

CARLYLE

Strategic Update & Transactions Overview

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March 31, 2022

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations, estimates, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, including statements with respect to the proposed Fortitude equity capital raise and restructuring, including Carlyle's capital contribution and expected loss relating to the expected reduction in value of its investment in Fortitude in connection with the transaction; growth, leadership and market opportunity from the Fortitude, CBAM and iStar transactions; the effects of the Fortitude, CBAM and iStar transactions on AUM, Fee Related Earnings and other performance metrics; the performance of the new strategic services advisory agreement and the timing of such effects; the availability of cash on hand to fund the Fortitude transaction; and the expected timing of funding and other aspects of the Fortitude transaction. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates", "opportunity" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, failure to complete the transaction or otherwise realize its anticipated benefits within the expected timeframes, unforeseen liabilities and other costs of the transaction and timing related thereto, and those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 10, 2022, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

This presentation includes Fee Related Earnings (“FRE”), which is a non-GAAP financial measure. This non-GAAP financial measure should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with U.S. GAAP. Please see Carlyle’s public filings for the definitions of “Distributable earnings” (“DE”), “Assets under management” (“AUM”), FRE Margin and “Fee-earning assets under management” (“Fee-earning AUM” or “FEAUM”). Please refer to the end of this presentation for all reconciliations of FRE to the most directly comparable financial measures prepared in accordance with U.S. GAAP. A reconciliation of forward-looking Non-GAAP financial measures, including 2022 full year FRE, cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, Carlyle is unable to assess the probable significance of the unavailable information, which could have a material impact on its future U.S. GAAP financial results.

Not a Recommendation of any Security

This presentation provides an overview of Carlyle and is not intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security. An offer or solicitation for an investment in any investment fund managed or sponsored by Carlyle or its affiliates (a “Fund”) will occur only through an offering memorandum and related purchase documentation, and subject to the terms and conditions contained in such documents and in such Fund’s operative agreements. The offering memorandum relating to any Fund contains additional information about the investment objective, terms and conditions of such Fund, tax information and risk disclosure that should be reviewed prior to making an investment decision regarding a Fund. This presentation is qualified in its entirety by such offering memorandum, which should be read completely before making any investment. An investment in a Fund would be speculative and would involve significant risks. Nothing in this presentation is intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security.

Conversion to C-Corp Paved Path for Inorganic Growth



Conversion to
C-Corp Allowed For
**FIXED DIVIDEND &
BALANCE SHEET TO
RETAIN CAPITAL**



Reinvesting Retained
Earnings To Drive
**HIGH VALUE
FEE RELATED
EARNINGS GROWTH**



Strong Balance Sheet
**ENABLES US TO
PRIORITIZE
STRATEGIC GROWTH
ADJACENCIES**

Key Part of Strategic Plan is Capturing Growth in Scalable Adjacencies to Deliver Shareholder Value

1



**ACCELERATE SCOPE &
SCALE OF INVESTMENT
PLATFORM**

2



**CAPITALIZE ON NEW
OPPORTUNITIES THROUGH
ADJACENCIES**

3



**INSTITUTIONALIZE
THE FIRM**

M&A CRITERIA:

Strategically Adjacent

Opportunity to Scale

FRE Accretive

Our Fee Related Earnings Growth Strategy Has Multiple Drivers



SCALE

Increase FRE as a percentage of DE



GROWTH

Position FRE to grow at a faster rate over time



MARGIN

Improve margin of overall FRE stream

Leveraging our Balance Sheet to Drive Expected Growth

	SCALE	GROWTH	MARGIN
INSURANCE SOLUTIONS TRANSACTIONS	✓	✓	✓
CBAM PORTFOLIO ACQUISITION	✓		✓
iSTAR NET LEASE PORTFOLIO ACQUISITION		✓	

\$1.2 BN

BALANCE SHEET
INVESTMENT

\$65 BN

INCREMENTAL FE AUM

\$120 MN

INCREMENTAL FRE
ON A RUN RATE BASIS

The financial and AUM metrics indicated on this page represent the combined balance sheet investment, incremental AUM and anticipated Fee Related Earnings of the announced Fortitude, CBAM, and iStar transactions.

Evolution of Our Insurance Strategy

Since our initial investment in Fortitude Re in 2018, we have built a highly competitive, sustainable insurance platform well positioned to take advantage of the significant growth opportunity in the market



FORTITUDE RE PLATFORM



CARLYLE FEE-EARNING AUM



1. Carlyle's investor group acquired an additional 76.6% of Fortitude Re bringing total ownership of Carlyle and its investor group to 96.5%, with AIG retaining 3.5%.
 2. Includes newly acquired AZ domiciled L&A entity allowing Fortitude Re to offer clients a US reinsurance option, TX Reciprocal Jurisdiction Reinsurer status expected to allow U.S. clients to take full statutory credit for uncollateralized business ceded to Fortitude Re's Bermuda OpCo and establishing of Fortitude Re International Reinsurance Ltd. entity to do business efficiently offshore.
 3. Includes ~\$2.1B from Fortitude Re's growth equity raise and existing available capital, including leverage capacity at Fortitude Re.
 4. Adjusted Book Value on a P-GAAP basis.
 5. Includes ~\$3.2B of AUM managed by Carlyle through Carlyle FRL, L.P (representing 76.6% of Adjusted Book Value on a P-GAAP basis).
 6. Pro forma for previously announced Prudential Annuities Life Assurance Corporation acquisition.

