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THE CARLYLE GROUP

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GLOBAL ALTERNATIVE ASSET MANAGEMENT

# The Carlyle Group Unitholder Presentation

February 12, 2019

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This presentation includes comparisons of certain private equity indices to various indexes including certain MSCI indexes (MSCI) and the S&P 500 and other indexes. The private equity indices do not represent the performance of any Fund or family of Funds. Recipients should not infer that any Fund is top quartile. There are significant differences between the types of securities and assets typically acquired by U.S. and global buyout funds, the investments covered by the MSCI, S&P 500 and other indexes. Specifically, U.S. and global buyout funds typically make investments in securities and other assets that have a greater degree of risk and volatility, and less liquidity, than those securities included in these indexes and companies included in the indexes are not subject to certain of the management fees, carried interest or expenses to which investors in U.S. and global buyout funds are typically subject. Comparisons between private equity funds, Carlyle sponsored funds, the MSCI, S&P 500 and other indexes are included for informational purposes only. The private equity returns do not represent the performance of any Fund or family of Funds. Recipients should not infer that any Fund is top quartile.

Detailed information about Carlyle's management fees and performance revenues is available in Carlyle's public filings. Please note that certain metrics and projections contained in this Presentation include the Legacy Energy Funds and funds advised by NGP Energy Capital Management. Please note that the Legacy Energy Funds (as defined in Carlyle's public filings), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisers to each of the Legacy Energy Funds. Currently, Carlyle is only entitled to carried interest and management fees in certain funds advised by NGP Energy Capital Management. The NGP Energy Capital Management funds which solely earn management fees are referred to herein as "NGP predecessor funds."

For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period when presenting period end balances, and the average rate for the period has been utilized when presenting activity during such period. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment.

This presentation includes certain Non-GAAP financial measures, Distributable Earnings ("DE") and Distributable EBITDA. These Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measure prepared in accordance with GAAP. Please see Carlyle's public filings for the definition of "carry funds," "Fee-earning assets under management" or "Fee-earning AUM," (FEAUM), and "Assets under management" or "AUM."

# Carlyle Is A Global Leader In Private Investing

## THE CARLYLE GROUP

**Total AUM: \$216 bn** ○ **Available Capital: \$75 bn**

**Corporate  
Private Equity  
(CPE)**

**Real  
Assets<sup>1</sup>  
(RA)**

**Global  
Credit  
(GC)**

**Investment  
Solutions  
(IS)**

**\$81**

**\$46**

**\$44**

**\$46**

**AUM (\$bn)**

**Fund Strategies**

- Buyout
- Middle Market and Growth Capital

- Real Estate
- Energy
- Power
- Infrastructure

- Structured Credit
- Direct Lending
- Energy Credit
- Distressed Credit
- Opportunistic Credit
- Carlyle Aviation Partners

- Private Equity and Real Estate
- ✓ Funds
- ✓ Secondaries
- ✓ Co-investments

Note: Data as of 12/31/2018. See The Carlyle Group L.P.'s filings with the U.S. Securities and Exchange Commission for more information on fund performance.

1) Includes three Energy & Power and Renewable funds jointly advised with Riverstone Holdings, L.L.C. and seven funds advised by NGP Energy Capital Management. 3

## Core Business Metrics Robust & Diversified

### Carry Fund Appreciation

(2018)

**9%**

CPE	RA	GC	IS
5%	5%	5%	19%

### Net Accrued Performance Revenue

(as of 12/31/2018)

**\$1.7 billion**

CPE	RA	GC	IS
\$1.1bn	\$475m	\$51m	\$81m

### Invested Capital

(2018)

**\$22.4 billion**

CPE	RA	GC	IS
\$11.3	\$5.2	\$1.2	\$4.7

### Realized Proceeds

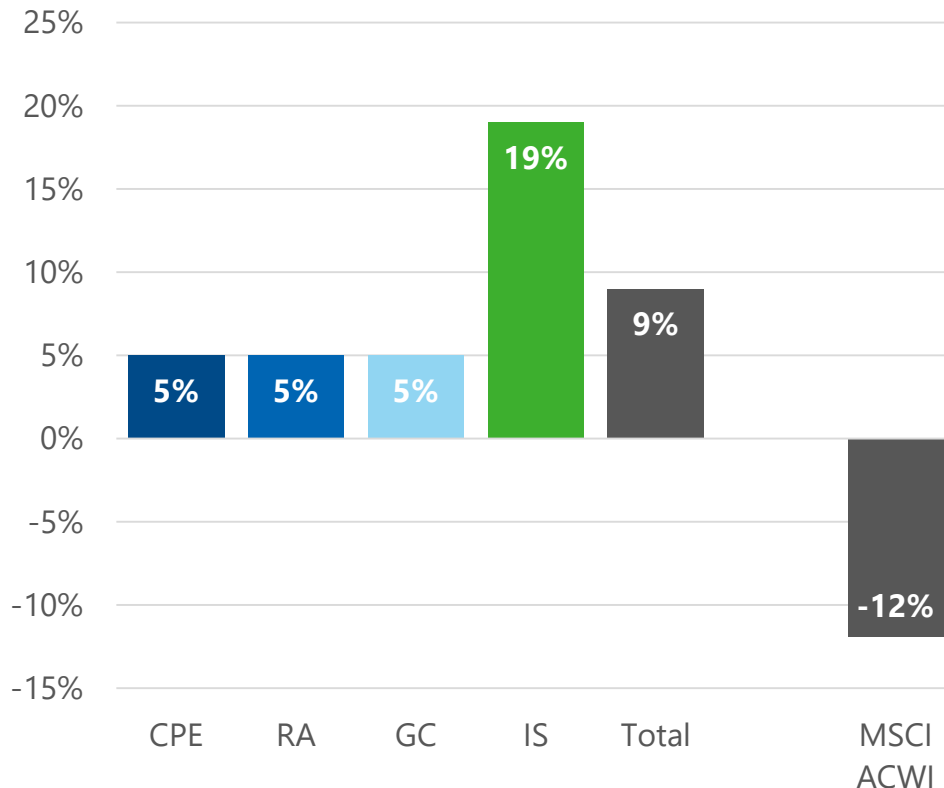
(2018)

**\$24.0 billion**

CPE	RA	GC	IS
\$8.8	\$5.1	\$0.8	\$9.4

# Exceptional Investment Performance Is Our Primary Goal

LTM Carry Fund Appreciation vs Major Equity Index Performance <sup>1</sup>



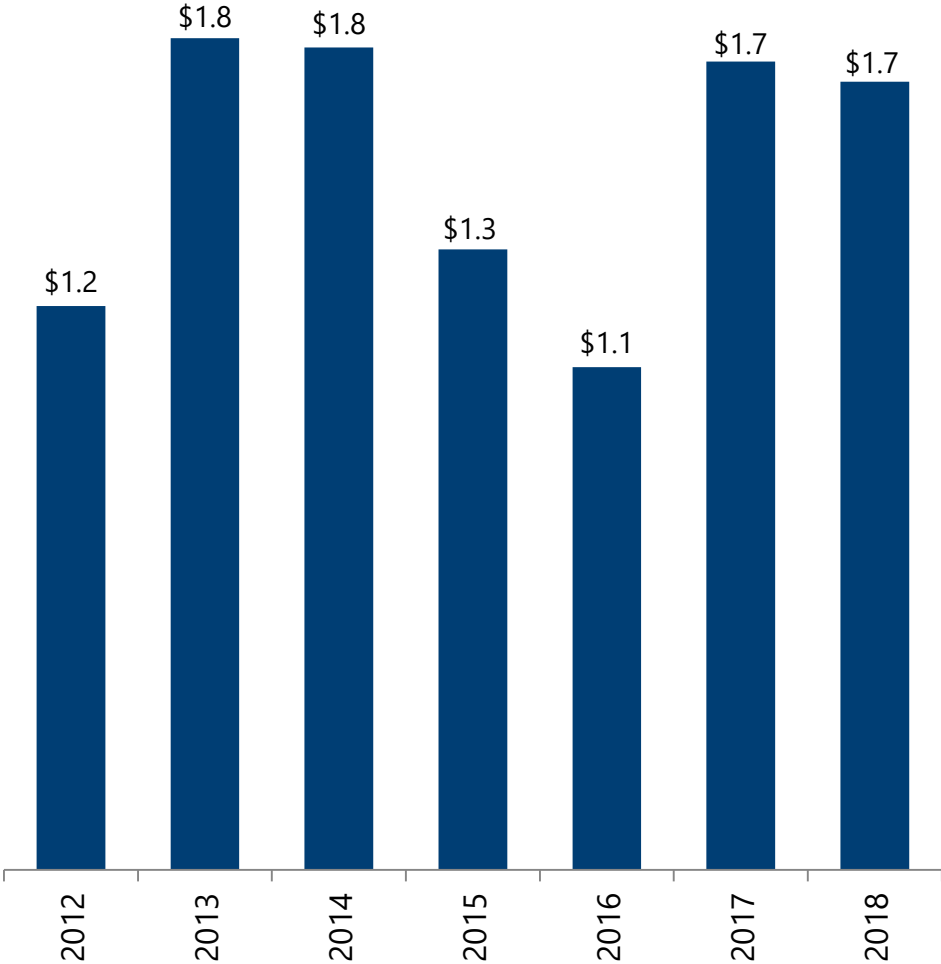
- Carry Fund Appreciation outpaced the MSCI ACWI by **~1700 basis points** over the LTM
- Realized/Partially Realized CPE investments generated a **2.4x MOIC & 27% Gross IRR** since inception
- **64% of Remaining Fair Value** in CPE/RA/GC carry funds accruing performance revenue as of 12/31/18
- TCG BDC **dividend yield of 9.1% on NAV** <sup>2</sup>
- **Exceptional CLO performance** with default rates of 0.7%/1.6% for US/EU CLOs <sup>3</sup>

Note: Data as of 12/31/2018. See The Carlyle Group L.P.'s filings with the U.S. Securities and Exchange Commission for more information on fund performance. 1) Appreciation/(Depreciation) represents unrealized gain/(loss) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: ending remaining investment fair market value plus net investment outflow (sales proceeds minus net purchases) minus beginning remaining investment fair market value divided by beginning remaining investment fair market value. Fund only, does not include co-investment. The MSCI ACWI – All Cap Index represents the performance of the MSCI All Country World Index across all market capitalization sizes of the global equity market. Please see the “Important Information” slide for more information related to comparisons with indices. 2) Reflects latest annualized dividend for BDC 1 divided by 3Q18 reported NAV. 3) Inception to date default rate for U.S. (since 1999) and Europe CLOs (since 2005).

