

Ares Management Corporation Reports First Quarter 2019 Results



LOS ANGELES--Ares Management Corporation (NYSE:ARES) today reported its financial results for its first quarter ended March 31, 2019.

“Our first quarter results demonstrate continued strong growth with our fee related earnings, realized income and assets under management all growing at 18% or better on a year over year basis,” said Michael Arougheti, Chief Executive Officer and President of Ares. “Demand for alternative assets remains robust and our broad platform continues to resonate with our clients with approximately \$6.5 billion in gross capital added during the first quarter.”

“We ended the first quarter with approximately \$24 billion of assets under management raised but not yet deployed or earning fees, providing us strong visibility into continued earnings growth as we use our platform’s advantages to invest these funds,” said Michael McFerran, Chief Operating Officer and Chief Financial Officer of Ares. “We also continue to make investments in new fund strategies in order to capitalize on investor preferences toward alternative investment products.”

Common Dividend

Ares declared a quarterly dividend of \$0.32 per share of its Class A common stock, payable on June 28, 2019 to its Class A common stockholders of record at the close of business on June 14, 2019.

Preferred Dividend

Ares declared a quarterly dividend of \$0.4375 per share of its Series A preferred stock with a payment date of June 30, 2019 to its Series A preferred stockholders of record as of the close of business on June 15, 2019. As June 15, 2019 falls on a Saturday, the effective record date for the dividend will be Friday, June 14, 2019.

Additional Information

Ares issued a full detailed presentation of its first quarter 2019 results, which can be viewed at www.aresmgmt.com on the Investor Resources section of our home page under Events and Presentations. The presentation is titled "First Quarter 2019 Earnings Presentation." We also filed our First Quarter 2019 Earnings Presentation on Form 8-K for the quarter ended March 31, 2019 with the U.S. Securities and Exchange Commission on May 2, 2019 and will file our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 with the U.S. Securities and Exchange Commission on May 6, 2019. Copies of our filings with the SEC are available through our website at www.aresmgmt.com by selecting the SEC Filings sub-tab under the Investor Resources section, as well as on the SEC’s website at www.sec.gov. Stockholders can request a printed copy of the complete audited financial statements free of charge upon request to IRARES@aresmgmt.com or by written request addressed to Ares Management Corporation, Attn: Investor Relations, 245 Park Ave, 44th Floor New York, NY 10167.

Conference Call and Webcast Information

Ares will host a conference call on May 2, 2019 at 10:00 a.m. ET to discuss first quarter results. All interested parties are invited to participate via telephone or the live webcast, which will be hosted on a webcast link located on the Home page of the Investor Resources section of our website at <http://www.aresmgmt.com>. Please visit the website to test your connection before the webcast. Domestic callers can access the conference call by dialing (888) 317-6003. International callers can access the conference call by dialing +1 (412) 317-6061. All callers will need to enter the Participant Elite Entry Number 0501635 followed by the # sign and reference “Ares Management Corporation” once connected with the operator. All callers are asked to dial in 10-15 minutes prior to the call so that name and company information can be collected. For interested parties, an archived replay of the call will be available through June 2, 2019 (Eastern Time) to domestic callers by dialing (877) 344-7529 and to international callers by dialing +1 (412) 317-0088. For all replays, please reference conference number 10129714. An archived replay will also be available through June 2, 2019 on a webcast link located on the Home page of the Investor Resources section of our website.

About Ares Management Corporation

Ares Management Corporation is a publicly traded, leading global alternative asset manager with approximately \$137 billion of assets under management as of March 31, 2019 and 18 offices in the United States, Europe, Asia and Australia. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole. For more information, visit www.aresmgmt.com.

Forward-Looking Statements

Statements included herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or our future performance or financial condition. These statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the Securities and Exchange Commission. Ares Management Corporation undertakes no duty to update any forward-looking statements made herein or on the webcast/conference call.

Nothing in this press release constitutes an offer to sell or solicitation of an offer to buy any securities of Ares or an investment fund managed by Ares or its affiliates.

Investor Relations Contacts

Carl Drake
cdrake@aresmgmt.com
(800) 340-6597

Cameron Rudd
crudd@aresmgmt.com
(800) 340-6597



First Quarter 2019
Earnings Presentation



Important Notice

This presentation is prepared for Ares Management Corporation (NYSE: ARES) for the benefit of its public stockholders. This presentation is solely for information purposes in connection with evaluating the business, operations and financial results of Ares Management Corporation ("Ares") and certain of its affiliates. Any discussion of specific Ares entities is provided solely to demonstrate such entities' role within the Ares organization and their contribution to the business, operations and financial results of Ares. This presentation may not be referenced, quoted or linked by website, in whole or in part, except as agreed to in writing by Ares.

