shareholders in the three months ended March 31, 2020, compared to dividends of $4.7 million to our Class A Shareholders in the three months ended March 31, 2019. No distributions were made to our executive managing directors in the three months ended March 31, 2020 or the three months ended March 31, 2019, as a result of the Distribution Holiday.

Contractual Obligations

The table below summarizes our contractual cash obligations as of March 31, 2020, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	April 1, 2020-December 31, 2020	2021-2022	2023-2024	Thereafter	Total
			(dollars in thousands)		
Long-term debt[(1)]	$ —	$ 45,386	$ 115,972	$ 119,201	$ 280,559
Estimated interest on long-term debt[(2)]	11,658	30,047	19,390	10,460	71,555
Securities sold under agreements to repurchase[(3)]	—	—	—	95,775	95,775
Operating leases[(4)]	16,814	40,622	34,385	82,234	174,055
Tax receivable agreement[(5)]	11,796	3,689	59,950	112,026	187,461
Unrecognized tax benefits[(6)]	—	—	—	—	—
Incentive income subject to clawback[(7)]	—	—	—	—	—
Total Contractual Obligations	**$ 40,268**	**$ 119,744**	**$ 229,697**	**$ 419,696**	**$ 809,405**

(1) Represents indebtedness outstanding under the Debt Securities, 2018 Term Loan and the CLO Investments Loans. In relation to CLO Investments Loans, the amounts present our best estimate of the timing of expected payments on investments in CLOs, as the timing of payments on CLO Investments Loans is contingent on principal payments made to us on our investments in CLOs. Amounts presented represent expected cash payments, and have not been reduced for any discounts or deferred debt issuance costs that are netted against these balances for presentation in our consolidated balance sheet.

(2) Represents expected future interest payments on long-term debt based on the LIBOR and EURIBOR rates that were in effect as of March 31, 2020.

(3) Represents payments on securities sold under agreements to repurchase in accordance with the set scheduled maturity date that corresponds to the maturities of the securities sold under such transaction and exclude any interest payments as such amounts cannot be reasonably estimated. Interest payments on securities sold under agreements are 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.

(4) Represents the payments required under our various operating leases for office space and data centers.

(5) Represents the maximum amounts that would be payable to our executive managing directors and the Ziffs under the tax receivable agreement assuming that we will have sufficient taxable income each year to fully realize the expected tax savings resulting from the purchase by the Sculptor Operating Group of Group A Units with proceeds from the 2007 Offerings, as well as subsequent exchanges. In light of the numerous factors affecting our obligation to make such payments, the timing and amounts of any such actual payments may differ materially from those presented in the table above.

(6) We are not currently able to make a reasonable estimate of the timing of payments in individual years in connection with our unrecognized tax benefits of $8.3 million, and therefore these amounts are not included in the table above.

(7) As of March 31, 2020, we had incentive income collected from certain of our funds that is subject to clawback in the event of future losses in the respective fund. We are not currently able to make a reasonable estimate of the timing of payments, if any, as the payments are contingent on future realizations of investments in the respective fund, the timing of which is uncertain.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements including sponsoring and owning general partner interests in our funds and retained interests in a CLO we manage. We also have ongoing capital commitment arrangements with certain of our funds. None of our off-balance sheet arrangements require us to fund losses or guarantee target returns to investors in any of our other investment funds. See Notes 5 and 6 of our consolidated financial statements included in this report for information on our retained and variable interests in our funds and CLOs.

Critical Accounting Policies and Estimates

Critical accounting policies 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 5 to our consolidated financial statements included in this report for additional information regarding fair value measurements.

As of March 31, 2020, 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 27% within Level I; approximately 41% within Level II; and approximately 32% within Level III. As of December 31, 2019, 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 30% within Level I; approximately 51% 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 Group. 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 and valuations provided by independent pricing service providers on a bi-weekly and 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 Group 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 Group 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 assets under management 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.

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 2018, in order to fully realize the deferred income tax assets. Our analysis of whether we expect to have sufficient future taxable income to realize these deductions is based solely on estimates over this period.

Sculptor Corp generated taxable loss of $14.2 million for the three months ended March 31, 2020, 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 $1.0 billion over the remaining 4-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 $1.0 billion in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on estimated assets under management of $33.5 billion as of April 1, 2020, we would need to generate a minimum compound annual growth rate in assets under management 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 estimate, such as general maintenance of current expense ratios and cost allocation percentages among the Sculptor Operating Partnerships, which impact the amount of taxable income flowing through our legal structure, are based on our near-term operating budget. If our actual growth rate in assets under management 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 assets under management, whether as a result of fund investment performance or fund investor contributions or redemptions, significant changes to the assumptions underlying our estimates, future changes in income tax law, state income tax apportionment or other factors.

As of March 31, 2020, we had $243.1 million of net operating losses available to offset future taxable income for federal income tax purposes that will expire between 2030 and 2037, and $121.0 million of net operating losses available to be carried forward without expiration. Additionally, $165.6 million of net operating losses are available to offset future taxable income for state income tax purposes and $161.8 million for local income tax purposes that will expire between 2035 and 2039.

Based on the analysis set forth above, as of March 31, 2020, 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 $11.1 million has been established for these items.

Impact of Recently Adopted Accounting Pronouncements on Recent and Future Trends

The Financial Accounting Standards Board (the “FASB”) has issued various Accounting Standards Updates (“ASUs”) that could impact our future trends. For additional details regarding these ASUs, including methods of adoption, see Note 2 to our consolidated financial statements included in this report for additional information.

No changes to GAAP that went into effect during the three months ended March 31, 2020 are expected to substantively impact our future trends.

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

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

Economic Income Reconciliations

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(dollars in thousands)	
Net (Loss) Income Attributable to Class A Shareholders—GAAP	**$ (28,267)**	**$ 37,083**
Change in redemption value of Preferred Units	1,327	(44,364)
Net Loss Allocated to Sculptor Capital Management, Inc.—GAAP	**(26,940)**	**(7,281)**
Net loss allocated to Group A Units	(25,337)	(7,369)
Equity-based compensation, net of RSUs settled in cash	24,398	37,223
Adjustment to recognize deferred cash compensation in the period of grant	2,179	2,568
Recapitalization-related non-cash interest expense accretion	1,865	2,311
Income taxes	(9,968)	3,386
Net losses on early retirement of debt	523	5,458
Net losses (gains) on investments	34,068	(2,689)
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	582	2,377
Changes in tax receivable agreement liability	(278)	—
Depreciation, amortization and net gains and losses on fixed assets	1,802	2,411
Other adjustments	(611)	(618)
Economic Income—Non-GAAP	**$ 2,283**	**$ 37,777**

Economic Income Revenues

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(dollars in thousands)	
Management fees—GAAP	$ 66,953	$ 63,623
Adjustment to management fees[(1)]	(7,091)	(3,608)
Management Fees—Economic Income Basis—Non-GAAP	**59,862**	**60,015**
Incentive income—Economic Income Basis—GAAP and Non-GAAP	9,322	53,198
Other revenues—Economic Income Basis—GAAP and Non-GAAP	2,953	3,769
Total Revenues—Economic Income Basis—Non-GAAP	**$ 72,137**	**$ 116,982**

(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. The impact of eliminations related to the consolidated funds is also removed.

