



**Ares Management Corporation
Frequently Asked Tax Questions – Partnership Tax Treatment**

The following FAQs relate to periods before March 1, 2018, when Ares Management Corporation (fka Ares Management, L.P., “ARES”) was treated as a partnership for U.S. federal and state income tax purposes. ARES made an election to be treated as a corporation for U.S. federal and state income tax purposes, effective March 1, 2018. ARES converted to a state law corporation and changed its name to Ares Management Corporation, effective November 26, 2018.

For tax periods beginning March 1, 2018, please refer to the separate Corporate Tax Treatment FAQs.

Where’s my Form 1099?

ARES did not issue Forms 1099 to its unitholders prior to March 1, 2018 because ARES was treated as a partnership for U.S. federal and state income tax purposes.

As a partner in a partnership, you are subject to tax on your allocable share of ARES’ partnership items, regardless of whether cash distributions are made to you. Although referred to as “dividends,” cash payments made by ARES to its unitholders prior to March 1, 2018 are considered partnership distributions under U.S. tax laws. Your allocable share of ARES’ income, gain, loss, deduction, credits and cash distributions is reported to you annually on IRS Schedule K-1.

Will every unitholder receive a Schedule K-1 regardless of the amount of time the unitholder has held units?

Yes. Every unitholder will receive a Schedule K-1 reflecting the unitholder’s allocable share of the partnership’s income, gain, loss, or deduction, regardless of the amount of time the unitholder has held units, for periods prior to March 1, 2018

When will my ARES Schedule K-1 be available?

Hard copies of the 2017 Schedule K-1 packages were printed and mailed in late March 2018. Access to a secure website where you can electronically download your Schedule K-1 and related tax information became available upon release of the Schedules K-1. You may access the website through the Tax Information section under the Investor Resources tab on the ARES website.

A final 2018 K-1 for the period ended February 28, 2018, is now available on our website.

Can I access my Schedule K-1 prior to receiving it in the mail?

Yes, you can access a PDF version of your Schedule K-1 on a secure website hosted by a third-party provider. A link to the Schedule K-1 website and contact phone number is available in the Tax Information section of our website.

Are adjustments to my tax basis maintained by ARES?

No. Unitholders should maintain their own tax records to track basis.



I represent a mutual fund (“RIC” or “Investment Company”) that owns ARES units. Does ARES meet the definition of a “Qualified PTP”?

No. The nature of ARES’ income and assets do not allow ARES to be treated as a Qualified PTP for RIC purposes. This status is largely reserved for oil and gas publicly traded partnerships.

I am a nominee/withholding agent responsible for administering withholding with respect to non-U.S. unitholders of ARES units. Where can I find additional information about ARES’ cash distributions and the components thereof?

When ARES declared a quarterly cash dividend to its unitholders prior to March 1, 2018, ARES released a “Qualified Notice” to its transfer agents and other nominees. Copies of those notices are available in the Distributions section under the Investor Resources area of ARES’ website.

Was ARES a Passive Foreign Investment Company (“PFIC”)?

No. ARES, however, may invest indirectly in entities that are treated as PFICs. ARES used its best efforts to make qualified electing fund (“QEF”) elections such that any income attributable to these PFICs will be included in your share of income reported on your Schedule K-1. In rare instances, if ARES did not qualify to make this election, ARES will report all necessary items as a footnote to your Schedule K-1 so that each investor can choose to make the election.

Does my investment in ARES units subject me to U.S. non-resident state tax filing requirements?

Yes. Funds managed by ARES may make investments that could create multiple U.S. state tax filing requirements. ARES, however, makes efforts to structure these investments so that any U.S. non-resident state tax filing requirements will be satisfied by entities owned by ARES.

I am a non-U.S. unitholder that owned ARES units prior to March 1, 2018. Did ARES generate “effectively connected income” (“ECI”) or income or gains treated as ECI pursuant to FIRPTA (Foreign Investment in Real Property Tax Act of 1980)?

Non-U.S. unitholders generally may incur ECI for U.S. federal income tax purposes if ARES either received income other than income from corporate securities or income or gains treated as ECI pursuant to FIRPTA.

As a general matter, ARES’ asset management business, which may give rise to ECI, was operated through a corporate subsidiary prior to March 1, 2018 that would protect non-U.S. unitholders from being allocated such income. However, certain of ARES’ investments are likely to give rise to some ECI pursuant to the FIRPTA rules. The amount of ECI (including as a result of the FIRPTA rules), if any, that ARES generates will depend on the nature of current and future investments and may vary from year to year.

Ares Management Corporation is not a tax advisor. All decisions regarding the tax implications of your investments should be made in consultation with your independent tax advisor. Ares Management Corporation does not provide tax or legal advice.