This presentation contains "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of Ares, including those listed in the "Risk Factors" section of our filings with the Securities and Exchange Commission ("SEC"). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and speak only as of the date of this presentation. Ares assumes no obligation to update or revise any such forward-looking statements except as required by law.

Certain information discussed in this presentation was derived from third party sources and has not been independently verified and, accordingly, Ares makes no representation or warranty in respect of this information, and assumes no responsibility for independent verification of such information.

The following slides contain summaries of certain financial and statistical information about Ares. The information contained in this presentation is summary information that is intended to be considered in the context of Ares' SEC filings and other public announcements that Ares may make, by press release or otherwise, from time to time. Ares undertakes no duty or obligation to publicly update or revise the forward-looking statements or other information contained in this presentation. In addition, this presentation contains information about Ares, its affiliated funds and certain of their respective personnel and affiliates, and their respective historical performance. You should not view information related to the past performance of Ares and its affiliated funds as indicative of future results.

Certain information set forth herein includes estimates and targets and involves significant elements of subjective judgment and analysis. Further, such information, unless otherwise stated, is before giving effect to management and incentive fees and deductions for taxes. No representations are made as to the accuracy of such estimates or targets or that all assumptions relating to such estimates or targets have been considered or stated or that such estimates or targets will be realized.

This presentation does not constitute, and shall not be construed as, an offer to buy or sell, or the solicitation of an offer to buy or sell, any securities, any investment funds, vehicles or accounts, any investment advice, or any other service by Ares or any of its affiliates or subsidiaries. Nothing in this presentation constitutes the provision of any tax, accounting, financial, investment, regulatory, legal or other advice by Ares or its advisors.

Management uses certain non-GAAP financial measures, including assets under management, fee paying assets under management, fee related earnings and realized income, to evaluate Ares' performance and that of its business segments. Management believes that these measures provide investors with a greater understanding of Ares' business and that investors should review the same supplemental non-GAAP financial measures that management uses to analyze Ares' performance. The measures described herein represent those non-GAAP measures used by management, in each case, before giving effect to the consolidation of certain funds that the company consolidates with its results in accordance with GAAP. These measures should be considered in addition to, and not in lieu of, Ares' financial statements prepared in accordance with GAAP. The definitions and reconciliations of these measures to the most directly comparable GAAP measures, as well as an explanation of why we use these measures, are included in the Appendix. Amounts and percentages may reflect rounding adjustments and consequently totals may not appear to sum.

For the definitions of certain terms used in this presentation, please refer to the "Glossary" slide in the appendix.

The statements contained in this presentation are made as of March 31, 2019, unless another time is specified in relation to them, and access to this presentation at any given time shall not give rise to any interpretation that there has been no change in the facts set forth in this presentation since that date.



First Quarter Highlights

Assets Under Management

- Total Assets Under Management ("AUM") of \$136.7 billion
- Total Fee Paying AUM ("FPAUM") of \$87.2 billion
- Available Capital of \$35.0 billion
- AUM Not Yet Earning Fees available for future deployment of \$23.8 billion
- Raised \$6.5 billion in gross new capital with net inflows of \$5.7 billion⁽¹⁾ for the quarter ended March 31, 2019
- Capital deployment of \$7.4 billion during the quarter ended March 31, 2019, including \$6.4 billion related to our drawdown funds

Financial Results

- Q1-19 GAAP net income attributable to Ares Management Corporation of \$44.9 million
- Q1-19 GAAP basic and diluted earnings per share of Class A common stock of \$0.36
- Q1-19 GAAP management fees of \$224.7 million⁽²⁾
- Q1-19 unconsolidated management and other fees of \$236.1 million⁽²⁾
- Q1-19 Fee Related Earnings of \$71.3 million
- Q1-19 Realized Income of \$104.6 million
- Q1-19 after-tax Realized Income of \$0.35 per share of Class A common stock⁽³⁾

Corporate Actions

- Declared quarterly dividend of \$0.32 per share of Class A common stock⁽⁴⁾
- Declared quarterly dividend of \$0.4375 per share of Series A preferred stock⁽⁵⁾

1. Net inflows represents gross commitments less redemptions.

2. Includes ARCC Part I Fees of \$38.4 million for the three months ended March 31, 2019. Differences between GAAP and unconsolidated management fees represents \$8.4 million from Consolidated Funds that is eliminated upon consolidation. Unconsolidated other fees represents \$3.1 million primarily of transaction-based fees earned from Credit Group funds and the difference between unconsolidated other fees and GAAP administrative, transaction and other fees represents \$6.6 million of administrative fees that are netted against the respective expenses.