# Accrued Performance Revenues Remain at Healthy Levels

Net Accrued Performance Revenue Balance

(\$ billions)

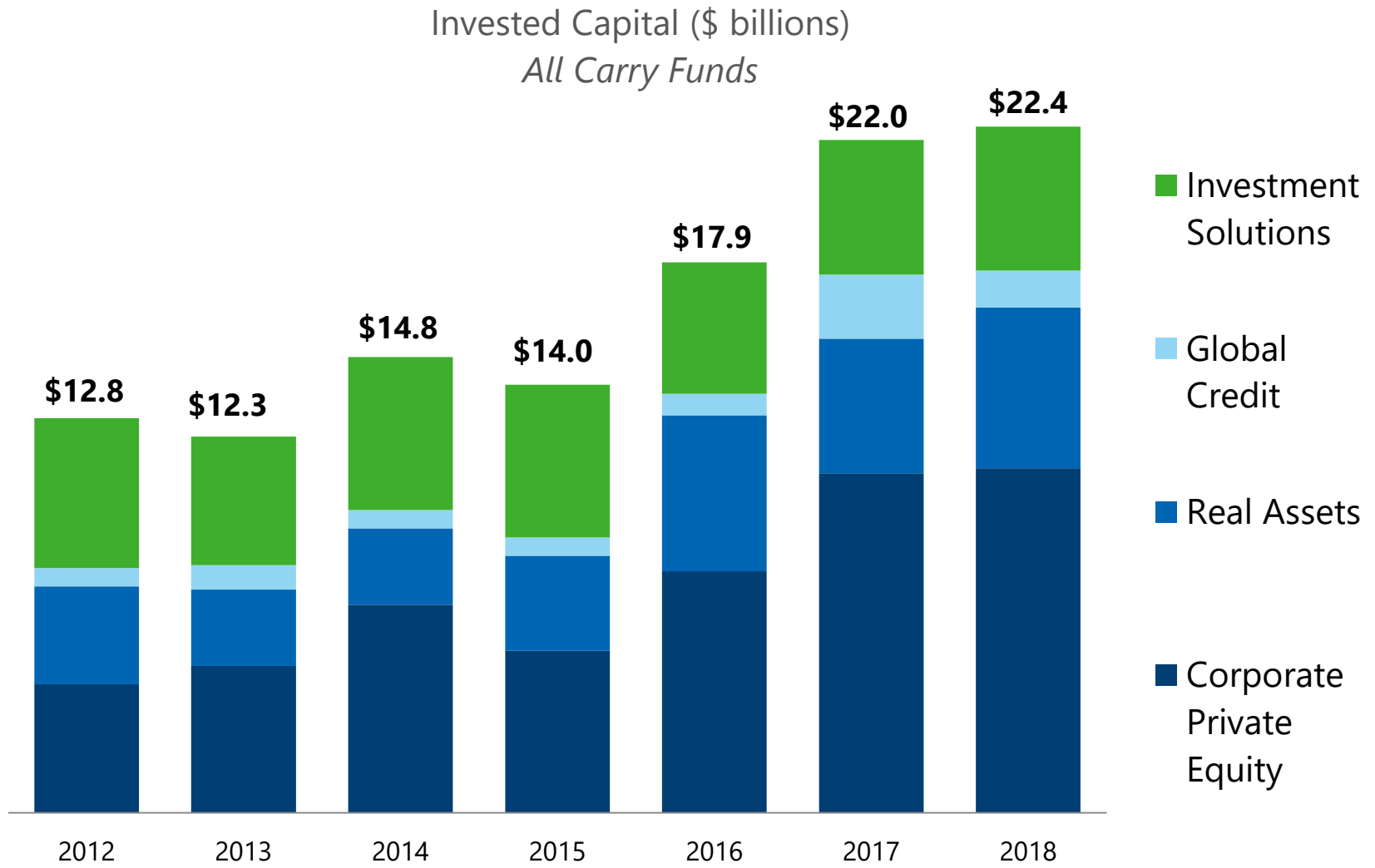


2013-16 vintage funds<sup>1</sup> account for **more than 60%** of the \$1.7 billion Net Accrued Performance Revenue Balance as of December 31

Note: Data as of 12/31/2018. There is no guarantee these trends will continue.

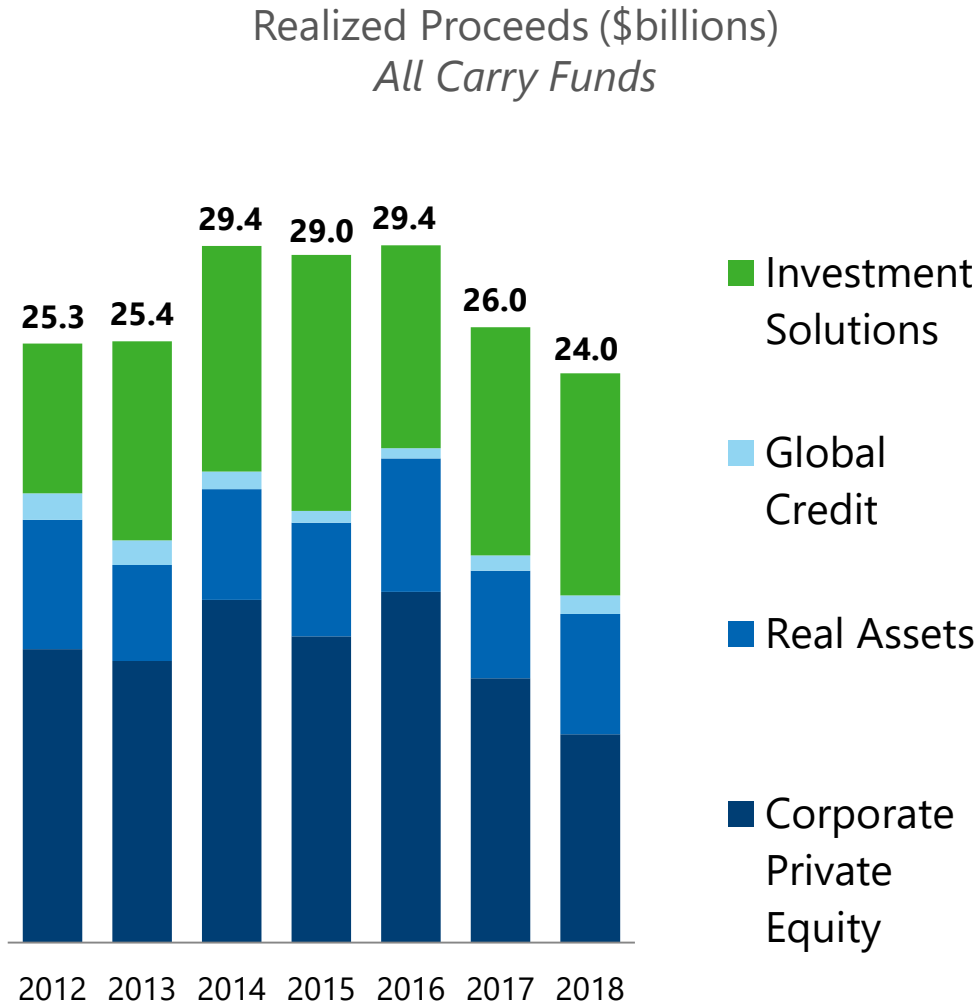
1) Current Generation of funds includes: CP VI, CEP IV, CAP IV, CJP III, CGFSP II, CEOF II, CETP III, CGP, CRP VII, NGP XI, CIEP, CPP II, CSP IV, CEMOF II.

# Deployment Has Increased As Our Investment Platform Has Grown



Note: Data as of 12/31/2018. There is no guarantee these trends will continue.

## Continue to Generate Significant Annual Realized Proceeds



Realized Proceeds  
Poised to Remain  
Robust and Grow  
Over Time With  
Larger Investment  
Platform



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# Focused On Improving Fee Related Earnings

## We Are Focused On Improving Fee Related Earnings

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- Quarterly Fee Related Earnings accelerated in 2018 to end the year at a \$90 million quarterly run rate
- We expect to generate approximately \$400 million in Fee Related Earnings in 2019
- We intend to continue to scale existing fund platforms, creating incremental earnings leverage
- Growth in Global Credit segment is expected to drive higher FRE and higher normalized FRE margins
- We intend to pursue accretive external acquisitions and investments that are adjacencies and fit with our platform
- We will control and manage our expenses carefully

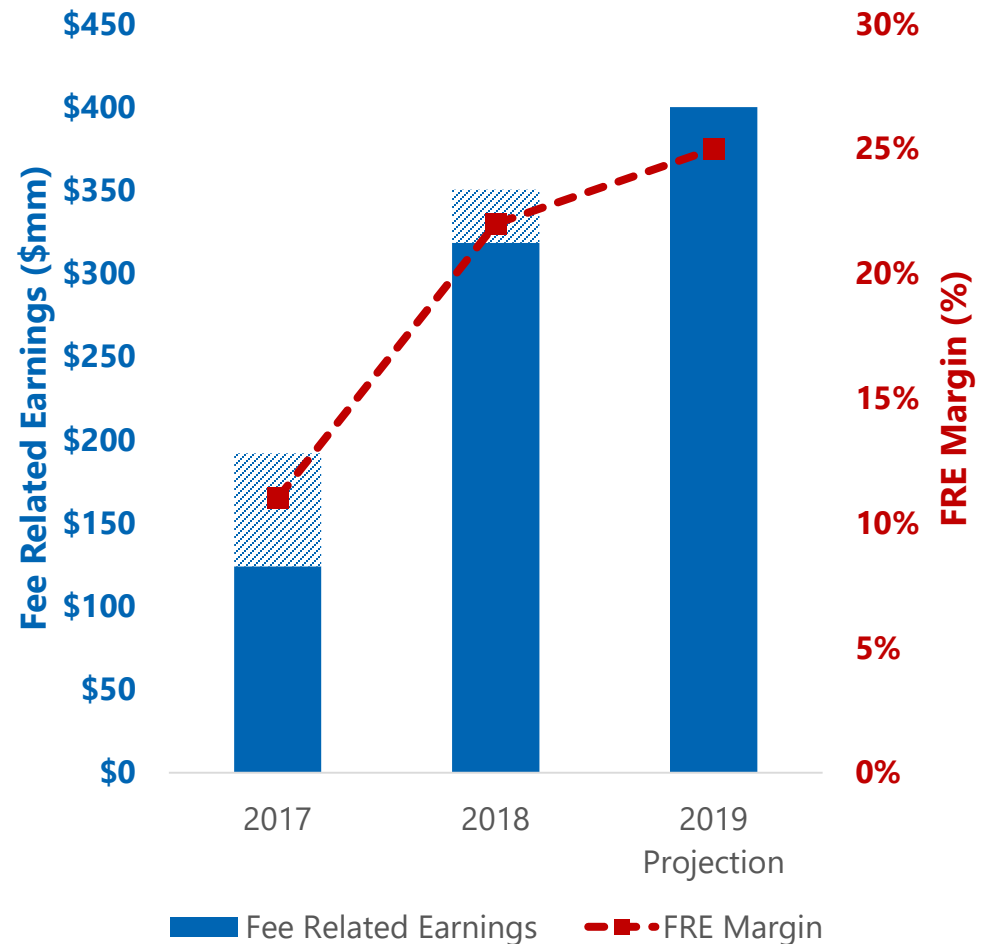
# Fee Related Earnings and Margins Are Trending Up