Insurance Solutions Strategy Poised for Future Growth

- Raised \$2.1BN of new growth capital for Fortitude Re
- Entered into strategic advisory services agreement with Fortitude Re that sustainably aligns Carlyle and Fortitude Re's strategic and financial goals

CARLYLE'S PRIORITIES

WHAT THIS TRANSACTION DELIVERS



FRE GROWTH

Anticipate this new agreement to:

- **Increase Global Credit's incremental FE AUM by \$50 billion**
- **Grow Global Credit's FRE by \$50 million** on an initial annualized basis
- **More than double the FRE generated** by this advisory relationship by 2025

Scale 
 Growth 
 Margin 



ALIGNMENT

- Asset-light capital structure for Carlyle
- Recurring fee based on Fortitude Re's overall profitability
- Of the \$2.1 billion capital raised, Carlyle is committing up to **\$150 million** from our corporate balance sheet¹ which helps strengthen Fortitude Re's balance sheet and positions it to pursue substantial growth opportunities
- Fortitude Re policyholder interests prioritized

When Fortitude Re grows, Carlyle will also grow and diversify our FRE and FE AUM. And our investors and Fortitude Re's policyholders will benefit

1. Following the funding of the capital raise, Carlyle's ownership of Fortitude Re will decrease from 19.9% to approximately 10.5% due in part to an ownership adjustment that is contemplated as part of the capital raise. Carlyle is expected to recognize a reduction in the value of its investment in Fortitude Re in our U.S. GAAP results due to this ownership adjustment. The reduction in value is expected to occur in two phases as capital is drawn in Q2 and Q4 2022, with an estimated total loss of approximately \$277 million based on the carrying value of our investment as of March 31, 2022. The estimated charge is subject to change based on the timing of the ownership adjustment and changes in the carrying value of our investment.

Carlyle Now the World's Largest CLO Manager

Acquisition of CBAM's \$15 billion portfolio of assets, comprised of mostly CLO funds, as well as other CBAM assets across private credit

CARLYLE'S PRIORITIES

WHAT THIS TRANSACTION DELIVERS



COMPETITIVE POSITIONING

- Increased Carlyle's CLO AUM to approximately \$48BN, making Carlyle the world's largest CLO manager



OPERATING LEVERAGE

- Embedding the acquired products directly into Carlyle's existing Global Credit platform, capturing significant operating leverage without incremental costs
- Purchased the management contracts and not the company; will receive tax benefits as we amortize the assets