3. After-tax Realized Income per share of Class A common stock is net of the preferred share dividend.

4. Payable on June 28, 2019 to shareholders of record as of June 14, 2019.

5. Payable on June 30, 2019 to shareholders of record as of June 15, 2019. As June 15, 2019 falls on a Saturday, the effective record date for the dividend will be Friday, June 14, 2019.

Gross New Capital Commitments⁽¹⁾

\$ in millions	Q1 2019	Comments
Credit Group		
CLOs	\$2,122	Closed two new U.S. CLOs and priced one new U.S. CLO and one new European CLO
Alternative Credit	1,267	New and additional equity commitments to various funds
U.S. Direct Lending	969	New and additional equity and debt commitments to various funds
European Direct Lending	738	New and additional equity and debt commitments to various funds
ARCC and affiliates	237	Additional commitments to SDLP
Other Credit Funds	363	New and additional equity and debt commitments to various funds
Total Credit Group	\$5,696	
Private Equity Group		
Private Equity Funds	\$31	New equity commitments
Total Private Equity Group	\$31	
Real Estate Group		
U.S. Debt	\$553	New and additional equity and debt commitments to various funds
U.S. and European Equity	182	New and additional equity commitments to various funds and co-investments
Total Real Estate Group	\$735	
Total	\$6,462	

1. Represents gross new commitments during the period, including equity and debt commitments and gross inflows into our open-ended managed accounts and sub-advised accounts.

Assets Under Management

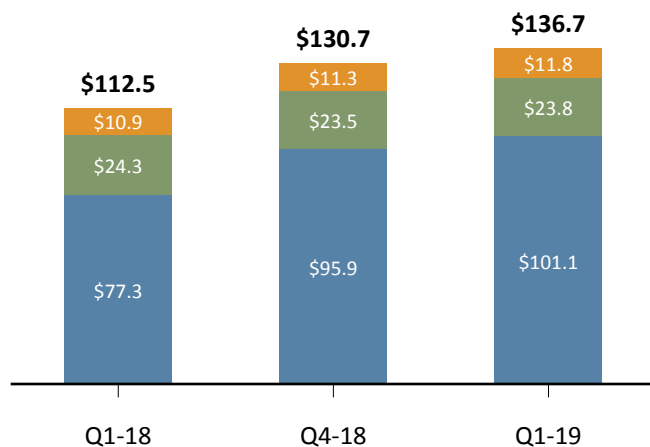
AUM of \$136.7 billion as of March 31, 2019, an increase of 21.5% from prior year⁽¹⁾

- The increase of \$24.2 billion was driven by fundraising, primarily across European and U.S. direct lending, syndicated loans and alternative credit funds in our Credit Group

FPAUM of \$87.2 billion as of March 31, 2019, an increase of 16.3% from prior year

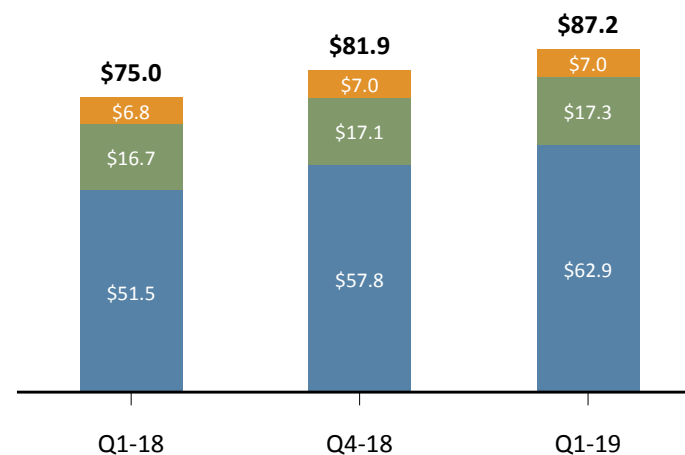
- The increase of \$12.2 billion was attributable to deployment of capital in funds across U.S. and European direct lending strategies and new commitments to syndicated loans strategy

AUM (\$ in billions)



■ Credit ■ Private Equity ■ Real Estate

FPAUM (\$ in billions)



■ Credit ■ Private Equity ■ Real Estate

1. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser ("IHAM").