**Fee Related Earnings growth accelerated** over the last few quarters as we activated fees on our largest buyout funds

**Run rate FRE of \$90 million**<sup>1</sup> in Q4 2018 and project FRE of **\$400 million** for FY 2019

**FRE margin** reached **22%**<sup>2</sup> in 2018 and we expect to generate a **25%** margin in 2019

## FRE & Margin Trends<sup>2</sup>



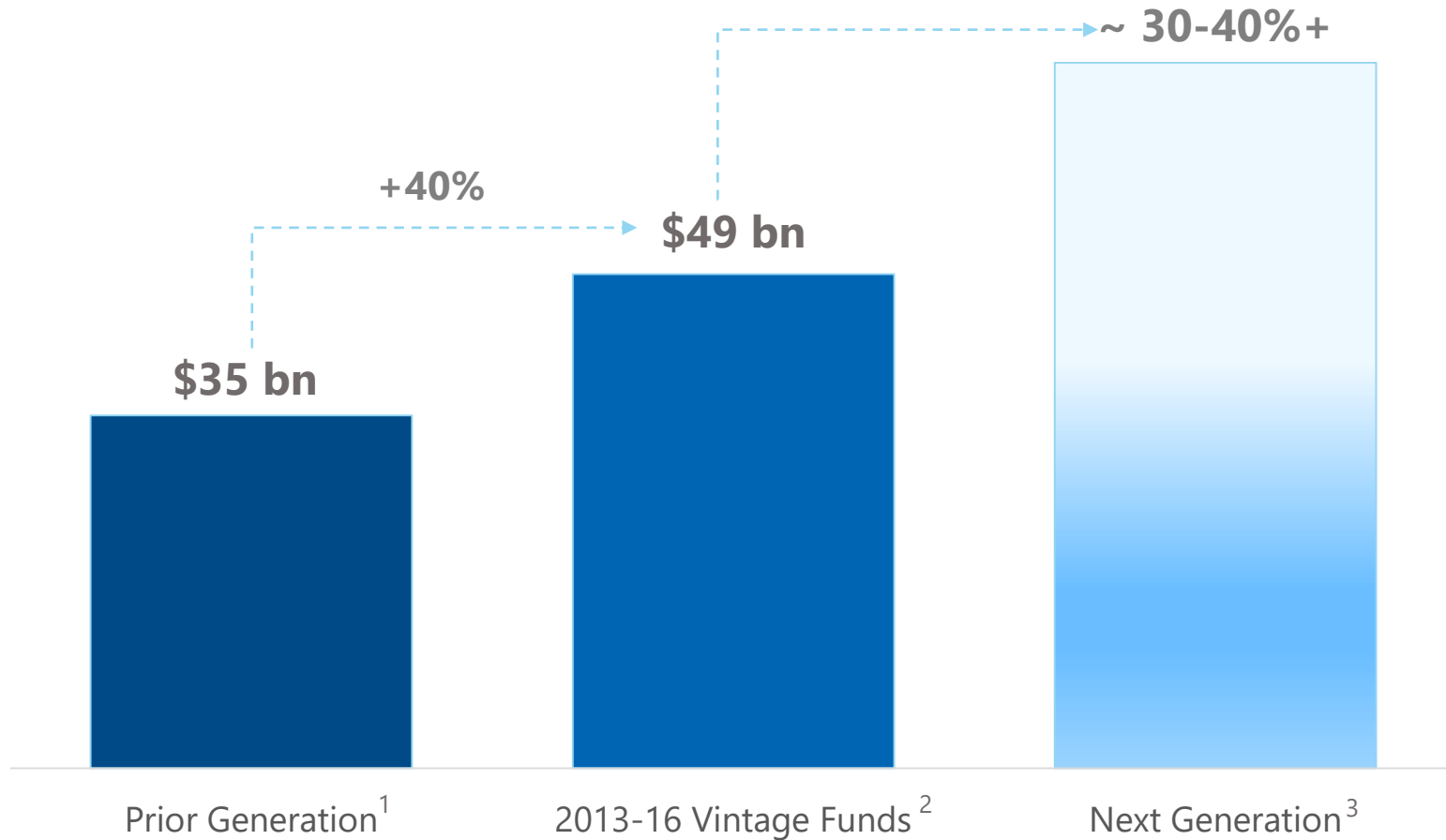
Note: There is no guarantee that these trends will continue. Reflects Management's views as of 2/8/2019. Please see "Important Information" slides for information about the use of and reliance on projections.

1) Q4 2018 run rate excludes one-time insurance recovery of \$32million in Q4 2018 and other one-off items.

2) 2017 Fee Related Earnings were \$192 million, and \$124 million net of \$68 million in net insurance recoveries. 2018 Fee Related Earnings were \$350 million, and \$318 million net of \$32 million in insurance recoveries. FRE Margins are based on Fee Related Earnings excluding the impact of insurance recoveries.

# FRE Growth Supported By A Growing Carry Fund Investment Platform

Fund Commitments for Major CPE/RA/GC Carry Funds



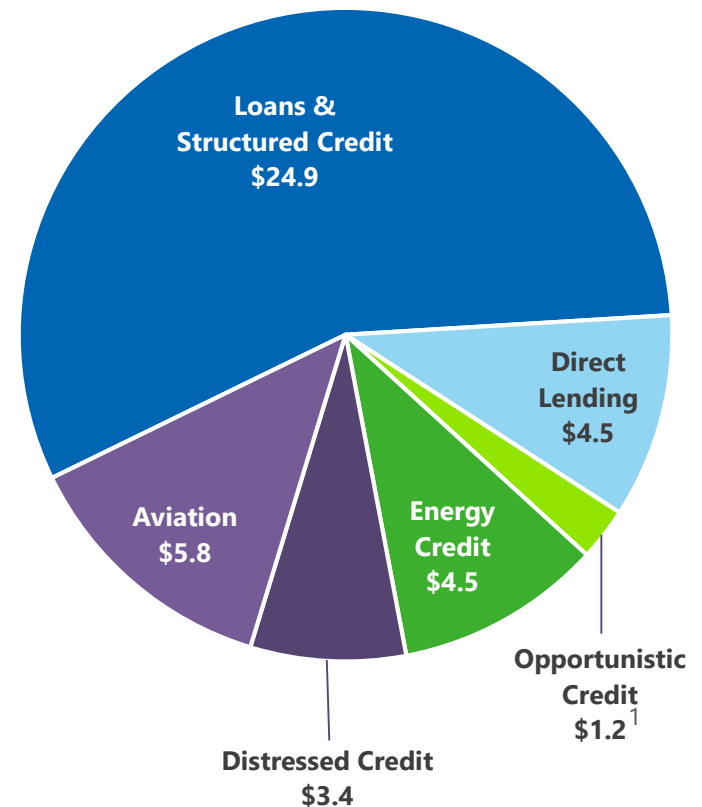
Note: Data as of 12/31/2018. Reflects Management's views as of 2/8/2019. Please see "Important Information" slides for information about the use of and reliance on projections. There is no guarantee these trends will continue.

- 1) Prior Generation of funds includes direct predecessors to Current Generation where applicable.
- 2) Current Generation of funds includes: CP VI, CEP IV, CAP IV, CJP III, CGFSP II, CEOF II, CETP III, CGP, CRP VII, NGP XI, CIEP, CPP II, CSP IV, CEMOF II.
- 3) Next Generation of funds includes follow on funds for Current Generation as well as new fund families and new product initiatives. There is no assurance these trends will continue or that we will be able to raise the capital required to achieve these targets.

# Continuing Momentum and Scale in Global Credit

- Global Credit has \$250+ million in annual run-rate management fees, up 26% YoY
- Continue to build out capabilities to manage larger amounts of capital
  - Fortitude relationship is expected to help Global Credit develop incremental scale
- Launch/acquire new funds & products
  - Opportunistic Credit
  - New Direct Lending funds and vehicles
  - Managed Accounts
  - Carlyle Aviation Partners (closed in 4Q18)
- Leverage functional platform to scale broadening investment capabilities

Global Credit  
AUM: \$44 billion

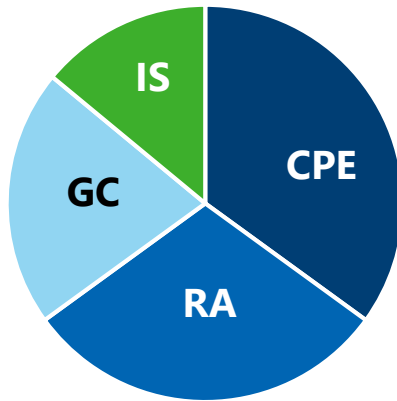


Note: Data as of 12/31/2018.

1) First Opportunistic Credit fund is currently in fundraising.

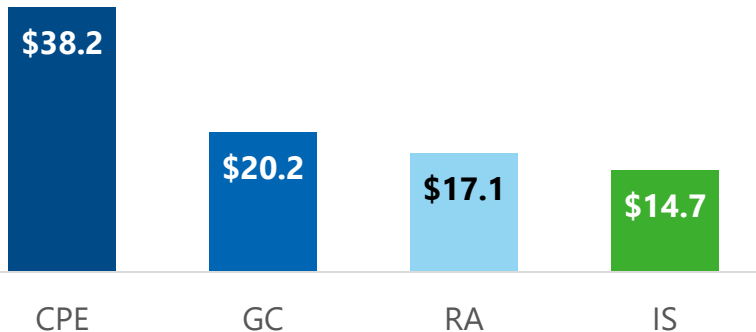
# On Track To Exceed Our Fundraising Target of \$100 Billion By YE 2019

2016-19 Gross Fundraising Target:  
~\$100 billion



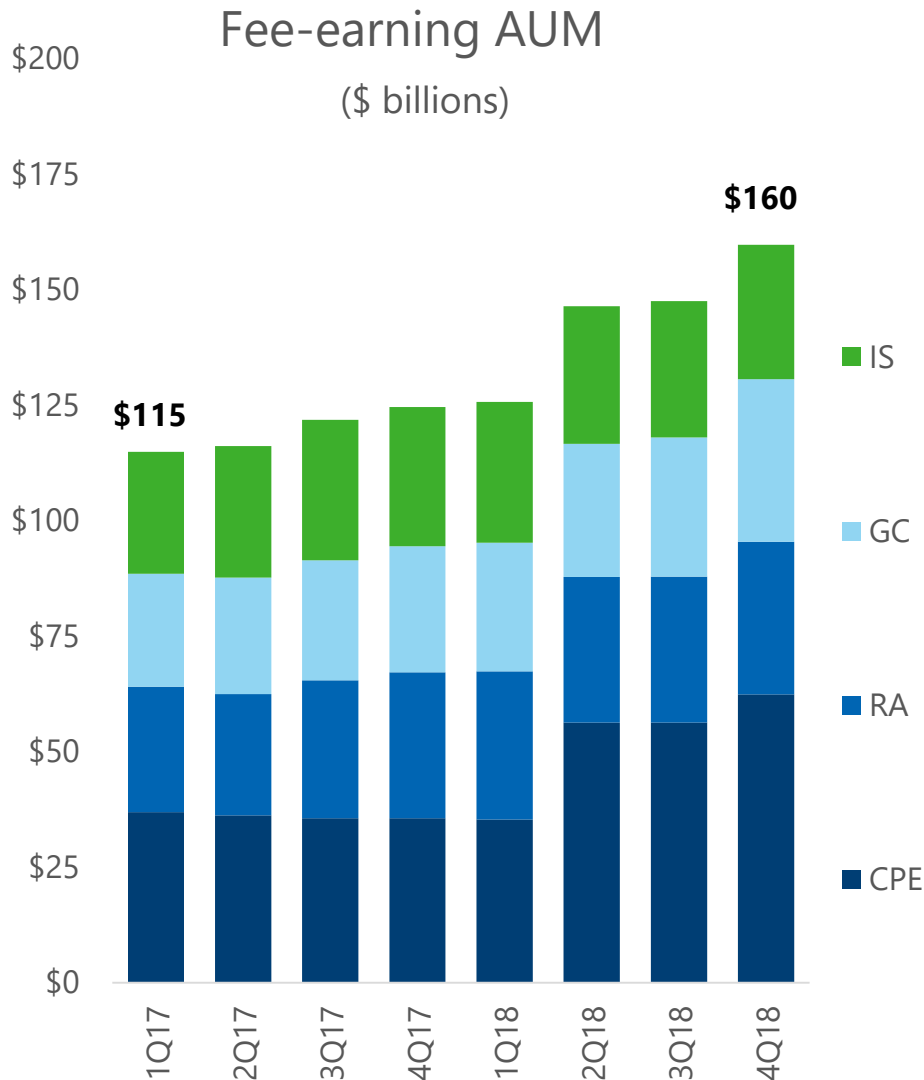
Gross Fundraising Since Q1 2016

**\$90 billion**



- ✓ Raised 90% of \$100 billion target with a full year to go
- ✓ Strong partnerships with more than 1,950 global investors from 90 countries
- ✓ Raised \$33 billion in 2018
- ✓ We now expect to raise \$110 billion by YE 2019

# Fundraising Strength Driving Fee-earning AUM Higher



Substantially all of current Fee-earning AUM **locked up in long term fund structures** and not subject to quarterly redemption

**\$6.5 billion in Pending Fee-earning AUM** will activate fees upon fund initiation or capital deployment <sup>1</sup>

Note: Data as of 12/31/2018.