Economic Income Expenses

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Compensation and benefits—GAAP	$ 67,419	$ 85,715
Adjustment to compensation and benefits(1)	(27,159)	(42,169)
Compensation and Benefits—Economic Income Basis—Non-GAAP	**$ 40,260**	**$ 43,546**
Interest expense—GAAP	$ 5,782	$ 6,208
Adjustment to interest expense(2)	(1,865)	(2,311)
Interest Expense—Economic Income Basis—Non-GAAP	**$ 3,917**	**$ 3,897**
General, administrative and other expenses—GAAP	$ 34,706	$ 37,788
Adjustment to general, administrative and other expenses(3)	(9,029)	(6,026)
General, Administrative and Other Expenses—Economic Income Basis—Non-GAAP	**$ 25,677**	**$ 31,762**

(1) Adjustment to exclude equity-based compensation, as management does not consider these non-cash expenses to be reflective of our operating performance. However, the fair value of RSUs that are settled in cash to employees or executive managing directors is included as an expense at the time of settlement. 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 full in the year granted for Economic Income, rather than over the service period for GAAP.

(2) Adjustment to exclude non-cash interest expense accretion on Debt Securities issued in exchange for 2016 Preferred Units in connection with the Recapitalization. Upon exchange, Debt Securities were recognized at fair value and are being accreted to par value over time through interest expense for GAAP; however, management does not consider this interest accretion to be reflective of the operating performance of the Company.

(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. Additionally, recurring placement and related service fees are excluded, as management considers these fees a reduction in management fees, not an expense.

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.

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

With regards to the consolidated funds, the net effect of these fair value changes primarily impacts the net gains of consolidated funds in our consolidated statements of comprehensive income (loss); however, a large portion of these fair value changes is absorbed by the investors of these funds (noncontrolling interests). We may also be entitled to a portion of these earnings through our incentive income allocation as general partner of these funds.

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 certain other funds are generally based on committed capital during the original investment period and invested capital thereafter; therefore, management fees are not impacted by changes in the fair value of investments held by those funds.

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 high-water marks impact our ability to earn incentive income. Consequently, incentive income cannot be readily predicted or estimated.

Market Risk

The amount of our assets under management is generally based on the net asset value of multi-strategy and opportunistic credit funds, and committed or invested capital for our real estate funds. A 10% change in the fair value of the net assets held by our funds as of March 31, 2020 and December 31, 2019, would have resulted in a change of approximately $1.2 billion and $1.4 billion, respectively, in our assets under management.

A 10% change in the fair value of the net assets held by our funds as of April 1, 2020 (the date management fees are calculated for the second quarter of 2020) would impact management fees charged on that day by approximately $3.3 million. A 10% change in the fair value of the net assets held by our funds as of January 1, 2020, would have impacted management fees charged on that day by approximately $3.6 million.

A 10% change in the fair value of the net assets held by our funds as of the end of any year (excluding unrealized gains and losses in Special Investments or other investments on which we do not earn any incentive income until such investments are sold or otherwise realized), could significantly affect our incentive income, as incentive income is generally based on a percentage of annual profits generated by our funds. 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.

Exchange Rate Risk

Our funds hold investments 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. We estimate that as of March 31, 2020 and December 31, 2019, a 10% weakening or strengthening of the U.S. dollar against all or any combination of currencies to which our funds have exposure to exchange rates would not have a material effect on our revenues, net income attributable to Class A Shareholders or Economic Income.

Interest Rate Risk

Borrowings under the Debt Securities, 2018 Term Loan as well as our investments in CLOs accrue interest at variable rates. Our funds also have financing arrangements and hold credit instruments that accrue interest at variable rates. Interest rate changes may therefore impact the amount of interest income and interest expense, future earnings and cash flows.

We estimate that as of March 31, 2020 and December 31, 2019, a 100 basis point increase or decrease in variable rates would not have a material effect 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.

Credit Risk

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

Item 4. Controls and Procedures

Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2020, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level as of March 31, 2020.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred in the first quarter of 2020 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. See "Part I, Item 1A. Risk Factors—Risks Related to Our Business—Regulatory changes in jurisdictions outside the United States could adversely affect our business" in our Annual Report. See Note 18 to our consolidated financial statements included in this report for additional information.

Item 1A. Risk Factors

In addition to the risk factor below, please see "Item 1A. Risk Factors" in our Annual Report for a discussion of the risks material to our business.

The uncertainty surrounding the COVID-19 pandemic, including the length and severity of its impact on global economic activity, has had a substantial negative impact on many benchmark market indices and significantly increased volatility in equity and debt prices, interest and exchange rates, commodity prices and the ratings and cash flows of collateral in the CLOs that we manage. These factors have adversely impacted our business in many ways, including reducing the amount of our assets under management and our incentive income in the first quarter of 2020 and may cause us to recognize lower management fees and incentive income in the remainder of 2020, which could further adversely impact our business, financial condition, results of operations and liquidity. Additionally, we face various potential operational challenges due to the COVID-19 pandemic.

The recent global economic downturn related to the COVID-19 pandemic has adversely impacted the amount of our assets under management and may cause us to recognize lower management fees and incentive income in 2020 and may continue to adversely impact our revenues in the near term. The degree to which COVID-19 may continue to impact our business, results of operations, financial condition and liquidity will depend on future developments, which are highly uncertain, difficult to predict and outside of our control, including the continued global spread of COVID-19, the severity and the duration of the pandemic, further actions that may be taken by governmental authorities, businesses or individuals and how quickly and to what extent normal economic and operating conditions can resume. Risks that could be brought by the continuation of the COVID-19 pandemic include, but are not limited to, dislocations in market prices for investments in our funds, substantial market uncertainty which could lead to a decline in assets under management and other negative effects that could flow from an overall economic downturn. As a result, the further impact on our business, results of operations, financial condition and liquidity cannot be reasonably estimated at this time, but the impact could be significant.

In the first quarter of 2020, we experienced unrealized losses on our risk retention investments held in certain of the CLOs that we manage. Although this has not had a material impact on the interest income generated from our CLO investments to date, it has reduced the fair value of our investments and may have a material impact on the amount of interest income we may earn from these investments in the future. Furthermore, starting in April 2020, because of ratings downgrades on certain of the collateral held by our CLOs, some of those CLOs failed to satisfy one or more overcollateralization tests, which has deferred the collection of a portion of our subordinated management fees. While we expect to collect these management fees at a later date, to the extent the overcollateralization tests in our CLOs have not been resolved, the amount of management fees deferred would continue to increase, which may negatively impact the amounts we recognize as revenue in future periods.

To ensure the safety of our employees and in response to mandated precautions, where applicable, nearly all of our employees are working remotely at this time to seek to mitigate the risks associated with COVID-19. While we believe we have been successful in implementing our business continuity plan, operational challenges may arise in the future. If we or any of our key service providers were to experience material disruptions in the ability for our or their employees to work remotely, our ability to operate our business could be materially adversely impacted. If our employees, including our executive managing directors and key investment professionals, were to become seriously ill, our ability to operate our business could be materially disrupted. Any such disruptions to our business operations could have a material adverse impact on our business, results of operation, financial condition or liquidity

In addition, the continuation or a resurgence of the COVID-19 pandemic could heighten many other risks described in the “Risk Factors” section of our Annual Report.

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

None.

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*+	Amended and Restated Partner Agreement between OZ Management LP and David Levine, dated as of June 2, 2017.
10.2*+	Amended and Restated Partner Agreement between OZ Advisors LP and David Levine, dated as of June 2, 2017.
10.3*+	Amended and Restated Partner Agreement between OZ Advisors LP II and David Levine, dated as of June 2, 2017.
10.4	Amendment to Deferred Prosecution Agreement, dated as of January 23, 2020, by and among Sculptor Capital Management, Inc., the U.S. Department of Justice and the U.S. Attorney's Office for the Eastern District of New York, incorporated herein by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed January 23, 2020.
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 March 31, 2020, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Statements of Changes in Shareholders' Equity (Deficit); (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

* Filed herewith

\+ Management contract or compensatory plan or arrangement

SIGNATURES

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

Dated: May 7, 2020

SCULPTOR CAPITAL MANAGEMENT, INC.