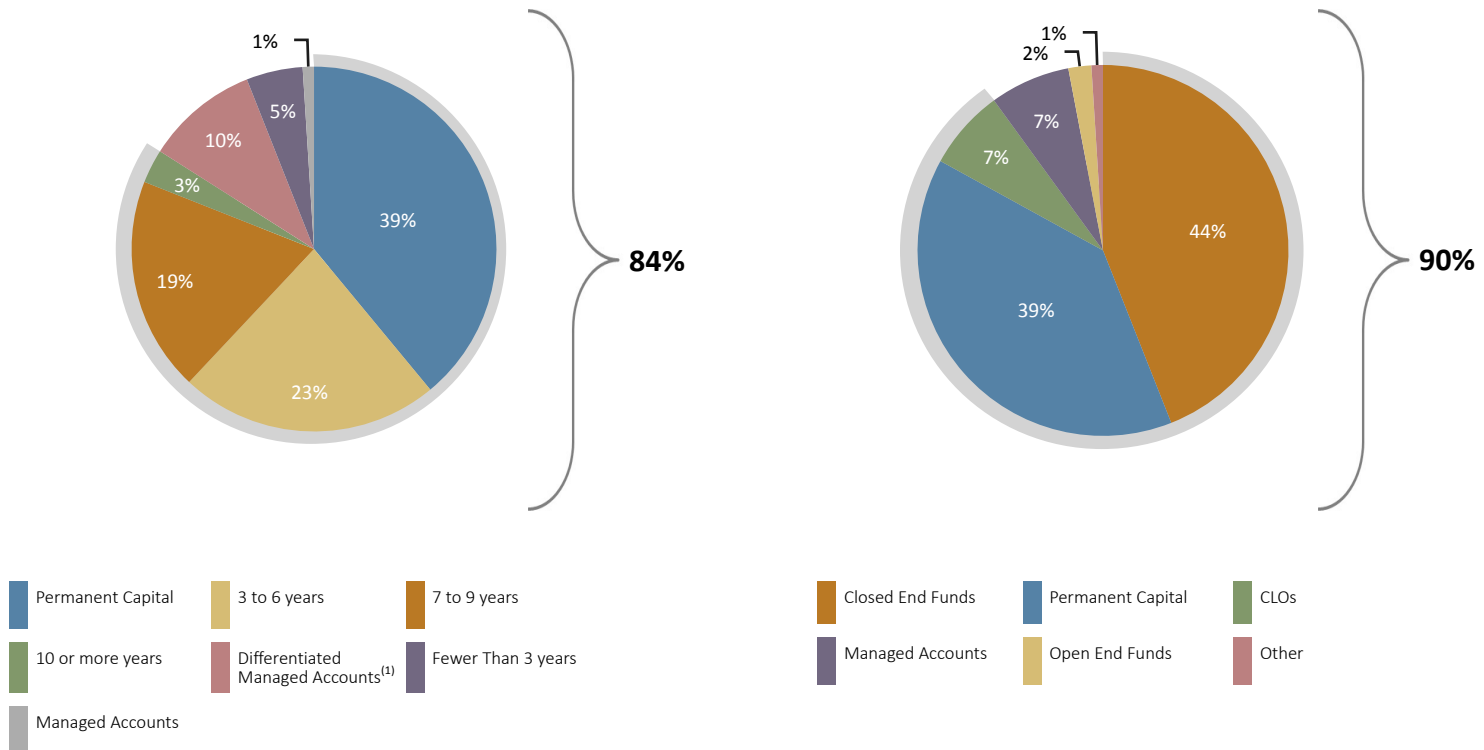


Management Fees by Duration and Fund Type

For the three month period ended March 31, 2019:

- 84% of management fees come from funds with three or more years remaining in duration
- 90% of management fees are derived from permanent capital, closed end funds and CLOs

Q1-19 Unconsolidated Management Fees: \$233.0 million



1. Differentiated managed accounts have been managed by the firm for longer than three years, are investing in illiquid strategies or are co-investments structured to pay management fees.