1) Pending Fee-earning AUM of \$6.5 billion as of 12/31/2018 includes approximately \$1.0 billion in fund commitments that will activate as new funds turn on fees. The remaining amount will generally become fee-earning as the commitments are invested.

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# **Carlyle Is Delivering Attractive Financial Performance**



## Carlyle Is Delivering Attractive Financial Performance

(\$mm or \$per unit)	2016	2017	2018
Management Fee Revenue	\$1,086	\$1,081	\$1,362
Fee Related Earnings <sup>1</sup>	\$33	\$192	\$350
Distributable Earnings <sup>1</sup>	\$652	\$670	\$674
Distribution Per Common Unit	\$1.55	\$1.41	\$1.34

Note: Data as of 12/31/2018.

1) Fee Related Earnings and Distributable Earnings for 2016, 2017 and 2018/Q4 2018 include the impact of net (charges)/recoveries of \$(175) million, \$68 million and \$32 million, respectively, in Global Credit.

# Strong Balance Sheet With Growing Value Per Unit

## Key Balance Sheet Items<sup>1</sup> (\$ billions)

12/31/2018

Cash, Cash Equivalents and Corporate Treasury Investments<sup>2</sup> \$0.7

Net accrued performance revenues (net of giveback and accrued performance fee compensation) \$1.7

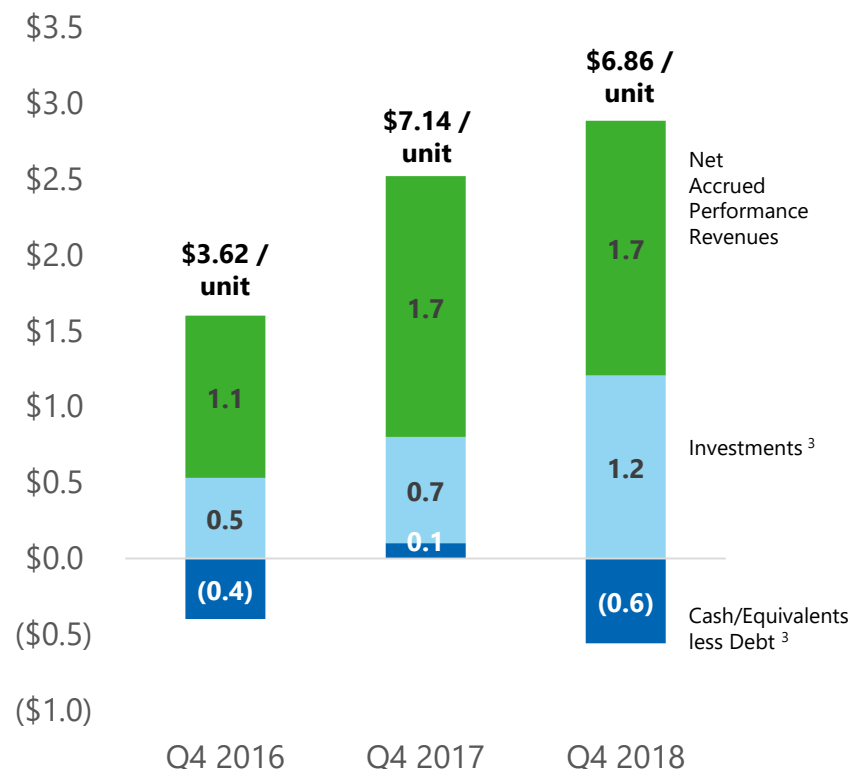
Investments attributable to Carlyle unitholders<sup>3, 4</sup> \$1.2

Loans Payable and Senior Notes<sup>3</sup> \$1.2

Drawn revolving credit line (\$750 million capacity) \$0

## Key Balance Sheet Items

(\$ in billions, except per adjusted unit amounts)



- Balance sheet amounts are shown without the impact of certain Carlyle funds that are required to be consolidated on its financial statements.
- Corporate treasury investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased.
- Excludes the impact of approximately \$310 million of loans used to finance investments in CLOs.
- Investments include the \$414 million investment in Fortitude Re, excluding the impact of unrealized gains on embedded derivatives included in Fortitude Re's U.S. GAAP financial statements, and exclude the equity investments by Carlyle in NGP Energy Capital Management.

## We Are Tracking Well Against Our Main Focus Areas

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**Investment performance** continues to be strong: 2018 carry fund appreciation of 9% well outperformed global equity index

Investment platform scaling significantly and we remain **on track to surpass our \$100 billion fundraising target**

Gaining traction on **building a premier global credit business**

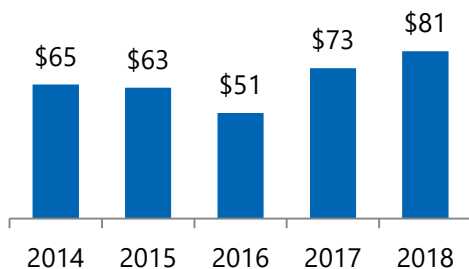
Platform scaling and financial focus driving **accelerating Fee Related Earnings and Margin**

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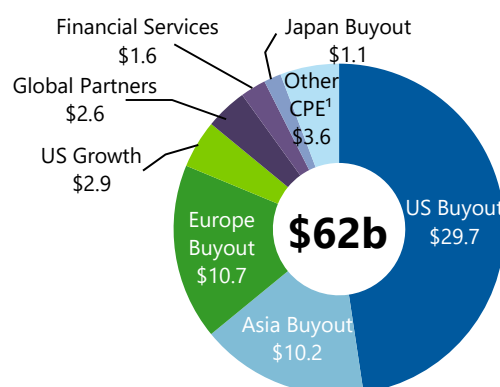
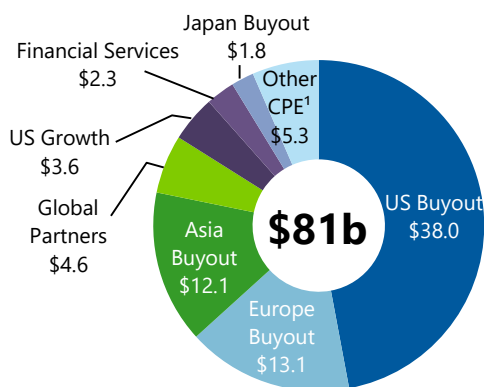
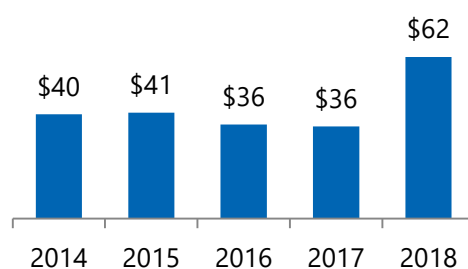
# SEGMENT SUMMARIES

# Corporate Private Equity: Platform Continues to Scale While Maintaining Superior Long Term Performance

## Total AUM (\$bn)



## Fee-earning AUM (\$bn)



## Financial Metrics (\$mm)

	2015	2016	2017	2018
Fee Related Earnings	\$135	\$116	\$26	\$124
Net Realized Performance Revenues	669	588	459	221
Distributable Earnings	798	739	488	350

## Key Points

### ☐ Superior, diversified track record

- 2.4X MOIC on realized and partially realized investments
- Experience across multiple deployment and exit cycles

### ☐ Successor funds continue to scale CPE platform

- US/Asia/Europe buyout fundraising to date scales latest funds by more than 50%
- \$34 bn of Available Capital
- Deployment of \$11.3 bn LTM

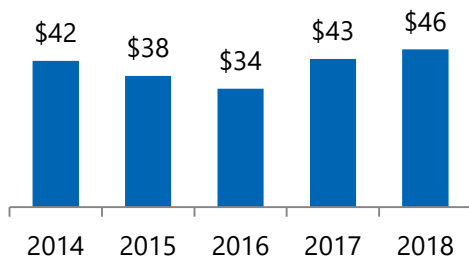
### ☐ Positioned to deliver future performance fees

- \$47 bn Remaining Fair Value
- \$1.1 bn of Net Accrued Performance Revenue

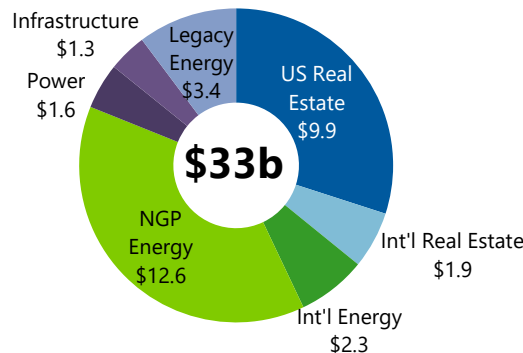
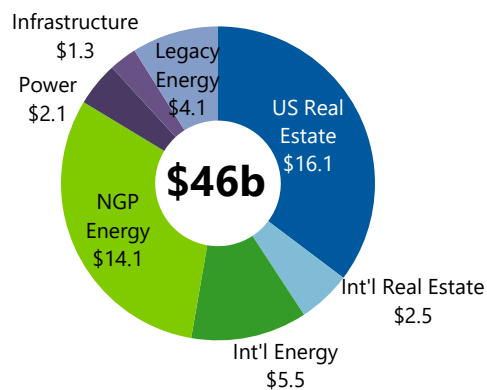
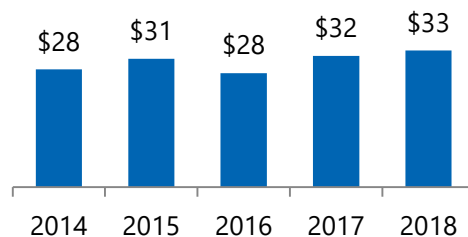
Note: Data as of 12/31/2018 unless otherwise noted. See The Carlyle Group L.P.'s filings with the U.S. Securities and Exchange Commission for more information on fund performance. 1) Comprised of South America Buyout, Europe Growth, Asia Growth, Sub-Saharan Africa Buyout, CPE Platform Accounts, Peru Buyout, Ireland Buyout and MENA Buyout.

# Real Assets: Growing Real Estate Platform & Opportunities in Natural Resources, Power and Infrastructure

## Total AUM (\$bn)



## Fee-earning AUM (\$bn)



## Financial Metrics (\$mm)

	2015	2016	2017	2018
Fee Related Earnings	\$82	\$69	\$52	\$121
Net Realized Performance Revenues	95	16	50	84
Distributable Earnings	73 <sup>1</sup>	49	25	207

## Key Points

### US Real Estate business delivering strong performance

- Strong performance and substantial scaling in opportunistic funds
- Core Plus market an attractive opportunity to leverage USRE expertise

### Natural Resources actively deploying capital and performing

- Invested Capital of \$5.2 bn over the LTM
- Carry funds depreciated (7)% in Q4 and appreciated 5% in 2018

### Global Infrastructure opportunity

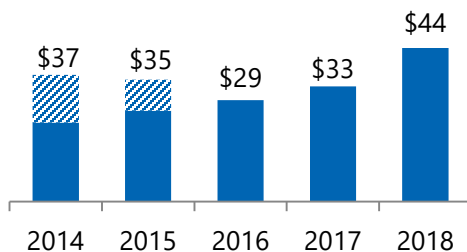
- New global infrastructure fund has announced several significant transactions with a strong pipeline

Note: Data as of 12/31/2018.