By: /s/ Thomas M. Sipp

Thomas M. Sipp

Chief Financial Officer and Executive Managing Director

Amended and Restated
Partner Agreement Between
OZ Management LP and David Levine

This Amended and Restated Partner Agreement dated as of June 2, 2017 (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Management LP (the "Partnership") and David Levine (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership effective as of January 23, 2017 (the "Admission Date"); (ii) conditional grants by the Partnership, OZ Advisors LP ("OZA") and OZ Advisors II LP ("OZAII" and, together with the Partnership and OZA, the "Operating Partnerships") of PSIs to the Limited Partner, pursuant to which the Limited Partner may receive conditional PSI Distributions in a combination of PSI Cash Distributions, including both non-deferred cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"), and PSI Class D Unit Distributions under the Och-Ziff Capital Management Group LLC 2013 Incentive Plan or a successor or predecessor plan (such plans, collectively, the "Plan"), comprising Class D Common Units in the Partnership and Class D Common Units in the other Operating Partnerships ("OZA & OZAII Class D Units" and, together with Class D Common Units in the Partnership, "Operating Group D Units") pursuant to Partner Agreements between the Limited Partner and the other Operating Partnerships (as amended, modified, supplemented or restated from time to time, the "OZA & OZAII Partner Agreements"); (iii) conditional performance-based discretionary awards from the Operating Partnerships to the Limited Partner (a "Performance Distribution" and, together with any PSI Distributions for the same Fiscal Year, a "Variable Distribution"), with such Performance Distributions to be made in a combination of cash distributions, including both Current Cash and grants of Deferred Cash Interests, and grants of Operating Group D Units under the Plan (any Class D Common Units in the Partnership granted as part of a Performance Distribution, together with any Class D Common Units in the Partnership granted as part of a PSI Distribution, "New Class D Units"); and (iv) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

WHEREAS, the Partnership and the Limited Partner entered into a Partner Agreement dated as of December 9, 2016 (the "Existing Partner Agreement"); and

WHEREAS, the Partnership and the Limited Partner desire to amend and restate the Existing Partner Agreement to make the modifications set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto hereby agree to amend and restate the Existing Partner Agreement as follows:

1. Admission of the Limited Partner; Grant of PSIs; Quarterly Payments.

(a) Admission of the Limited Partner. The Limited Partner was admitted as a limited partner of the Partnership as of the Admission Date in accordance with the terms of the Existing Partner Agreement, and as of such date the General Partner caused the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Limited Partner's initial Capital Account balance was $0 (zero dollars). The Limited Partner was, as of the Admission Date, designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement on and after his admission to the Partnership are, except to the extent modified by the terms of this Agreement, the same as those of the previously admitted Original Partners thereunder.

(b) Title. The Limited Partner holds the title of Executive Managing Director with respect to the General Partner and has been appointed as the Chief Legal Officer of the Och-Ziff Group.

(c) Profit Sharing Interests. As of the Admission Date the Partnership issued 1,000,000 PSIs to the Limited Partner and each of the other Operating Partnerships simultaneously issued an equal number of PSIs to the Limited Partner. As of the date hereof, the Limited Partner continues to hold the same number of PSIs in each of the Operating Partnerships and holds such PSIs subject to the terms of this Agreement and the Limited Partnership Agreement. The Limited Partner acknowledges and agrees that the number of PSIs held by the Limited Partner may be increased or reduced (including to zero) by the PMC Chairman in accordance with the terms of the Limited Partnership Agreement.

(d) Quarterly Payments. Commencing with the third quarter of Fiscal Year 2017 and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner $125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of such quarter; provided that, in the General Partner's discretion, some or all of the Operating Partnerships may pay any portion of any Quarterly Payment; and provided further, that the Quarterly Advance (as defined in the Existing Partner Agreement) made in respect of each of the first two quarters of Fiscal Year 2017 under the Existing Partner Agreement shall be treated as Quarterly Payments for all purposes of this Agreement.

(e) Benefits. The Limited Partner is eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners.

2. Variable Distributions.

(a) Variable Distributions. Subject to the other terms of this Agreement and the Limited Partnership Agreement, with respect to each Fiscal Year commencing with 2017 the Limited Partner may receive a Variable Distribution comprised of (i) a PSI Distribution for such Fiscal Year determined in accordance with the Limited Partnership Agreement, and (ii) a

Performance Distribution (the sum of the Variable Distribution for such Fiscal Year and any Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year). The PMC Chairman shall make all decisions relating to: (A) any PSI Distribution as provided in the Limited Partnership Agreement, and (B) any Performance Distribution, including, without limitation, whether any Performance Distribution will be granted to the Limited Partner, and the amount of any such Performance Distribution based on any considerations he determines to be appropriate, including but not limited to the Limited Partner's performance and the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Distribution in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Distribution in respect of any other Fiscal Year.

(b) Determination of Variable Distributions.

(i) Types of Distributions. Subject to Sections 2(c) and 2(d) and the terms of the Limited Partnership Agreement, any Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2017 may be comprised of:

(A) a PSI Distribution in an amount calculated in accordance with the terms of the Limited Partnership Agreement consisting of a combination of (x) a PSI Cash Distribution, consisting of both Current Cash and grants of Deferred Cash Interests, and (y) a PSI Class D Unit Distribution; and

(B) a Performance Distribution in an amount determined in the sole discretion of the PMC Chairman consisting of a combination of (x) cash distributions from one or more of the Operating Partnerships, consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and, together with the PSI Cash Distribution for such Fiscal Year, a "Variable Cash Distribution" and the percentages of the Variable Distribution represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) a grant of Operating Group D Units (together with the PSI Class D Unit Distribution for such Fiscal Year, a "Variable Class D Unit Distribution" and the percentage of the Variable Distribution represented by the Variable Class D Unit Distribution, the "Unit Percentage").

(ii) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2(c) and (d), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Variable Distribution for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Variable Class D Unit Distribution are as set forth below (the "Target Allocation

Percentages”), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year:

Payments & Distributions comprising the Total Annual Amount	**Target Allocation Percentage**
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Variable Class D Unit Distribution	25%

(c) Guaranteed Variable Distributions. Subject to Section 2(d) but notwithstanding any other provisions of this Agreement to the contrary:

(i) Guaranteed Total Annual Amount for Fiscal Year 2017. The sum of the amount of the Limited Partner’s Variable Distribution in respect of Fiscal Year 2017 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the “Guaranteed 2017 Amount”), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 25% of the Guaranteed 2017 Amount and shall be granted as of the 4Q Distribution Date relating to Fiscal Year 2017.

(ii) Guaranteed Total Annual Amount for Fiscal Year 2018. The sum of the amount of the Limited Partner’s Variable Distribution in respect of Fiscal Year 2018 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the “Guaranteed 2018 Amount”), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 15% of the Guaranteed 2018 Amount; provided, that, subject to the second sentence of Section 11(b), no change to this percentage may be made after December 31, 2017.

(d) Withdrawal Events.

