

Corporate Tax Status Election FAQ

1. Why have you elected to be treated as a corporation for tax purposes instead of continuing to be treated as a partnership for tax purposes?

Ares' partnership tax status has historically limited its investor universe due to complexities created by its pass-through structure. We believe the election to be taxed as a corporation could simplify investor tax reporting by eliminating the Schedule K-1 and the burden of filing multiple state tax returns related to our activities in those states. We believe that this election could open up our shares to a broader investor base and enhance our liquidity and trading volume.

2. When will Ares begin to be taxed as a corporation?

Ares has elected to be taxed as a corporation starting March 1, 2018. Common and preferred unitholders will receive a final Schedule K-1 for the period from January 1, 2018 through February 28, 2018. The final Schedule K-1s will be available approximately in late February 2019 and should be reported on unitholders' 2018 tax returns.

3. Will common unitholders receive a distribution for the fourth quarter of 2017 and January and February of 2018?

Ares has declared a \$0.40 per common unit distribution for the period from October 1, 2017 through February 28, 2018. This distribution represents Ares' final cash distribution prior to the effectiveness of its corporate tax election and will be paid on February 28, 2018 to holders of record on February 26, 2018.

4. How does your corporate tax status election impact the Ares unitholder?

Distributions made after March 1, 2018 will be in the form of dividends and will be reported on Form 1099-DIV. Our dividends will generally constitute as "qualified dividend income" for U.S. individuals and will be taxed at the same preferential U.S. federal rates as long-term capital gains¹. We will continue to be taxed as a partnership for state law purposes.

5. What change to distributions will occur as a result of the corporate tax status election?

In conjunction with our change in corporate tax status election, we are adopting a dividend policy. Ares intends to provide a steady quarterly dividend with future changes based on the level and growth of after-tax fee related earnings. Although Ares may declare special dividends in times of heightened performance fee realizations, Ares intends to retain new performance fee earnings to fund future growth and for potential share repurchases. The declaration, payment, and determination of the amount of future dividends, if any, is at the sole discretion of our Board of Directors, which may change our dividend policy at any time.

6. Have any dividends been declared for common shareholders going forward?

For the month of March 2018, Ares has declared a \$0.0933 per share dividend to common shareholders to be paid on April 30, 2018 to holders of record on April 16, 2018. For the second,

Note: For ease of reference, we are referring to our publicly traded units following our change in corporate tax status as "shares" due to their similar tax attributes as compared to corporate shares.

¹To be eligible for qualified dividend treatment, U.S. individual investors must hold shares of stock unhedged for at least 61 days out of the 121-day period that begins 60 days before the ex-dividend date.

third and fourth quarters of 2018, Ares intends to pay a quarterly dividend to common shareholders targeting \$0.28 per share.

7. Does anything change for preferred unitholders?

Preferred unitholders will receive dividends that will generally be qualified dividends reported on Form 1099-DIV instead of a Schedule K-1. Our dividends will generally constitute “qualified dividend income” for U.S. individuals and will be taxed at the same preferential U.S. federal rates as long-term capital gains.

This FAQ addresses only certain U.S. federal income tax consequences applicable to Ares’ unitholders generally. Ares does not provide tax advice and nothing herein should be considered as such. Each recipient should consult its tax advisor concerning the particular U.S. federal income, U.S. federal estate or gift, state, local, foreign and other tax consequences to it.