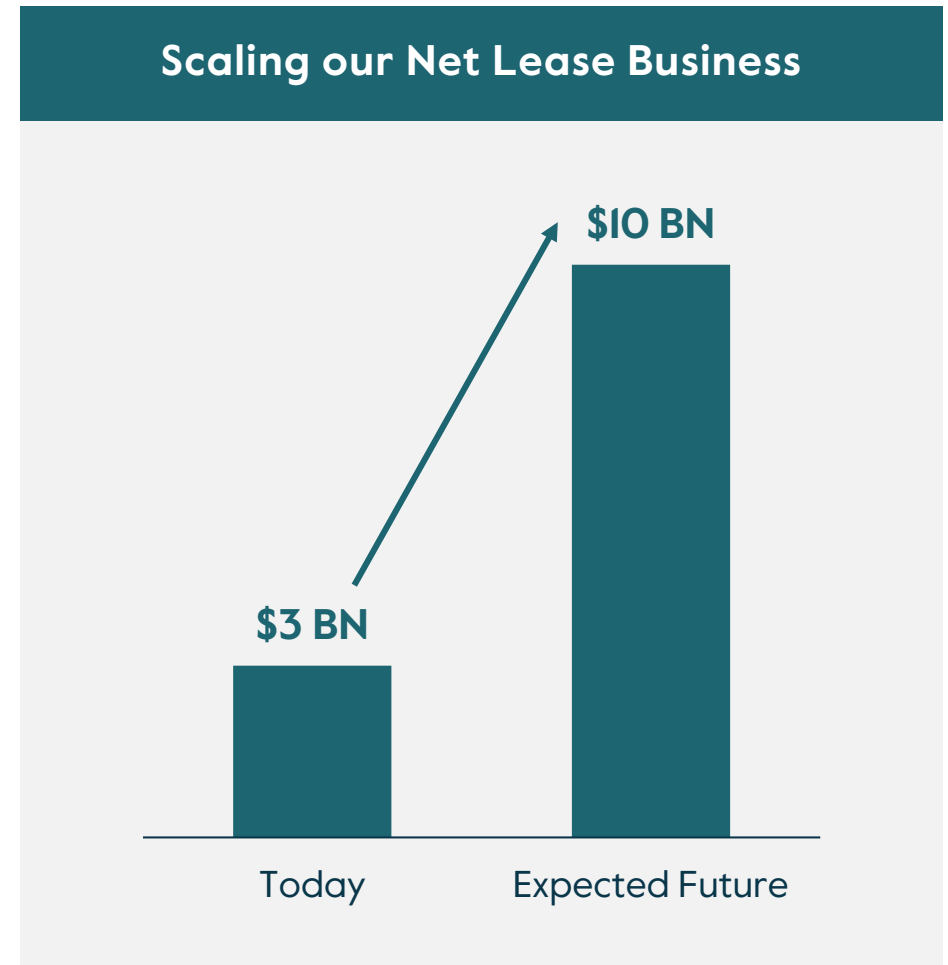
FRE SCALE AND MARGIN

- Acquired a stable, recurring fee stream that is immediately accretive to FRE and DE per common share
- Significantly increases Global Credit FRE margin
- Contractually have secured the right to reset all the CLO management contracts we acquired, effectively doubling or more, the duration of these funds

Scale 
Margin 

Accelerated Our Real Estate Credit Business

- Acquired iStar's \$3 billion diversified portfolio of triple-net leases, while also hiring a seasoned investment team overseeing the portfolio
- Expect to raise new capital and develop this platform into a \$10 billion strategy over the next several years
- Positions FRE for higher long-term growth by continuing to **scale our platform in an adjacent area like real estate credit**
- Focus on making product available to retail channel over time
- See significant opportunity to drive FRE growth and value creation for shareholders over time, particularly **beyond 2024**



Presented for illustrative purposes only.

Annualized Impact of Three Transactions on 2021 Global Credit Results

> 2X

INCREASE ON FE AUM

> 2X

INCREASE ON FRE

FE AUM

FRE MARGIN

FRE

FRE CONTRIBUTION

1,500 bps

INCREASE ON GC FRE MARGIN

GC TO BECOME APPROXIMATELY

33%

OF FIRMWIDE FRE

Based on annualized impact of transactions to 2021 Global Credit results: \$52bn of FE AUM, FRE of \$112m, and FRE Margin of 27%

Doing What We Said We Would – Delivering Long-Term Shareholder Value

- Strategic inorganic transactions demonstrate that our balance sheet is a source of strength and how we're leveraging that to accelerate growth, increase FRE and drive long-term shareholder value
- This is what we outlined as part of our Strategic Plan and we're going to continue executing against the plan
- Expect to generate approximately \$120 million of annualized run-rate FRE from these transactions
- **Expect 2022 FRE to grow at least 40% over 2021, and we would expect to see further growth as we head into 2023**



Reconciliations



Reconciliation of U.S. GAAP to Total Segment Information

<i>(in millions, except per share amounts)</i>	Year Ended	
	December 31, 2021	
Income before provision for income taxes	\$	4,027.5
Adjustments:		
Net unrealized performance revenues		(1,606.2)
Unrealized principal investment (income) loss		(351.8)
Equity-based compensation (1)		172.9
Acquisition related charges, including amortization of intangibles and impairment		37.7
Tax expense associated with certain foreign performance revenues		(17.1)
Net income attributable to non-controlling interests in consolidated entities		(70.5)
Right-of-use asset impairment		26.8
Debt extinguishment costs		10.2
Other adjustments including severance		14.2
Distributable Earnings	\$	2,243.7
Realized performance revenues, net of related compensation (2)		1,529.6
Realized principal investment income (2)		209.5
Net interest		93.5
Fee Related Earnings	\$	598.1

<i>(in millions)</i>	For the Year Ended December 31, 2021		
	Carlyle Consolidated	Adjustments (3)	Total Reportable Segments
Performance revenues	\$ 6,084.6	\$ (3,146.0)	\$ 2,938.6
Performance revenues related compensation expense	\$ 2,961.0	\$ (1,552.0)	\$ 1,409.0
Net performance revenues	\$ 3,123.6	\$ (1,594.0)	\$ 1,529.6
Principal investment income (loss)	\$ 637.3	\$ (427.8)	\$ 209.5

- (1) Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.
- (2) Refer to "Realized Net Performance Revenues and Realized Principal Investment Income" for the reconciliations to the most directly comparable U.S. GAAP measures.
- (3) Adjustments to performance revenues relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from the segment results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results, (iv) the reclassification of NGP performance revenues, which are included in principal investment income in the U.S. GAAP financial statements, (v) the reclassification of certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, and the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results. Refer to Note 4 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021 for more information regarding our strategic investment in NGP.