(i) Relating to the Variable Distributions for 2017 and 2018. In order to be eligible to receive any portion of the Variable Distribution in respect of each of Fiscal Years 2017 and 2018, the Limited Partner shall not have ceased to be an Active Individual LP on or before the last day of such Fiscal Year, except that the Limited Partner shall remain eligible for the Variable Distribution with respect to such Fiscal Year if he has been subject to a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year; provided that in the case of such Withdrawal or Special Withdrawal the Limited Partner complies with Section 6 below.

(ii) Relating to Variable Distributions for other Fiscal Years. In order to be eligible for any portion of the Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2019, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date as provided in Sections 3 and 4.

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

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to 50% of the Current Cash Percentage of such Variable Distribution; provided that, for purposes of this Section 3(a), these amounts shall be determined by the PMC Chairman in his sole discretion taking into account the General Partner's estimate of the aggregate distributions to be made by the Operating Partnerships with respect to each Operating Group A Unit in respect of the Net Income earned by the Operating Partnerships during such Fiscal Year;

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Variable Cash Distribution equal to the DCI Percentage of such Variable Distribution in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner; and

(c) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships in an amount equal to the Variable Cash Distribution for such Fiscal Year, less the portion of such Variable Cash Distribution to be distributed in accordance with Sections 3(a) and 3(b) above.

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

4. Variable Class D Unit Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2:

(a) Grant of Operating Group D Units. The Limited Partner may conditionally receive the Unit Percentage of any Variable Distribution to which he may be entitled in respect of any applicable Fiscal Year in the form of a Variable Class D Unit Distribution on the 4Q Distribution Date relating to such Fiscal Year (a "Unit Grant Date") in the form of Operating Group D Units as follows: (i) the Partnership may conditionally grant to the Limited Partner a number of New Class D Units equal to the Class D Unit Equivalent Amount in accordance with Section 4(b) below, and (ii) the other two Operating Partnerships may conditionally grant to the Limited Partner a number of OZA & OZAII Class D Units equal to the Class D Unit Equivalent Amount pursuant to the OZA & OZAII Partner Agreements.

(b) Issuance of New Class D Units by the Partnership. Upon each determination to issue New Class D Units to the Limited Partner on any Unit Grant Date as part of a Variable Class D Unit Distribution in accordance with the provisions of Section 2, the General Partner shall designate a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement. The Partnership shall issue a number of Class D Common Units of such series equal to the Class D Unit Equivalent Amount to the Limited Partner pursuant to and subject to the Plan on such Unit Grant Date. Upon the issuance of such New Class D Units, the General Partner shall cause the Limited Partner to be named as the holder of such New Class D Units in the books of the Partnership. The portion of the Limited Partner's Capital Account balance attributable to such New Class D Units shall be $0 (zero dollars). Upon issuance, any such New Class D Units shall be designated as "Original Common Units" of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to such New Class D Units under the Limited Partnership Agreement shall be the same as those applicable to the Class D Common Units thereunder, except to the extent modified by the terms of this Agreement.

(c) Class D Unit Equivalent Amount. For purposes of any New Class D Units to be awarded in respect of a Variable Class D Unit Distribution under Section 2:

(i) the term "Class D Unit Equivalent Amount" shall mean the quotient of the Variable Class D Unit Distribution divided by the Class D Unit Fair Market Value, rounded to the nearest whole number.

(ii) the term "Class D Unit Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Och-Ziff Capital Management Group LLC's Class A Shares for the ten trading day period beginning (and including) December 11 (or the next trading day in the event that December 11 is not a trading day) of the year to which the award relates.

For example, if the Limited Partner's Variable Class D Unit Distribution in respect of a Fiscal Year is $1,500,000, and the average closing price of Class A Shares for the ten trading day period beginning December 11 of such Fiscal Year is $25 per share, then the Limited Partner would receive an award of 60,000 Class D Common Units (($1,500,000 / $25) = 60,000 Class D Common Units) in respect of such Variable Class D Unit Distribution.

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

(a) Withdrawal, Vesting, Transfer and Exchange Provisions.

(i) New Class D Units. The following changes shall apply to the provisions of Sections 2.13(g) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited

Partner and any Related Trusts, and his or their New Class D Units: (i) the New Class D Units shall be treated as Class A Common Units thereunder, (ii) one third (33-1/3%) of any New Class D Units granted on any Unit Grant Date shall vest on the first day of each of the three Fiscal Years following the Fiscal Year in which such Unit Grant Date occurred, subject to the other terms hereof, (iii) unvested New Class D Units granted as part of any Variable Distribution shall not be subject to forfeiture upon a Withdrawal, other than a Withdrawal pursuant to clause (A) (*Cause*) or clause (C) (*resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement; provided that any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below, (iv) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii), and (v) if any such New Class D Units (or any Class A Common Units acquired in respect thereof) are reallocated, any such reallocated Common Units shall remain subject to the same vesting requirements as they had been before such reallocation.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any award agreement entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii); provided, that the award agreement relating to the Deferred Cash Interests granted in respect of Fiscal Year 2017 shall provide that 25% of such grant of Deferred Cash Interests shall vest in accordance with the DCI Plan on each of the first four anniversaries of March 1, 2018, with the vested amounts to be paid to the Limited Partner by the relevant Operating Partnership as of the last day of the month following the date in which the applicable vesting date occurs, and such Deferred Cash Interests shall only cease to vest and be subject to forfeiture in the event that the Limited Partner is subject to a Withdrawal pursuant to clause (A) *(Cause)* or clause (C) (*resignation)* of Section 8.3(a)(i) of the Limited Partnership Agreement; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below.

(iii) Profit Sharing Interests. The PSIs held by the Limited Partner shall not vest but may be cancelled or reallocated from time to time in accordance with the terms of the Limited Partnership Agreement.

(b) Non-Competition Provisions.

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

(ii) Consequences of Breach. All grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section 5(a), the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 5(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests and the Limited Partner agrees that:

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

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

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

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

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

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

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

(y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares; and

(G) on the Reallocation Date, the Limited Partner shall immediately pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions and PSI Cash Distributions (including in each case any cash distributions in respect of Deferred Cash Interests) during the 24-month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

6. Conditions Precedent. As a condition precedent to (i) the Limited Partner's receipt of the Variable Distribution with respect to Fiscal Years 2017 or 2018 to which he may be entitled following a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year, (ii) any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), or (iii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), in each case the Limited Partner must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and

(y) continue to comply with all applicable restrictive covenants to which the Limited Partner is subject, whether contained in the Limited Partnership Agreement, this Agreement or otherwise.

7. Distributions on New Class D Units. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of any New Class D Units that are issued, but only if and when such New Class D Units have been issued, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units; provided that New Class D Units granted as part of the Variable Distribution in respect of any Fiscal Year shall not receive any distributions or allocations in respect of the Net Income earned by the Partnership during any period prior to the end of such Fiscal Year, including the distribution that would otherwise be made on the 4Q Distribution Date relating to such Fiscal Year. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

8. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the offer letter dated November 21, 2016 from the Operating Partnerships and agreed and acknowledged by the Limited Partner.