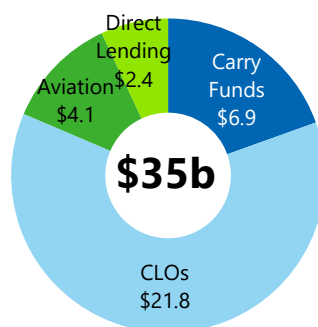
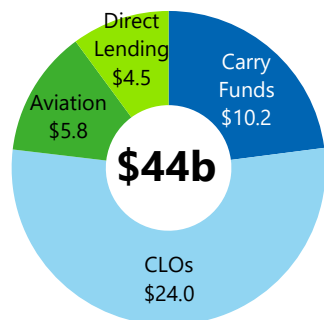
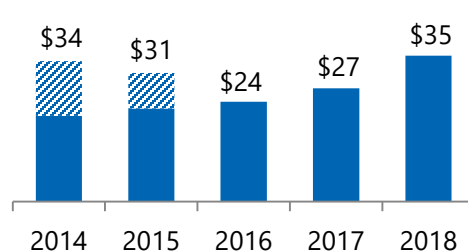
1) 2015 includes a negative impact of \$(80) million to Distributable Earnings related to a French tax judgment.

# Global Credit: Significant Growth Potential as We Build a Larger Diversified Credit Platform

## Total AUM<sup>1</sup> (\$bn)



## Fee-earning AUM<sup>1</sup> (\$bn)



## Financial Metrics (\$mm)

	2015	2016	2017	2018
Fee Related Earnings <sup>2</sup>	\$20	\$(175)	\$82	\$72
Net Realized Performance Revenues	21	19	40	5
Distributable Earnings <sup>2</sup>	39	(157)	127	78

Note: Data as of 12/31/2018.

1) 2014 and 2015 Total AUM and Fee-earning AUM reflect breakout of the former hedge fund platform.

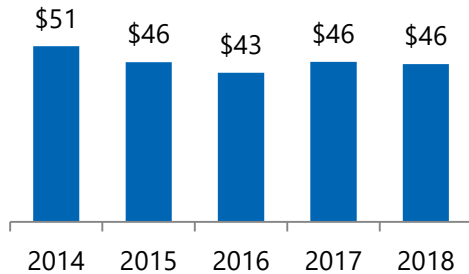
2) 2016, 2017 and 2018 include net (charges)/recoveries of \$(175) million, \$68 million and \$32 million, respectively, associated with our commodities business.

## Key Points

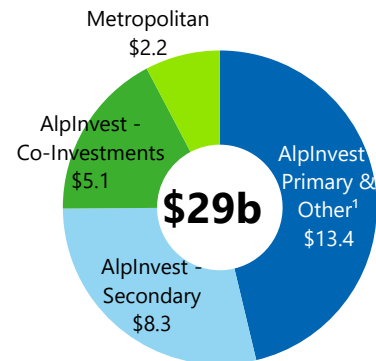
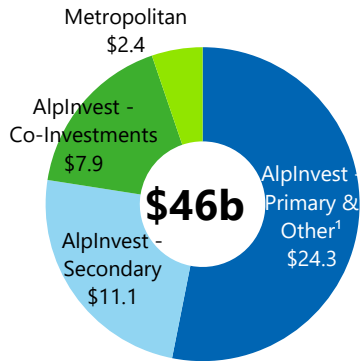
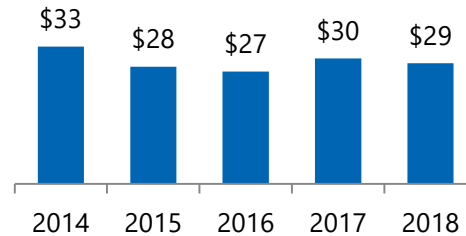
- Focused on enhancing and scaling credit platform**
  - Private credit accelerating as an asset class
  - New credit teams capable of managing higher AUM
  - Growth via organic/inorganic means capturing significant white space
  
- Solid core platform**
  - \$24 bn US/Europe CLO business with strong fee margins
  - Direct Lending AUM of \$4.5 bn with a majority first lien portfolio
  - Latest vintage Energy Credit and Distressed Credit funds significantly larger than predecessor funds
  
- Launch or acquire new capabilities**
  - Opportunistic credit
  - Secondary structured credit
  - OFI Carlyle Private Credit Fund
  - Carlyle Aviation Partners

# Investment Solutions: Successful Fundraising Efforts & Consistent Strong Performance Support Future Upside Potential

## Total AUM (\$bn)



## Fee-earning AUM (\$bn)



## Financial Metrics (\$mm)

	2015	2016	2017	2018
Fee Related Earnings <sup>2</sup>	\$15	\$23	\$32	\$34
Net Realized Performance Revenues	4	2	3	10
Distributable Earnings <sup>2</sup>	13	20	30	39

Note: Data as of 12/31/2018.

1) Includes Mezzanine funds.

2) Includes impact from foreign exchange gain/loss in underlying fund investments.

## Key Points

☐ **AlpInvest has great investment performance with performance fee upside**

- 12% net IRR & 1.6x MOIC with 2018 appreciation of 19%<sup>2</sup>
- Performance revenues could improve as post acquisition European waterfall funds mature

☐ **Effective management fee rate should rise over time**

- New commitments have higher fee yield
- Expect older/low fee commitments to drive FEAUM runoff over next few years



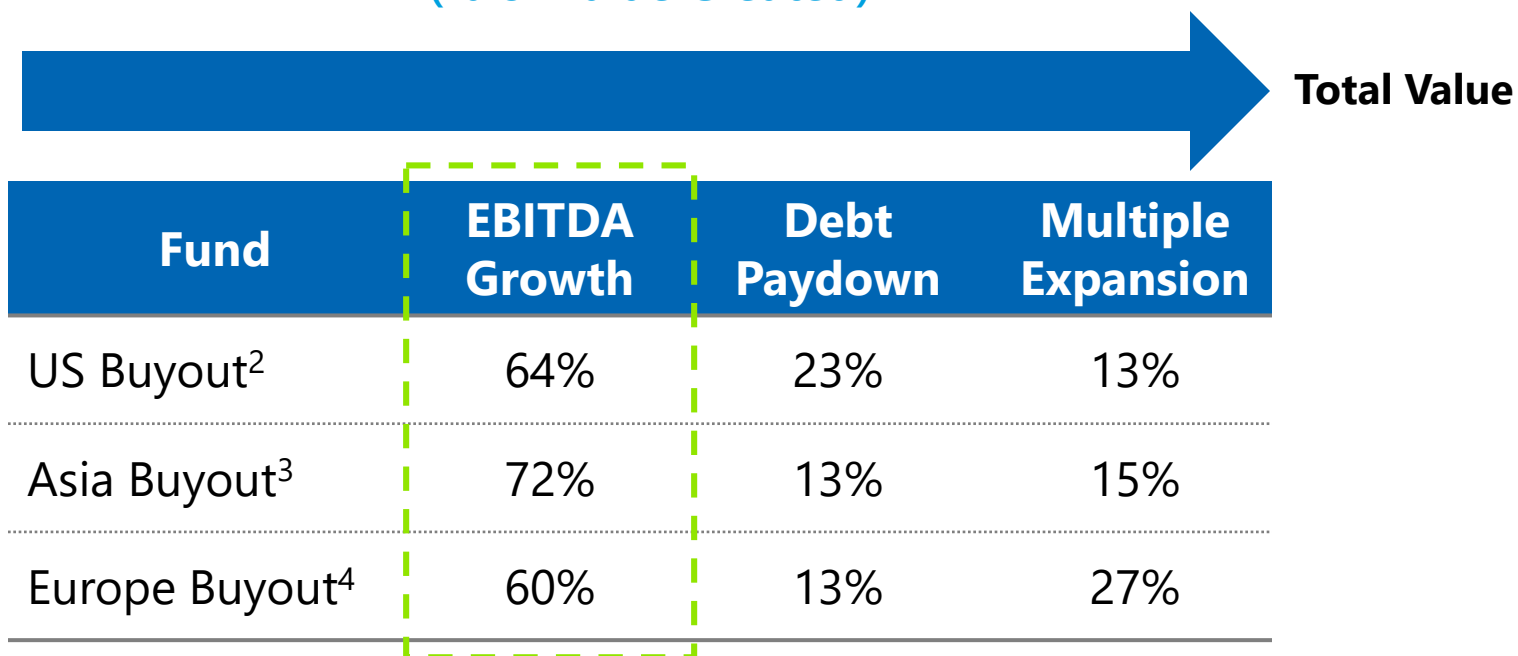
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# APPENDIX