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

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

11. Miscellaneous.

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

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

(c) This Agreement and any amendment hereto made in accordance with Section 11(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

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

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

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

12. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall

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

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

OZ MANAGEMENT LP:

By: Och-Ziff Holding Corporation,
its General Partner

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

THE LIMITED PARTNER:

/s/ David Levine
David Levine

Amended and Restated
Partner Agreement Between
OZ Advisors LP and David Levine

This Amended and Restated Partner Agreement dated as of June 2, 2017 (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Advisors LP (the "Partnership") and David Levine (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership effective as of January 23, 2017 (the "Admission Date"); (ii) conditional grants by the Partnership, OZ Management LP ("OZM") and OZ Advisors II LP ("OZAII" and, together with the Partnership and OZM, the "Operating Partnerships") of PSIs to the Limited Partner, pursuant to which the Limited Partner may receive conditional PSI Distributions in a combination of PSI Cash Distributions, including both non-deferred cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"), and PSI Class D Unit Distributions under the Och-Ziff Capital Management Group LLC 2013 Incentive Plan or a successor or predecessor plan (such plans, collectively, the "Plan"), comprising Class D Common Units in the Partnership and Class D Common Units in the other Operating Partnerships ("OZM & OZAII Class D Units" and, together with Class D Common Units in the Partnership, "Operating Group D Units") pursuant to Partner Agreements between the Limited Partner and the other Operating Partnerships (as amended, modified, supplemented or restated from time to time, the "OZM & OZAII Partner Agreements"); (iii) conditional performance-based discretionary awards from the Operating Partnerships to the Limited Partner (a "Performance Distribution" and, together with any PSI Distributions for the same Fiscal Year, a "Variable Distribution"), with such Performance Distributions to be made in a combination of cash distributions, including both Current Cash and grants of Deferred Cash Interests, and grants of Operating Group D Units under the Plan (any Class D Common Units in the Partnership granted as part of a Performance Distribution, together with any Class D Common Units in the Partnership granted as part of a PSI Distribution, "New Class D Units"); and (iv) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

WHEREAS, the Partnership and the Limited Partner entered into a Partner Agreement dated as of December 9, 2016 (the "Existing Partner Agreement"); and

WHEREAS, the Partnership and the Limited Partner desire to amend and restate the Existing Partner Agreement to make the modifications set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto hereby agree to amend and restate the Existing Partner Agreement as follows:

1. Admission of the Limited Partner; Grant of PSIs; Quarterly Payments.

(a) Admission of the Limited Partner. The Limited Partner was admitted as a limited partner of the Partnership as of the Admission Date in accordance with the terms of the Existing Partner Agreement, and as of such date the General Partner caused the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Limited Partner's initial Capital Account balance was $0 (zero dollars). The Limited Partner was, as of the Admission Date, designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement on and after his admission to the Partnership are, except to the extent modified by the terms of this Agreement, the same as those of the previously admitted Original Partners thereunder.

(b) Title. The Limited Partner holds the title of Executive Managing Director with respect to the General Partner and has been appointed as the Chief Legal Officer of the Och-Ziff Group.

(c) Profit Sharing Interests. As of the Admission Date the Partnership issued 1,000,000 PSIs to the Limited Partner and each of the other Operating Partnerships simultaneously issued an equal number of PSIs to the Limited Partner. As of the date hereof, the Limited Partner continues to hold the same number of PSIs in each of the Operating Partnerships and holds such PSIs subject to the terms of this Agreement and the Limited Partnership Agreement. The Limited Partner acknowledges and agrees that the number of PSIs held by the Limited Partner may be increased or reduced (including to zero) by the PMC Chairman in accordance with the terms of the Limited Partnership Agreement.

(d) Quarterly Payments. Commencing with the third quarter of Fiscal Year 2017 and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner $125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of such quarter; provided that, in the General Partner's discretion, some or all of the Operating Partnerships may pay any portion of any Quarterly Payment; and provided further, that the Quarterly Advance (as defined in the Existing Partner Agreement) made in respect of each of the first two quarters of Fiscal Year 2017 under the Existing Partner Agreement shall be treated as Quarterly Payments for all purposes of this Agreement.

2. Variable Distributions.

(a) Variable Distributions. Subject to the other terms of this Agreement and the Limited Partnership Agreement, with respect to each Fiscal Year commencing with 2017 the Limited Partner may receive a Variable Distribution comprised of (i) a PSI Distribution for such Fiscal Year determined in accordance with the Limited Partnership Agreement, and (ii) a Performance Distribution (the sum of the Variable Distribution for such Fiscal Year and any Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year). The PMC Chairman shall make all decisions relating to: (A) any PSI Distribution as provided in the Limited Partnership Agreement, and (B) any Performance Distribution, including, without limitation, whether any Performance Distribution will be granted to the

Limited Partner, and the amount of any such Performance Distribution based on any considerations he determines to be appropriate, including but not limited to the Limited Partner's performance and the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Distribution in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Distribution in respect of any other Fiscal Year.

(b) Determination of Variable Distributions.

(i) Types of Distributions. Subject to Sections 2(c) and 2(d) and the terms of the Limited Partnership Agreement, any Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2017 may be comprised of:

(A) a PSI Distribution in an amount calculated in accordance with the terms of the Limited Partnership Agreement consisting of a combination of (x) a PSI Cash Distribution, consisting of both Current Cash and grants of Deferred Cash Interests, and (y) a PSI Class D Unit Distribution; and

(B) a Performance Distribution in an amount determined in the sole discretion of the PMC Chairman consisting of a combination of (x) cash distributions from one or more of the Operating Partnerships, consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and, together with the PSI Cash Distribution for such Fiscal Year, a "Variable Cash Distribution" and the percentages of the Variable Distribution represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) a grant of Operating Group D Units (together with the PSI Class D Unit Distribution for such Fiscal Year, a "Variable Class D Unit Distribution" and the percentage of the Variable Distribution represented by the Variable Class D Unit Distribution, the "Unit Percentage").

(ii) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2(c) and (d), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Variable Distribution for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Variable Class D Unit Distribution are as set forth below (the "Target Allocation Percentages"), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year:

Payments & Distributions comprising the Total Annual Amount	Target Allocation Percentage
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Variable Class D Unit Distribution	25%

(c) Guaranteed Variable Distributions. Subject to Section 2(d) but notwithstanding any other provisions of this Agreement to the contrary:

(i) Guaranteed Total Annual Amount for Fiscal Year 2017. The sum of the amount of the Limited Partner's Variable Distribution in respect of Fiscal Year 2017 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the "Guaranteed 2017 Amount"), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 25% of the Guaranteed 2017 Amount and shall be granted as of the 4Q Distribution Date relating to Fiscal Year 2017.

(ii) Guaranteed Total Annual Amount for Fiscal Year 2018. The sum of the amount of the Limited Partner's Variable Distribution in respect of Fiscal Year 2018 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the "Guaranteed 2018 Amount"), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 15% of the Guaranteed 2018 Amount; provided, that, subject to the second sentence of Section 11(b), no change to this percentage may be made after December 31, 2017.

(d) Withdrawal Events.

(i) Relating to the Variable Distributions for 2017 and 2018. In order to be eligible to receive any portion of the Variable Distribution in respect of each of Fiscal Years 2017 and 2018, the Limited Partner shall not have ceased to be an Active Individual LP on or before the last day of such Fiscal Year, except that the Limited Partner shall remain eligible for the Variable Distribution with respect to such Fiscal Year if he has been subject to a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year; provided that in the case of such Withdrawal or Special Withdrawal the Limited Partner complies with Section 6 below.

(ii) Relating to Variable Distributions for other Fiscal Years. In order to be eligible for any portion of the Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2019, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date as provided in Sections 3 and 4.

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

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to 50% of the Current Cash Percentage of such Variable Distribution; provided that, for purposes of this Section 3(a), these amounts shall be determined by the PMC Chairman in his sole discretion taking into account the General Partner's estimate of the aggregate distributions to be made by the Operating Partnerships with respect to each Operating Group A Unit in respect of the Net Income earned by the Operating Partnerships during such Fiscal Year;

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Variable Cash Distribution equal to the DCI Percentage of such Variable Distribution in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner; and

(c) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships in an amount equal to the Variable Cash Distribution for such Fiscal Year, less the portion of such Variable Cash Distribution to be distributed in accordance with Sections 3(a) and 3(b) above.

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

4. Variable Class D Unit Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2:

(a) Grant of Operating Group D Units. The Limited Partner may conditionally receive the Unit Percentage of any Variable Distribution to which he may be entitled in respect of any applicable Fiscal Year in the form of a Variable Class D Unit Distribution on the 4Q Distribution Date relating to such Fiscal Year (a "Unit Grant Date") in the form of Operating Group D Units as follows: (i) the Partnership may conditionally grant to the Limited Partner a number of New Class D Units equal to the Class D Unit Equivalent Amount in accordance with Section 4(b) below, and (ii) the other two Operating Partnerships may conditionally grant to the Limited Partner a number of OZM & OZAII Class D Units equal to the Class D Unit Equivalent Amount pursuant to the OZM & OZAII Partner Agreements.

(b) Issuance of New Class D Units by the Partnership. Upon each determination to issue New Class D Units to the Limited Partner on any Unit Grant Date as part of a Variable Class D Unit Distribution in accordance with the provisions of Section 2, the General Partner shall designate a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement. The Partnership shall issue a number of Class D Common Units of such series equal to the Class D Unit Equivalent Amount to the Limited Partner pursuant to and subject to the Plan on such Unit Grant Date. Upon the issuance of such New Class D Units, the General Partner shall cause the Limited Partner to be named as the holder of such New Class D Units in the books of the Partnership. The portion of the Limited Partner's Capital Account balance attributable to such New Class D Units shall be $0 (zero dollars). Upon issuance, any such New Class D Units shall be designated as "Original Common Units" of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to such New Class D Units under the Limited Partnership Agreement shall be the same as those applicable to the Class D Common Units thereunder, except to the extent modified by the terms of this Agreement.

(c) Class D Unit Equivalent Amount. For purposes of any New Class D Units to be awarded in respect of a Variable Class D Unit Distribution under Section 2:

(i) the term "Class D Unit Equivalent Amount" shall mean the quotient of the Variable Class D Unit Distribution divided by the Class D Unit Fair Market Value, rounded to the nearest whole number.

(ii) the term "Class D Unit Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Och-Ziff Capital Management Group LLC's Class A Shares for the ten trading day period beginning (and including) December 11 (or the next trading day in the event that December 11 is not a trading day) of the year to which the award relates.

For example, if the Limited Partner's Variable Class D Unit Distribution in respect of a Fiscal Year is $1,500,000, and the average closing price of Class A Shares for the ten trading day period beginning December 11 of such Fiscal Year is $25 per share, then the Limited Partner would receive an award of 60,000 Class D Common Units (($1,500,000 / $25) = 60,000 Class D Common Units) in respect of such Variable Class D Unit Distribution.

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

(a) Withdrawal, Vesting, Transfer and Exchange Provisions.

(i) New Class D Units. The following changes shall apply to the provisions of Sections 2.13(g) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts, and his or their New Class D Units: (i) the New Class D Units shall be treated as Class A Common Units thereunder, (ii) one third (33-1/3%) of any New Class D Units granted on any Unit Grant Date shall vest on the first day of each of the three Fiscal Years following the Fiscal Year in which such Unit Grant Date occurred, subject to the other terms hereof, (iii) unvested New Class D Units granted as part of any Variable Distribution shall not be subject to forfeiture upon a Withdrawal, other than a Withdrawal pursuant to clause (A) (*Cause*) or clause (C) (*resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement; provided that any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below, (iv) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii), and (v) if any such New Class D Units (or any Class A Common Units acquired in respect thereof) are reallocated, any such reallocated Common Units shall remain subject to the same vesting requirements as they had been before such reallocation.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any award agreement entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii); provided, that the award agreement relating to the Deferred Cash Interests granted in respect of Fiscal Year 2017 shall provide that 25% of such grant of Deferred Cash Interests shall vest in accordance with the DCI Plan on each of the first four anniversaries of March 1, 2018, with the vested amounts to be paid to the Limited Partner by the relevant Operating Partnership as of the last day of the month following the date in which the applicable vesting date occurs, and such Deferred Cash Interests shall only cease to vest and be subject to forfeiture in the event that the Limited Partner is subject to a Withdrawal pursuant to clause (A) *(Cause)* or clause (C) (*resignation)* of Section 8.3(a)(i) of the Limited Partnership Agreement; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below.

(iii) Profit Sharing Interests. The PSIs held by the Limited Partner shall not vest but may be cancelled or reallocated from time to time in accordance with the terms of the Limited Partnership Agreement.

(b) Non-Competition Provisions.

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

(ii) Consequences of Breach. All grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section

5(a), the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 5(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests and the Limited Partner agrees that:

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

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

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

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

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

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

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

(y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares; and

(G) on the Reallocation Date, the Limited Partner shall immediately pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions and PSI Cash Distributions (including in each case any cash distributions in respect of Deferred Cash Interests) during the 24-month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

6. Conditions Precedent. As a condition precedent to (i) the Limited Partner's receipt of the Variable Distribution with respect to Fiscal Years 2017 or 2018 to which he may be entitled following a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year, (ii) any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), or (iii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), in each case the Limited Partner must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable restrictive covenants to which the Limited Partner is subject, whether contained in the Limited Partnership Agreement, this Agreement or otherwise.

7. Distributions on New Class D Units. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of any New Class D Units that are issued,

but only if and when such New Class D Units have been issued, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units; provided that New Class D Units granted as part of the Variable Distribution in respect of any Fiscal Year shall not receive any distributions or allocations in respect of the Net Income earned by the Partnership during any period prior to the end of such Fiscal Year, including the distribution that would otherwise be made on the 4Q Distribution Date relating to such Fiscal Year. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

8. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the offer letter dated November 21, 2016 from the Operating Partnerships and agreed and acknowledged by the Limited Partner.

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

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

11. Miscellaneous.

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

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

(c) This Agreement and any amendment hereto made in accordance with Section 11(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

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

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

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

12. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a

separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Limited Partner’s separation from service shall instead be paid on the first business day after the date that is six months following the Limited Partner’s separation from service (or, if earlier, the Limited Partner’s date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

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

OZ ADVISORS LP:

By: Och-Ziff Holding Corporation,
its General Partner

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

THE LIMITED PARTNER:

/s/ David Levine
David Levine

Amended and Restated
Partner Agreement Between
OZ Advisors II LP and David Levine

This Amended and Restated Partner Agreement dated as of June 2, 2017 (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Advisors II LP (the "Partnership") and David Levine (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership effective as of January 23, 2017 (the "Admission Date"); (ii) conditional grants by the Partnership, OZ Management LP ("OZM") and OZ Advisors LP ("OZA" and, together with the Partnership and OZM, the "Operating Partnerships") of PSIs to the Limited Partner, pursuant to which the Limited Partner may receive conditional PSI Distributions in a combination of PSI Cash Distributions, including both non-deferred cash ("Current Cash") and grants of Deferred Cash Interests under the DCI Plan ("Deferred Cash Interests"), and PSI Class D Unit Distributions under the Och-Ziff Capital Management Group LLC 2013 Incentive Plan or a successor or predecessor plan (such plans, collectively, the "Plan"), comprising Class D Common Units in the Partnership and Class D Common Units in the other Operating Partnerships ("OZM & OZA Class D Units" and, together with Class D Common Units in the Partnership, "Operating Group D Units") pursuant to Partner Agreements between the Limited Partner and the other Operating Partnerships (as amended, modified, supplemented or restated from time to time, the "OZM & OZA Partner Agreements"); (iii) conditional performance-based discretionary awards from the Operating Partnerships to the Limited Partner (a "Performance Distribution" and, together with any PSI Distributions for the same Fiscal Year, a "Variable Distribution"), with such Performance Distributions to be made in a combination of cash distributions, including both Current Cash and grants of Deferred Cash Interests, and grants of Operating Group D Units under the Plan (any Class D Common Units in the Partnership granted as part of a Performance Distribution, together with any Class D Common Units in the Partnership granted as part of a PSI Distribution, "New Class D Units"); and (iv) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