# CPE Portfolio Company Earnings Growth Drives Value Creation

## Drivers of Value Creation<sup>1</sup> (% of Value Created)

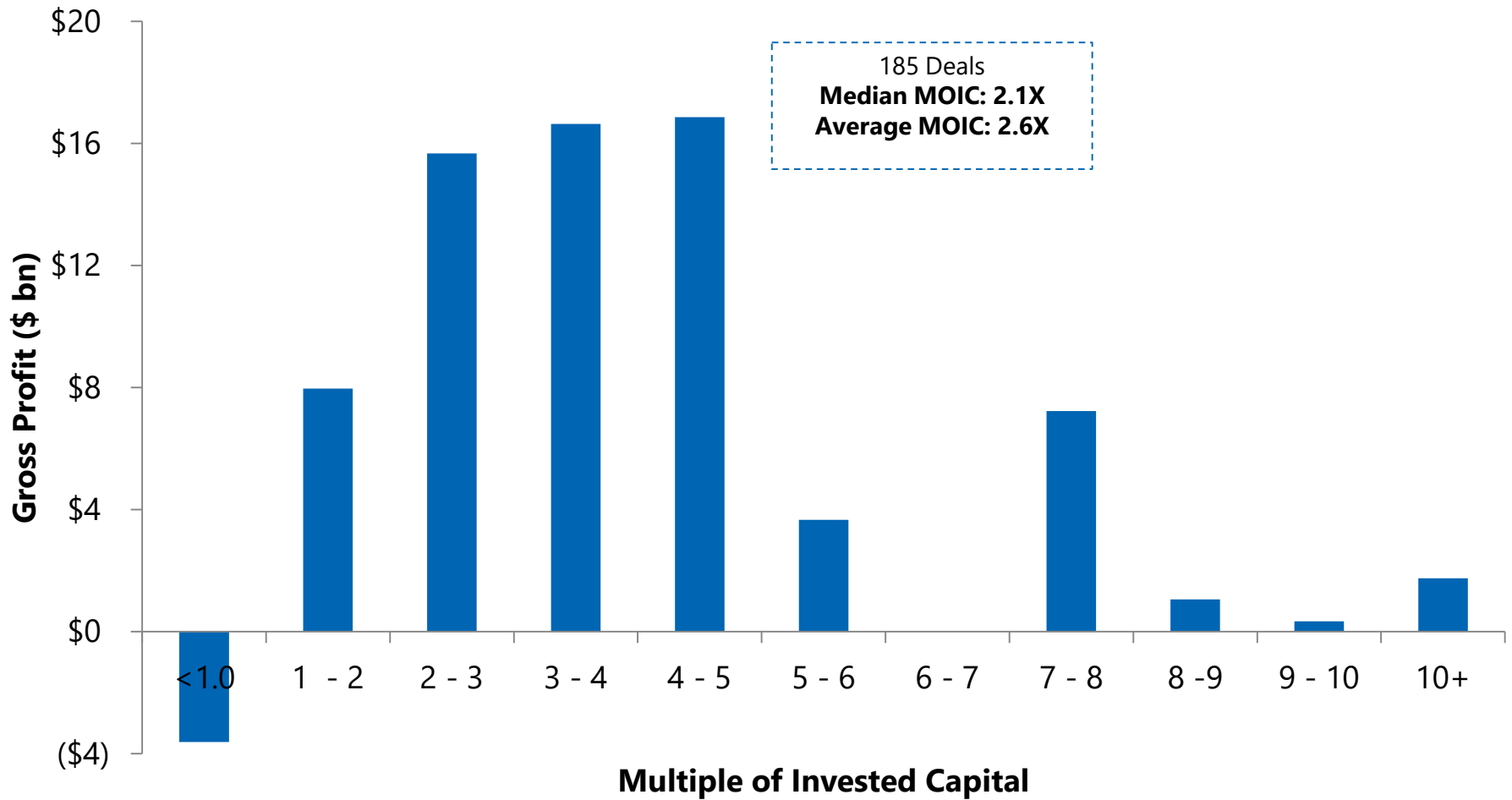
**Equity  
Invested**



**Total Value**

- 1) Includes both realized & unrealized deals for US Buyout, & includes only realized & partially realized deals for Europe Buyout. Asia buyout only reflects realized & partially realized investments, but includes the unrealized portion of partially realized investments. On the unrealized portion of partially realized investments, actual realized values may differ from the estimated values on which this slide is based. Past performance is not indicative of future results & there is no guarantee these trends will continue. See "Important Information" at the beginning of this presentation.
- 2) As of 6/30/2018 or most recent data available. Illustrates the source of value creation on all deals currently valued at greater than 1.0x in CP IV, CP V & CP VI. Excludes coinvestment in deals acquired by CP IV, CP V & CP VI.
- 3) As of 9/30/2018 or most recent data available. Excludes co-investment.
- 4) Portfolio company level data as of 6/30/2018 and Fund level data as of 9/30/2018. Includes all fully realized & partially realized investments from the CEP funds & related co-investments since inception.

# CPE's Proven, Disciplined Investment Process Drives Consistent Returns



Note: Data as of 12/31/2018. Represents realized and partially realized deals in Carlyle Partners, Carlyle Europe Partners and Carlyle Asia Partners since inception. Includes fund and external coinvestment.

Past performance is not indicative of future results and there is no guarantee these trends will continue.

# Exceptional Fund Performance Is Our Top Priority, and Many Of Our Largest Fund Families Have Consistently Delivered

Carlyle Fund Family	Inception Year	Committed Capital (bn)	Gross IRR	Net IRR	Total MOIC
Carlyle Partners IV (U.S.)	2004	\$7.9	16%	13%	2.4x
Carlyle Partners V (U.S.)	2007	\$13.7	18%	14%	2.1x
<b>Carlyle Partners VI (U.S.)</b>	<b>2012</b>	<b>\$13.0</b>	<b>17%</b>	<b>11%</b>	<b>1.4x</b>
Carlyle Asia Partners II	2006	\$1.8	11%	8%	1.9x
Carlyle Asia Partners III	2008	\$2.6	17%	11%	1.8x
<b>Carlyle Asia Partners IV</b>	<b>2012</b>	<b>\$3.9</b>	<b>13%</b>	<b>8%</b>	<b>1.3x</b>
Carlyle Europe Partners II	2003	€1.8	36%	20%	2.0x
Carlyle Europe Partners III	2006	€5.3	19%	14%	2.3x
<b>Carlyle Europe Partners IV</b>	<b>2013</b>	<b>€3.7</b>	<b>18%</b>	<b>9%</b>	<b>1.3x</b>
Carlyle Realty Partners V (U.S.)	2006	\$3.0	12%	8%	1.6x
Carlyle Realty Partners VI (U.S.)	2010	\$2.3	28%	19%	1.8x
<b>Carlyle Realty Partners VII (U.S.)</b>	<b>2014</b>	<b>\$4.2</b>	<b>22%</b>	<b>14%</b>	<b>1.5x</b>
Natural Gas Partners X	2012	\$3.6	7%	3%	1.2x
<b>Natural Gas Partners XI</b>	<b>2014</b>	<b>\$5.3</b>	<b>22%</b>	<b>15%</b>	<b>1.4x</b>
Carlyle Strategic Partners II	2007	\$1.4	17%	11%	1.8x
<b>Carlyle Strategic Partners III</b>	<b>2011</b>	<b>\$0.7</b>	<b>29%</b>	<b>18%</b>	<b>1.7x</b>

Note: Data as of 12/31/2018. Past performance is not indicative of future results. Does not represent all Carlyle carry funds. For a full list of the firm's significant funds and information about their performance, see information in our latest earnings release or quarterly or annual reports filed with the U.S. Securities and Exchange Commission. Bold represents funds currently in the investment period.

# Carlyle's Private Equity Funds Have Historically Performed Well During Various Investment Cycles

Fund	Investing Period	Total Investments		Realized/Partially Realized	
		MOIC	Gross IRR	MOIC	Gross IRR
Carlyle Partners IV	2004 – 2007	2.4X	16%	2.4X	16%
Carlyle Partners V	2007 – 2012	2.1X	18%	2.6X	25%
Carlyle Partners VI	2012 – 2018	1.4X	17%	2.5X	36%
Carlyle Europe Partners II	2003 – 2006	2.0X	36%	2.2X	43%
Carlyle Europe Partners III	2007 – 2013	2.3X	19%	2.6X	21%
Carlyle Europe Partners IV	2013 – 2018	1.3X	18%	2.6X	65%
Carlyle Asia Partners II	2006 – 2008	1.9X	11%	1.9X	11%
Carlyle Asia Partners III	2008 – 2012	1.8X	17%	2.1X	20%
Carlyle Asia Partners IV	2012 – 2018	1.3X	13%	1.9X	23%

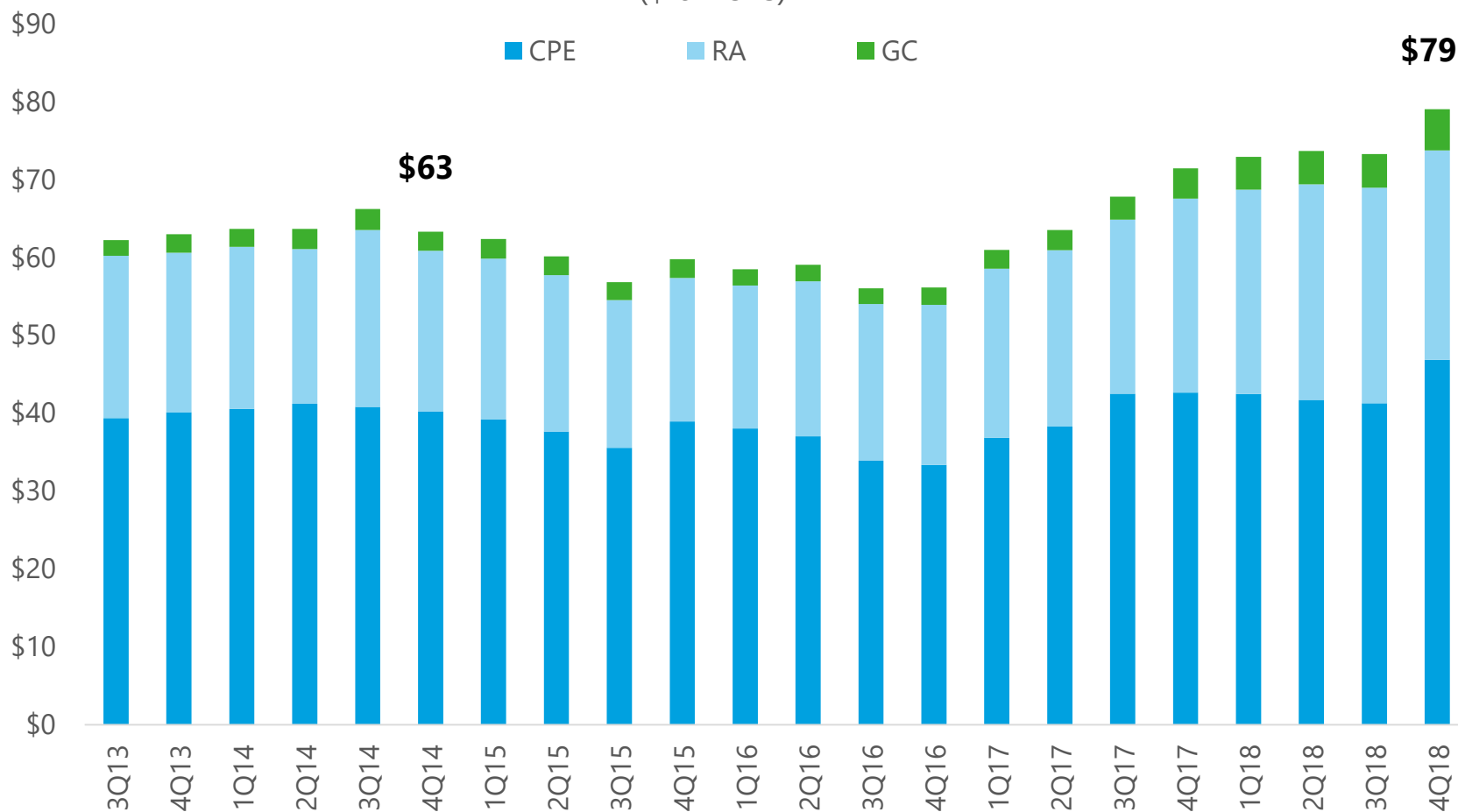
Note: Data as of 12/31/2018. Past performance is not indicative of future results and there is no guarantee these trends will continue. Investment period begins at fund inception date. Total Investments represents both realized as well as unrealized fund investments, while Realized/Partially Realized only represents fully realized investments or investments when total proceeds received represent at least 85% of invested capital and such investment is not fully realized. MOIC is multiple of invested capital. See "Important Information" for more information on the calculation of gross IRRs, gross MOIC, and realized and partially realized investments. See The Carlyle Group L.P.'s filings with the U.S. Securities and Exchange Commission for more information on the performance of the firm's significant funds.