WHEREAS, the Partnership and the Limited Partner entered into a Partner Agreement dated as of December 9, 2016 (the "Existing Partner Agreement"); and

WHEREAS, the Partnership and the Limited Partner desire to amend and restate the Existing Partner Agreement to make the modifications set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto hereby agree to amend and restate the Existing Partner Agreement as follows:

1. Admission of the Limited Partner; Grant of PSIs; Quarterly Payments.

(a) Admission of the Limited Partner. The Limited Partner was admitted as a limited partner of the Partnership as of the Admission Date in accordance with the terms of the Existing Partner Agreement, and as of such date the General Partner caused the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Limited Partner's initial Capital Account balance was $0 (zero dollars). The Limited Partner was, as of the Admission Date, designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement on and after his admission to the Partnership are, except to the extent modified by the terms of this Agreement, the same as those of the previously admitted Original Partners thereunder.

(b) Title. The Limited Partner holds the title of Executive Managing Director with respect to the General Partner and has been appointed as the Chief Legal Officer of the Och-Ziff Group.

(c) Profit Sharing Interests. As of the Admission Date the Partnership issued 1,000,000 PSIs to the Limited Partner and each of the other Operating Partnerships simultaneously issued an equal number of PSIs to the Limited Partner. As of the date hereof, the Limited Partner continues to hold the same number of PSIs in each of the Operating Partnerships and holds such PSIs subject to the terms of this Agreement and the Limited Partnership Agreement. The Limited Partner acknowledges and agrees that the number of PSIs held by the Limited Partner may be increased or reduced (including to zero) by the PMC Chairman in accordance with the terms of the Limited Partnership Agreement.

(d) Quarterly Payments. Commencing with the third quarter of Fiscal Year 2017 and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner $125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of such quarter; provided that, in the General Partner's discretion, some or all of the Operating Partnerships may pay any portion of any Quarterly Payment; and provided further, that the Quarterly Advance (as defined in the Existing Partner Agreement) made in respect of each of the first two quarters of Fiscal Year 2017 under the Existing Partner Agreement shall be treated as Quarterly Payments for all purposes of this Agreement.

2. Variable Distributions.

(a) Variable Distributions. Subject to the other terms of this Agreement and the Limited Partnership Agreement, with respect to each Fiscal Year commencing with 2017 the Limited Partner may receive a Variable Distribution comprised of (i) a PSI Distribution for such Fiscal Year determined in accordance with the Limited Partnership Agreement, and (ii) a Performance Distribution (the sum of the Variable Distribution for such Fiscal Year and any Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year). The PMC Chairman shall make all decisions relating to: (A) any PSI Distribution as provided in the Limited Partnership Agreement, and (B) any Performance Distribution, including, without limitation, whether any Performance Distribution will be granted to the

Limited Partner, and the amount of any such Performance Distribution based on any considerations he determines to be appropriate, including but not limited to the Limited Partner's performance and the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All determinations by the PMC Chairman shall be final. Any such determinations to award a Performance Distribution in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Distribution in respect of any other Fiscal Year.

(b) Determination of Variable Distributions.

(i) Types of Distributions. Subject to Sections 2(c) and 2(d) and the terms of the Limited Partnership Agreement, any Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2017 may be comprised of:

(A) a PSI Distribution in an amount calculated in accordance with the terms of the Limited Partnership Agreement consisting of a combination of (x) a PSI Cash Distribution, consisting of both Current Cash and grants of Deferred Cash Interests, and (y) a PSI Class D Unit Distribution; and

(B) a Performance Distribution in an amount determined in the sole discretion of the PMC Chairman consisting of a combination of (x) cash distributions from one or more of the Operating Partnerships, consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the "Performance Cash Distribution" and, together with the PSI Cash Distribution for such Fiscal Year, a "Variable Cash Distribution" and the percentages of the Variable Distribution represented by Current Cash and Deferred Cash Interests, respectively, the "Current Cash Percentage" and the "DCI Percentage"), and (y) a grant of Operating Group D Units (together with the PSI Class D Unit Distribution for such Fiscal Year, a "Variable Class D Unit Distribution" and the percentage of the Variable Distribution represented by the Variable Class D Unit Distribution, the "Unit Percentage").

(ii) Target Allocations. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2(c) and (d), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Variable Distribution for any Fiscal Year shall be determined by the PMC Chairman such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Variable Class D Unit Distribution are as set forth below (the "Target Allocation Percentages"), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year:

Payments & Distributions comprising the Total Annual Amount	Target Allocation Percentage
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Variable Class D Unit Distribution	25%

(c) Guaranteed Variable Distributions. Subject to Section 2(d) but notwithstanding any other provisions of this Agreement to the contrary:

(i) Guaranteed Total Annual Amount for Fiscal Year 2017. The sum of the amount of the Limited Partner's Variable Distribution in respect of Fiscal Year 2017 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the "Guaranteed 2017 Amount"), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 25% of the Guaranteed 2017 Amount and shall be granted as of the 4Q Distribution Date relating to Fiscal Year 2017.

(ii) Guaranteed Total Annual Amount for Fiscal Year 2018. The sum of the amount of the Limited Partner's Variable Distribution in respect of Fiscal Year 2018 and the Quarterly Payments relating to such Fiscal Year shall equal $2,200,000 (the "Guaranteed 2018 Amount"), and the portion of such Variable Distribution to be distributed in the form of a grant of Deferred Cash Interests shall equal 15% of the Guaranteed 2018 Amount; provided, that, subject to the second sentence of Section 11(b), no change to this percentage may be made after December 31, 2017.

(d) Withdrawal Events.

(i) Relating to the Variable Distributions for 2017 and 2018. In order to be eligible to receive any portion of the Variable Distribution in respect of each of Fiscal Years 2017 and 2018, the Limited Partner shall not have ceased to be an Active Individual LP on or before the last day of such Fiscal Year, except that the Limited Partner shall remain eligible for the Variable Distribution with respect to such Fiscal Year if he has been subject to a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year; provided that in the case of such Withdrawal or Special Withdrawal the Limited Partner complies with Section 6 below.

(ii) Relating to Variable Distributions for other Fiscal Years. In order to be eligible for any portion of the Variable Distribution in respect of any Fiscal Year commencing with Fiscal Year 2019, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date as provided in Sections 3 and 4.

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

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to 50% of the Current Cash Percentage of such Variable Distribution; provided that, for purposes of this Section 3(a), these amounts shall be determined by the PMC Chairman in his sole discretion taking into account the General Partner's estimate of the aggregate distributions to be made by the Operating Partnerships with respect to each Operating Group A Unit in respect of the Net Income earned by the Operating Partnerships during such Fiscal Year;

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Variable Cash Distribution equal to the DCI Percentage of such Variable Distribution in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner; and

(c) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships in an amount equal to the Variable Cash Distribution for such Fiscal Year, less the portion of such Variable Cash Distribution to be distributed in accordance with Sections 3(a) and 3(b) above.

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

4. Variable Class D Unit Distributions. Unless determined otherwise in the sole discretion of the PMC Chairman, and subject to Section 2:

(a) Grant of Operating Group D Units. The Limited Partner may conditionally receive the Unit Percentage of any Variable Distribution to which he may be entitled in respect of any applicable Fiscal Year in the form of a Variable Class D Unit Distribution on the 4Q Distribution Date relating to such Fiscal Year (a "Unit Grant Date") in the form of Operating Group D Units as follows: (i) the Partnership may conditionally grant to the Limited Partner a number of New Class D Units equal to the Class D Unit Equivalent Amount in accordance with Section 4(b) below, and (ii) the other two Operating Partnerships may conditionally grant to the Limited Partner a number of OZM & OZA Class D Units equal to the Class D Unit Equivalent Amount pursuant to the OZM & OZA Partner Agreements.

(b) Issuance of New Class D Units by the Partnership. Upon each determination to issue New Class D Units to the Limited Partner on any Unit Grant Date as part of a Variable Class D Unit Distribution in accordance with the provisions of Section 2, the General Partner shall designate a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement. The Partnership shall issue a number of Class D Common Units of such series equal to the Class D Unit Equivalent Amount to the Limited Partner pursuant to and subject to the Plan on such Unit Grant Date. Upon the issuance of such New Class D Units, the General Partner shall cause the Limited Partner to be named as the holder of such New Class D Units in the books of the Partnership. The portion of the Limited Partner's Capital Account balance attributable to such New Class D Units shall be $0 (zero dollars). Upon issuance, any such New Class D Units shall be designated as "Original Common Units" of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to such New Class D Units under the Limited Partnership Agreement shall be the same as those applicable to the Class D Common Units thereunder, except to the extent modified by the terms of this Agreement.

(c) Class D Unit Equivalent Amount. For purposes of any New Class D Units to be awarded in respect of a Variable Class D Unit Distribution under Section 2:

(i) the term "Class D Unit Equivalent Amount" shall mean the quotient of the Variable Class D Unit Distribution divided by the Class D Unit Fair Market Value, rounded to the nearest whole number.

(ii) the term "Class D Unit Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Och-Ziff Capital Management Group LLC's Class A Shares for the ten trading day period beginning (and including) December 11 (or the next trading day in the event that December 11 is not a trading day) of the year to which the award relates.

For example, if the Limited Partner's Variable Class D Unit Distribution in respect of a Fiscal Year is $1,500,000, and the average closing price of Class A Shares for the ten trading day period beginning December 11 of such Fiscal Year is $25 per share, then the Limited Partner would receive an award of 60,000 Class D Common Units (($1,500,000 / $25) = 60,000 Class D Common Units) in respect of such Variable Class D Unit Distribution.

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

(a) Withdrawal, Vesting, Transfer and Exchange Provisions.

(i) New Class D Units. The following changes shall apply to the provisions of Sections 2.13(g) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts, and his or their New Class D Units: (i) the New Class D Units shall be treated as Class A Common Units thereunder, (ii) one third (33-1/3%) of any New Class D Units granted on any Unit Grant Date shall vest on the first day of each of the three Fiscal Years following the Fiscal Year in which such Unit Grant Date occurred, subject to the other terms hereof, (iii) unvested New Class D Units granted as part of any Variable Distribution shall not be subject to forfeiture upon a Withdrawal, other than a Withdrawal pursuant to clause (A) (*Cause*) or clause (C) (*resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement; provided that any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below, (iv) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii), and (v) if any such New Class D Units (or any Class A Common Units acquired in respect thereof) are reallocated, any such reallocated Common Units shall remain subject to the same vesting requirements as they had been before such reallocation.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any award agreement entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 5(b)(ii); provided, that the award agreement relating to the Deferred Cash Interests granted in respect of Fiscal Year 2017 shall provide that 25% of such grant of Deferred Cash Interests shall vest in accordance with the DCI Plan on each of the first four anniversaries of March 1, 2018, with the vested amounts to be paid to the Limited Partner by the relevant Operating Partnership as of the last day of the month following the date in which the applicable vesting date occurs, and such Deferred Cash Interests shall only cease to vest and be subject to forfeiture in the event that the Limited Partner is subject to a Withdrawal pursuant to clause (A) *(Cause)* or clause (C) (*resignation)* of Section 8.3(a)(i) of the Limited Partnership Agreement; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 6 below.

(iii) Profit Sharing Interests. The PSIs held by the Limited Partner shall not vest but may be cancelled or reallocated from time to time in accordance with the terms of the Limited Partnership Agreement.

(b) Non-Competition Provisions.

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

(ii) Consequences of Breach. All grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section

5(a), the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 5(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from the Limited Partner's breach of any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of PSIs, Performance Cash Distributions, PSI Cash Distributions, New Class D Units and Deferred Cash Interests and the Limited Partner agrees that:

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

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

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

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

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

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

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

(y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement;

(z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares; and

(G) on the Reallocation Date, the Limited Partner shall immediately pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions and PSI Cash Distributions (including in each case any cash distributions in respect of Deferred Cash Interests) during the 24-month period prior to the date of such breach.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

6. Conditions Precedent. As a condition precedent to (i) the Limited Partner's receipt of the Variable Distribution with respect to Fiscal Years 2017 or 2018 to which he may be entitled following a Withdrawal pursuant to clause (B) *(PPC Termination)* of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal as of the last day of such Fiscal Year, (ii) any continued vesting of New Class D Units permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), or (iii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any award agreement after the Limited Partner ceases to be an Active Individual LP (other than due to death), in each case the Limited Partner must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable restrictive covenants to which the Limited Partner is subject, whether contained in the Limited Partnership Agreement, this Agreement or otherwise.

7. Distributions on New Class D Units. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of any New Class D Units that are issued,

but only if and when such New Class D Units have been issued, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units; provided that New Class D Units granted as part of the Variable Distribution in respect of any Fiscal Year shall not receive any distributions or allocations in respect of the Net Income earned by the Partnership during any period prior to the end of such Fiscal Year, including the distribution that would otherwise be made on the 4Q Distribution Date relating to such Fiscal Year. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

8. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the offer letter dated November 21, 2016 from the Operating Partnerships and agreed and acknowledged by the Limited Partner.

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

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

11. Miscellaneous.

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

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

(c) This Agreement and any amendment hereto made in accordance with Section 11(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

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

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

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

12. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a

separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six months following the Limited Partner's separation from service (or, if earlier, the Limited Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

OZ ADVISORS II LP:

By: Och-Ziff Holding LLC,
its General Partner

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

THE LIMITED PARTNER:

/s/ David Levine
David Levine

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, Robert Shafir, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sculptor Capital Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

/s/ Robert Shafir

Name: Robert Shafir

Title: Chief Executive Officer and Executive Managing 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, Thomas Sipp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sculptor Capital Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2020

/s/ Thomas M. Sipp

Name: Thomas M. Sipp

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 March 31, 2020, of Sculptor Capital Management, Inc. (the "Company").

We, Robert Shafir and Thomas Sipp, the Chief Executive Officer and Chief Financial Officer, respectively, of the Company certify that, to the best of our knowledge:

i. The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

ii. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 7, 2020	/s/ Robert Shafir		
			Name:	Robert Shafir
			Title:	Chief Executive Officer and Executive Managing Director
Date:	May 7, 2020	/s/ Thomas M. Sipp		
			Name:	Thomas M. Sipp
			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.