# Record Amount of Remaining Fair Value Supports Further Growth In Performance Revenue

## Remaining Fair Value

CPE/RA/GC Carry Funds

(\$ billions)

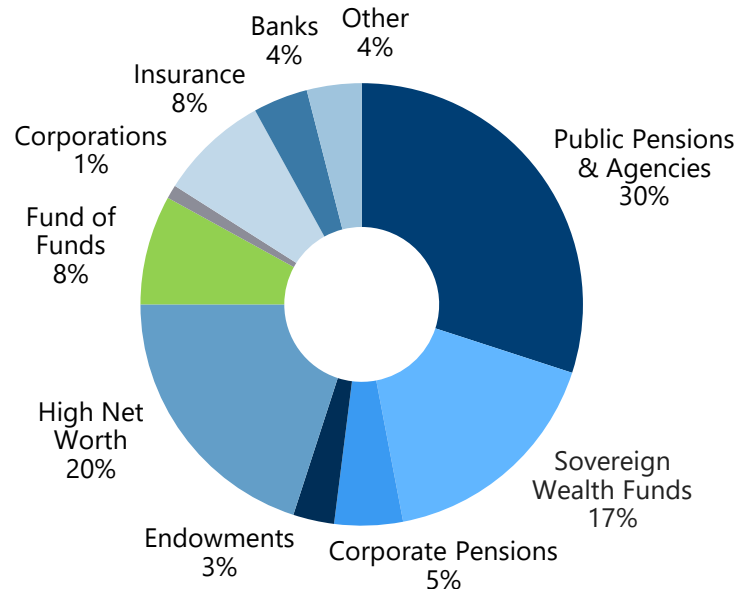


# Breadth of Fundraising Resources and Capabilities Drive New Investor Relationships

- More than 1,950 fund investors from 90 countries
- More than 375 new fund investors over the past 3 years have committed \$7.8 billion
- 66% of fund investor capital is invested across six or more carry funds, up from 50% in 2006

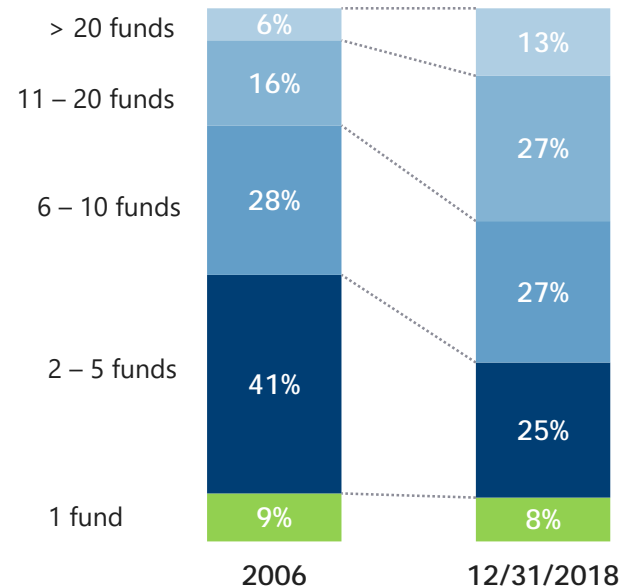


## Diverse Source of Capital Commitments



## Cross Selling Across Funds<sup>1</sup>

% of \$ Commitments Across Multiple Funds



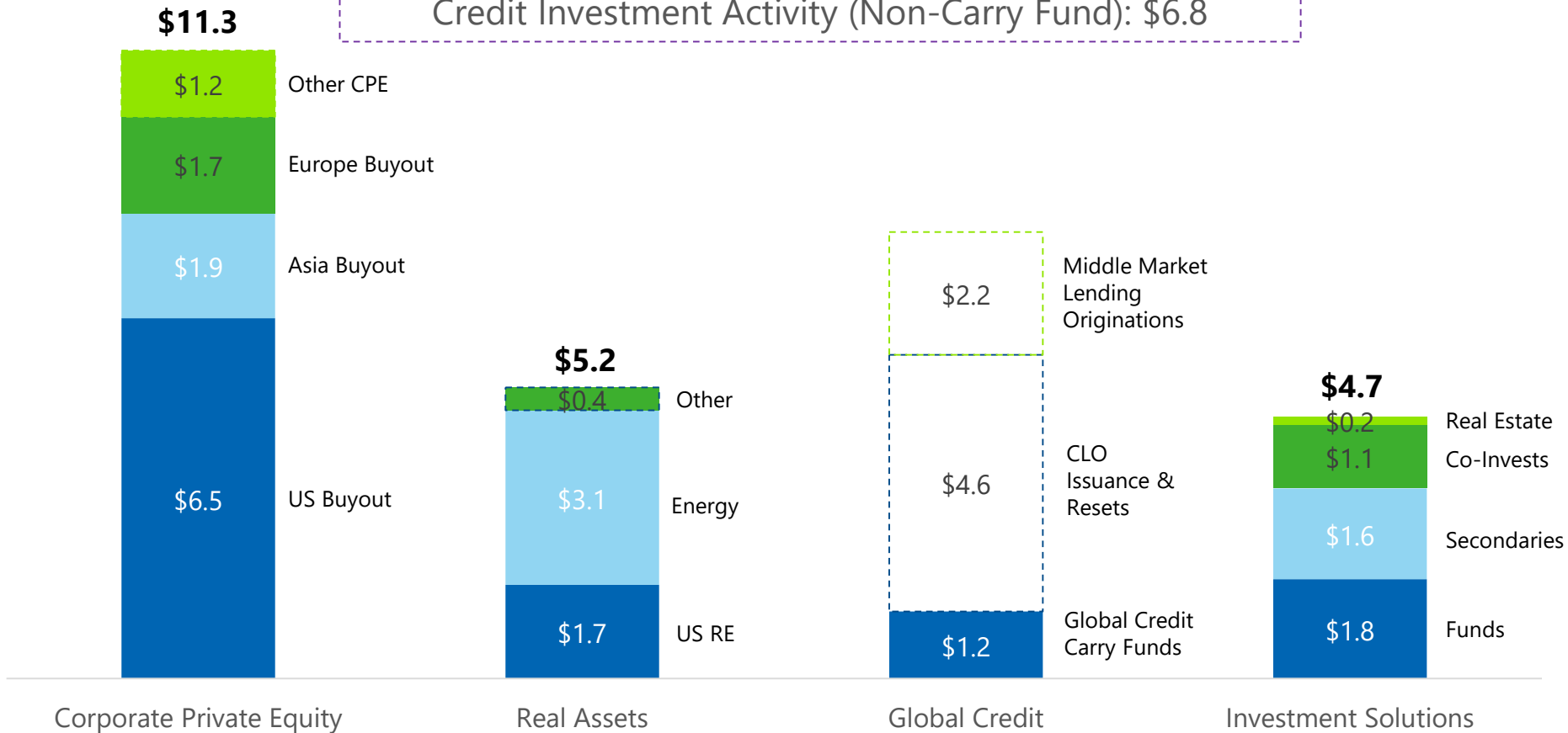
Note: Data as of 12/31/2018.

Number of fund investors for prior years is shown as of September 30<sup>th</sup> of each year.

1) Percentage of capital committed by investors to active carry funds, segmented by the number of active carry funds in which the investors were committed as of 12/31/2006 and 12/31/2018.

# Diverse Investment Activity Across Carry Funds And Credit Despite Competitive Global Markets

**LTM Total Investment Activity** (\$ billions)  
 Carry Fund Deployment: \$22.4  
 Credit Investment Activity (Non-Carry Fund): \$6.8

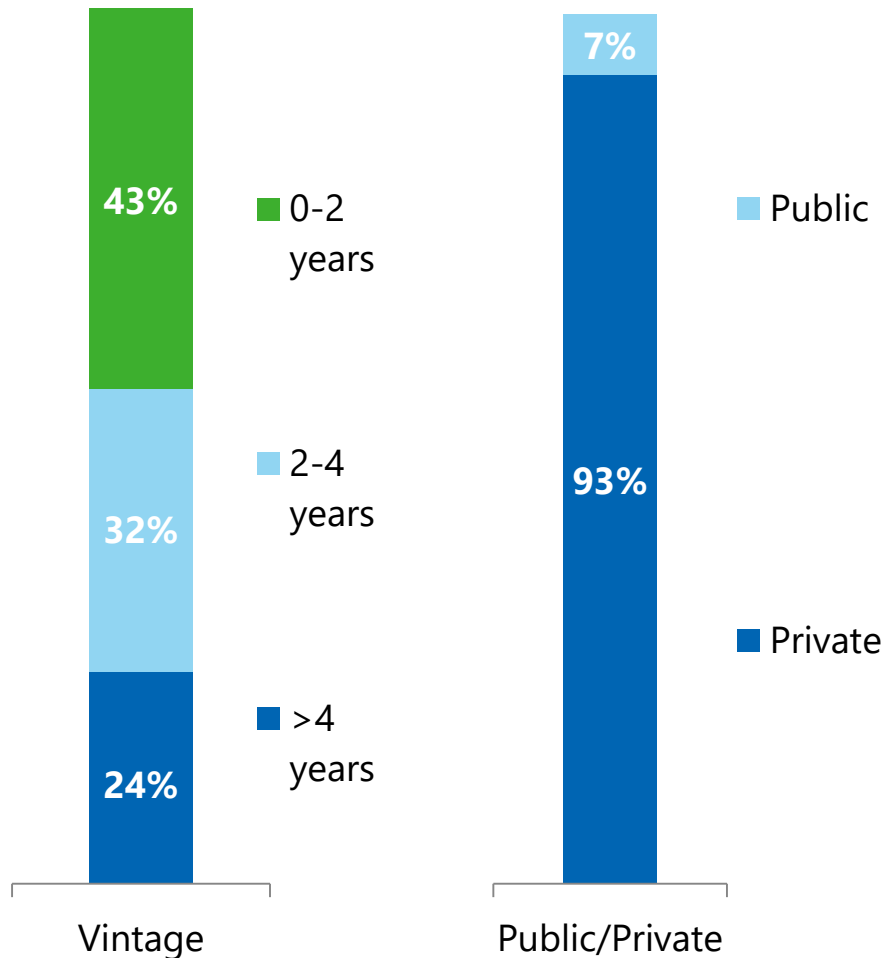


Note: Data as of 12/31/2018.



# Investments Remain Diversified Across Age With Majority of Investments Held Privately

## Remaining Fair Value of CPE/RA/GC Carry Fund Portfolio<sup>1</sup> - \$79 billion



“Aging” of carry fund portfolio remains diversified with 24% of Remaining Fair Value in investments made more than 4 years ago

Note: Data as of 12/31/2018.

1) Remaining Fair Value reflects the unrealized carrying value of investments for all carry funds and related vehicles, the aggregate collateral balance of our CLOs and the gross asset value of our business development companies. Totals may not sum due to rounding.

# Summary Financial Results

Pre-tax Segment Measures (\$ millions)	Quarterly				Annual				
	1Q18	2Q18	3Q18	4Q18	2014	2015	2016	2017	2018
<b>Segment Revenues</b>									
Fund Management Fees	288	328	355	391	1,229	1,198	1,086	1,081	1,362
Portfolio Advisory Fees, net and Other	10	6	10	6	41	33	29	32	31
Transaction Fees, net	3	4	-	25	53	10	31	27	32
<b>Total Segment Fee Revenues</b>	<b>300</b>	<b>338</b>	<b>365</b>	<b>422</b>	<b>1,323</b>	<b>1,240</b>	<b>1,146</b>	<b>1,140</b>	<b>1,425</b>
Realized Performance Revenues	211	100	260	112	1,324	1,435	1,216	1,085	682
Realized Principal Investment Income (Loss)	19	18	7	5	(6)	(65)	45	(26)	48
Interest Income	7	8	9	7	2	5	10	17	30
<b>Total Segment Revenues</b>	<b>537</b>	<b>463</b>	<b>641</b>	<b>545</b>	<b>2,643</b>	<b>2,615</b>	<b>2,417</b>	<b>2,216</b>	<b>2,186</b>
<b>Segment Expenses</b>									
Cash-based Compensation and Benefits	189	172	186	193	683	650	601	658	741
Realized Performance Revenues Related Compensation	108	50	136	69	591	646	591	533	363
<b>Total Compensation and Benefits</b>	<b>297</b>	<b>222</b>	<b>323</b>	<b>262</b>	<b>1,273</b>	<b>1,296</b>	<b>1,192</b>	<b>1,191</b>	<b>1,103</b>
General, Administrative, and Other Indirect Expenses	75	99	81	44	318	363	484	259	299
Depreciation & Amortization Expense	8	9	9	10	22	26	29	31	35
Interest Expense	18	19	19	19	56	58	61	66	75
<b>Total Segment Expenses</b>	<b>398</b>	<b>348</b>	<b>431</b>	<b>335</b>	<b>1,670</b>	<b>1,743</b>	<b>1,766</b>	<b>1,546</b>	<b>1,512</b>
<b>Distributable Earnings</b>	<b>\$ 139</b>	<b>\$ 115</b>	<b>\$ 210</b>	<b>\$ 211</b>	<b>\$ 973</b>	<b>\$ 873</b>	<b>\$ 652</b>	<b>\$ 670</b>	<b>\$ 674</b>
(-) Realized Net Performance Revenues	103	50	124	43	733	789	625	553	320
(-) Realized Principal Investment Income (Loss)	19	18	7	5	(6)	(65)	45	(26)	48
(+) Net Interest	11	11	10	13	54	53	51	49	44
<b>Fee Related Earnings</b>	<b>\$ 28</b>	<b>\$ 58</b>	<b>\$ 89</b>	<b>\$ 175</b>	<b>\$ 300</b>	<b>\$ 202</b>	<b>\$ 33</b>	<b>\$ 192</b>	<b>\$ 350</b>
<b>Per Unit Measures</b>									
Distributable Earnings Per Common Unit (after-tax)	\$0.36	\$0.29	\$0.56	\$0.57	\$2.78	\$2.73	\$1.85	\$1.88	\$1.78
Distribution per Common Unit	\$0.27	\$0.22	\$0.42	\$0.43	\$2.09	\$2.07	\$1.55	\$1.41	\$1.34

Note: Data as of 12/31/2018.

See "Selected Financial Data" in Carlyle's periodic and annual reports filed with the U.S. Securities and Exchange Commission.

# Key Metrics for “The Carlyle Engine”

## Quarterly Data

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Total AUM(1) (\$ bn)</b>	161.9	169.8	174.4	195.1	201.5	209.7	212.3	216.5
Corporate Private Equity	53.0	54.3	55.7	72.6	75.0	81.2	81.6	80.8
Real Assets	35.6	38.9	39.8	42.9	44.0	45.4	46.0	45.6
Global Credit	29.4	30.9	31.9	33.3	33.8	35.5	37.4	44.4
Investment Solutions	44.0	45.7	47.0	46.3	48.7	47.6	47.3	45.7
<b>Fee-Earning AUM(1) (\$ bn)</b>	114.9	116.1	121.8	124.6	125.8	146.5	147.4	159.6
Corporate Private Equity	36.9	36.2	35.6	35.6	35.3	56.3	56.3	62.4
Real Assets	27.2	26.2	29.8	31.6	32.1	31.5	31.6	33.0
Global Credit	24.4	25.2	26.0	27.3	27.8	28.8	30.1	35.2
Investment Solutions	26.4	28.5	30.3	30.2	30.5	29.8	29.5	29.1
<b>Fundraising(2)(3) (\$ bn)</b>	3.0	8.4	7.2	24.7	7.7	12.3	6.0	7.1
Corporate Private Equity	0.2	0.3	0.9	19.1	3.9	8.8	1.8	2.4
Real Assets	1.0	3.6	2.4	3.2	1.3	0.7	1.1	2.6
Global Credit	0.4	2.7	1.8	1.7	0.8	2.0	2.0	1.4
Investment Solutions	1.4	1.7	2.1	0.7	1.7	0.7	1.2	0.6
<b>Invested Capital(4) (\$ bn)</b>	4.4	3.4	6.9	7.2	4.0	3.5	3.3	11.5
Corporate Private Equity	2.5	1.4	3.6	3.6	0.7	1.6	1.1	7.8
Real Assets	0.7	0.8	1.3	1.6	1.9	0.9	0.8	1.7
Global Credit	0.3	0.2	0.7	0.8	0.4	0.2	0.1	0.4
Investment Solutions	0.9	1.0	1.3	1.2	1.0	0.8	1.3	1.6
<b>Realized Proceeds(4) (\$ bn)</b>	3.6	5.9	8.4	8.0	5.6	7.0	6.4	4.9
Corporate Private Equity	1.1	2.6	4.0	3.4	2.7	2.9	1.5	1.7
Real Assets	0.6	0.9	1.7	1.3	1.1	1.4	1.7	0.9
Global Credit	0.1	0.1	0.2	0.3	0.2	0.3	0.1	0.2
Investment Solutions	1.9	2.3	2.5	2.9	1.7	2.4	3.1	2.2
<b>Fund Appreciation(5)</b>	6%	5%	3%	5%	3%	5%	3%	(2%)
Corporate Private Equity	9%	8%	4%	8%	4%	3%	1%	(2%)
Real Assets	5%	6%	2%	4%	2%	7%	3%	(7%)
Global Credit	7%	0%	0%	1%	2%	3%	1%	(2%)
Investment Solutions	3%	1%	3%	3%	4%	8%	5%	2%

## Annual Data

	2013	2014	2015	2016	2017	2018
<b>Total AUM(1) (\$ bn)</b>	188.8	194.5	182.6	157.6	195.1	216.5
Corporate Private Equity	64.9	64.7	63.1	50.9	72.6	80.8
Real Assets	38.7	42.3	38.0	34.3	42.9	45.6
Global Credit	35.5	36.7	35.3	29.4	33.3	44.4
Investment Solutions	49.8	50.8	46.2	43.1	46.3	45.7
<b>Fee-Earning AUM(1) (\$ bn)</b>	139.9	135.6	131.0	115.0	124.6	159.6
Corporate Private Equity	43.0	40.2	40.9	36.3	35.6	62.4
Real Assets	28.4	28.4	30.9	27.5	31.6	33.0
Global Credit	33.4	33.9	31.0	24.1	27.3	35.2
Investment Solutions	35.1	33.1	28.2	27.1	30.2	29.1
<b>Fundraising(2)(3) (\$ bn)</b>	22.0	24.3	16.4	8.2	43.3	33.1
Corporate Private Equity	11.8	7.6	8.0	0.8	20.5	17.0
Real Assets	2.0	9.2	3.9	1.2	10.2	5.7
Global Credit	5.7	6.9	2.9	3.5	6.6	6.3
Investment Solutions	2.5	0.5	1.6	2.8	5.9	4.2
<b>Invested Capital(4) (\$ bn)</b>	12.3	14.8	14.0	17.9	22.0	22.4
Corporate Private Equity	4.8	6.8	5.3	7.9	11.1	11.3
Real Assets	2.5	2.5	3.1	5.1	4.4	5.2
Global Credit	0.8	0.6	0.6	0.7	2.1	1.2
Investment Solutions	4.2	5.0	5.0	4.3	4.4	4.7
<b>Realized Proceeds(4) (\$ bn)</b>	25.4	29.4	29.0	29.4	26.0	24.0
Corporate Private Equity	11.9	14.5	12.9	14.8	11.2	8.8
Real Assets	4.0	4.7	4.8	5.6	4.5	5.1
Global Credit	1.0	0.7	0.5	0.4	0.6	0.8
Investment Solutions	8.4	9.5	10.8	8.6	9.6	9.4
<b>Fund Appreciation(5)</b>	18%	19%	12%	12%	20%	9%
Corporate Private Equity	30%	23%	13%	11%	32%	5%
Real Assets	1%	(2%)	(3%)	18%	19%	5%
Global Credit	28%	20%	(8%)	(11%)	11%	5%
Investment Solutions	15%	26%	23%	12%	10%	19%

Note: segments may not add to total due to rounding; for definitions of the operating metrics above, please see The Carlyle Group LP's filings with the Securities and Exchange Commission. In early 2018, our Global Market Strategies business was renamed to Global Credit.

- 1) For purposes of aggregation, funds denominated in a currency other than U.S. Dollars have been converted at the spot rate as of the end of each period presented.
- 2) For purposes of aggregation, commitments denominated in a currency other than U.S. Dollars have been converted at the spot rate as of the date of closing of such commitment.
- 3) Excludes acquisitions.
- 4) Amounts represent Carry Fund transactions only (including related coinvestments and separately managed accounts). Does not include hedge funds, mutual funds, structured credit funds, and NGP Predecessor funds. For purposes of aggregation, transactions denominated in a currency other than U.S. Dollars have been converted at the average rate for the period presented.
- 5) Appreciation / (Depreciation) represents unrealized gain / (losses) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: Ending Remaining Investment FMV plus net investment outflow (sales proceeds minus net purchases) minus Beginning Remaining Investment FMV divided by Beginning Remaining Investment FMV. Excludes external coinvestment.

# Reconciliation of GAAP to Non-GAAP Financials

(\$ millions)	Quarterly					Annual			
	4Q17	1Q18	2Q18	3Q18	4Q18	2015	2016	2017	2018
Income (loss) before provision for income taxes	\$ 395	\$ 126	\$ 253	\$ 61	\$ (79)	\$ 402	\$ 45	\$ 1,132	\$ 360
<b>Adjustments:</b>									
Net unrealized performance revenues	(219)	(57)	(200)	55	253	397	232	(625)	50
Unrealized principal investment income	(18)	(11)	(8)	(7)	(23)	(42)	(5)	(73)	(49)
Adjusted unrealized principal investment income from investment in Fortitude Re	-	-	-	-	(12)	-	-	-	(12)
Equity-based compensation <sup>(1)</sup>	84	88	68	52	44	381	343	365	252
Acquisition related charges, including amortization of intangibles and impairment	11	5	9	2	6	289	94	36	22
Other non-operating expense (income) <sup>(2)</sup>	(72)	0	0	0	0	(7)	(11)	(71)	1
Tax (expense)/benefit associated with performance revenues	(2)	(2)	4	(13)	10	(15)	(15)	(9)	(2)
Net income (loss) attributable to non-controlling interests in Consolidated entities	(25)	(11)	(17)	(15)	8	(538)	(41)	(73)	(34)
Reserve for litigation and contingencies	-	-	-	-	-	50	-	(25)	-
Lease assignment and termination costs	-	-	3	64	-	-	-	-	67
Debt extinguishment costs	-	-	-	8	-	-	-	-	8
Severance and other adjustments	2	2	1	3	4	6	10	13	9
<b>Distributable Earnings</b>	<b>\$ 156</b>	<b>\$ 139</b>	<b>\$ 115</b>	<b>\$ 210</b>	<b>211</b>	<b>\$ 923</b>	<b>\$ 652</b>	<b>\$ 670</b>	<b>\$ 674</b>
(-) Realized Net Performance Revenues	118	103	50	124	43	789	625	553	320
(-) Realized Principal Investment Income (Loss)	22	19	18	7	5	(65)	45	(26)	48
(+) Net Interest	12	11	11	10	13	53	51	49	44
<b>Fee Related Earnings</b>	<b>\$ 27</b>	<b>\$ 28</b>	<b>\$ 58</b>	<b>\$ 89</b>	<b>\$ 175</b>	<b>\$ 252</b>	<b>\$ 33</b>	<b>\$ 192</b>	<b>\$ 350</b>

Note: Data as of 12/31/2018.

(1) Equity-based compensation for the three months and year ended December 31, 2018 includes \$3.6 million and \$12.3 million, respectively, which is included in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations. Equity-based compensation for the three months and year ended December 31, 2018 also includes \$0.5 million and \$69.3 million, respectively, related to units issued in conjunction with IPO, acquisitions and strategic investments.

(2) Included in other non-operating expense (income) for the three months and year ended December 31, 2017 is a \$71.5 million adjustment for the revaluation of the tax receivable agreement liability as a result of the passage of the Tax Cuts and Jobs Act of 2017.