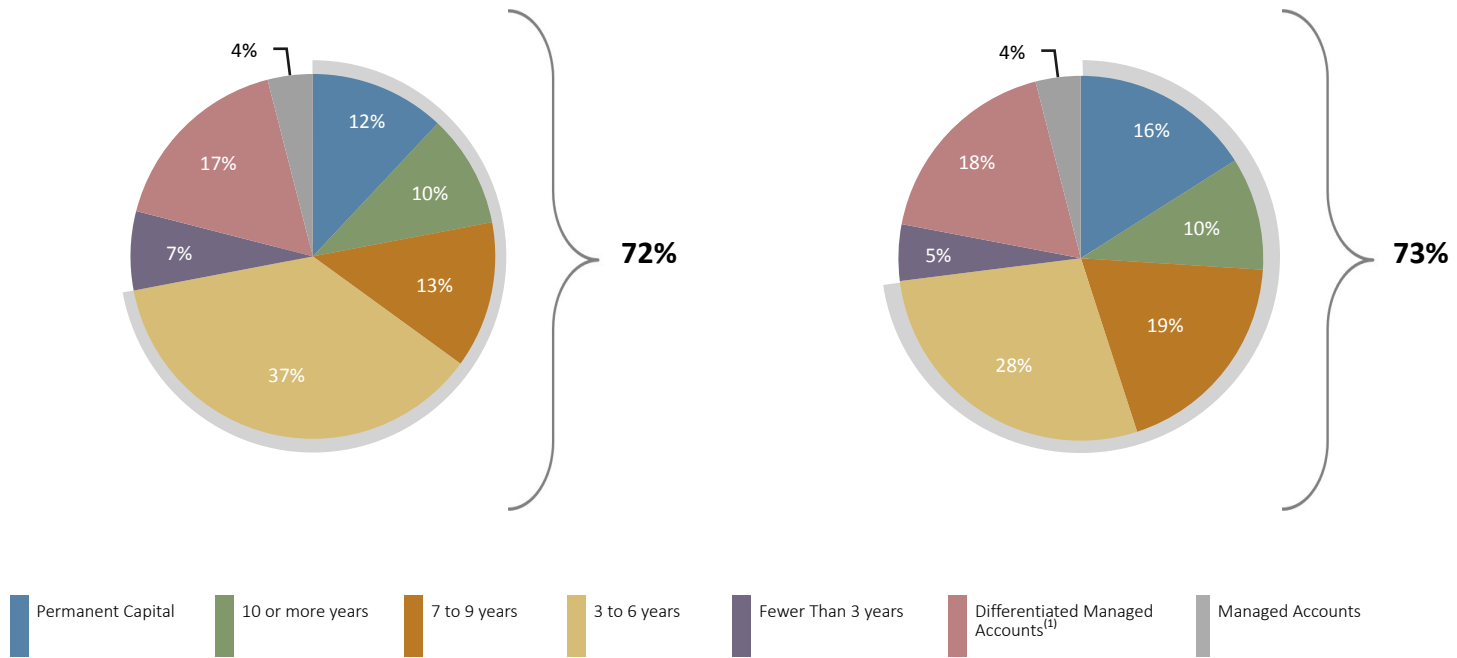
AUM and FPAUM by Duration

As of March 31, 2019, approximately 72% of AUM and 73% of FPAUM had a duration longer than 3 years

- At time of fund closing, the initial duration was greater than 7 years for approximately 75% of AUM

AUM: \$136.7 billion

FPAUM: \$87.2 billion



1. Differentiated managed accounts have been managed by the firm for longer than three years, are investing in illiquid strategies or are co-investments structured to pay management fees.

Available Capital and AUM Not Yet Earning Fees

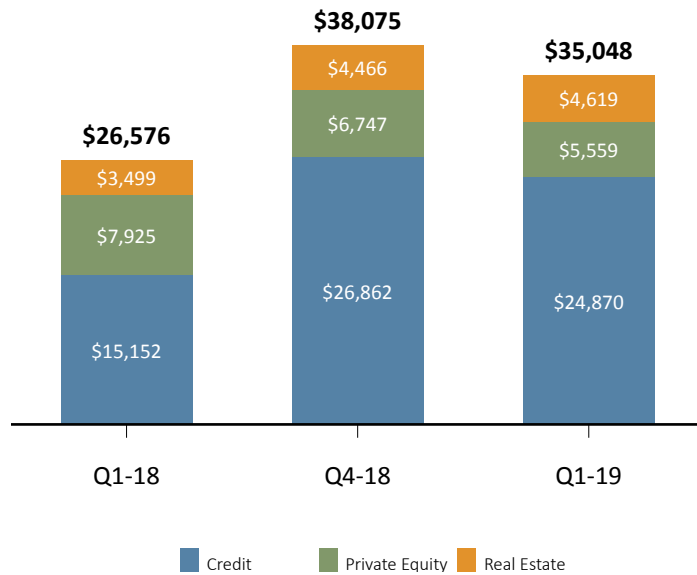
Available Capital of \$35.0 billion as of March 31, 2019, an increase of 31.9% from prior year

- The increase of \$8.5 billion was driven by new commitments, primarily in European and U.S. direct lending funds in our Credit Group

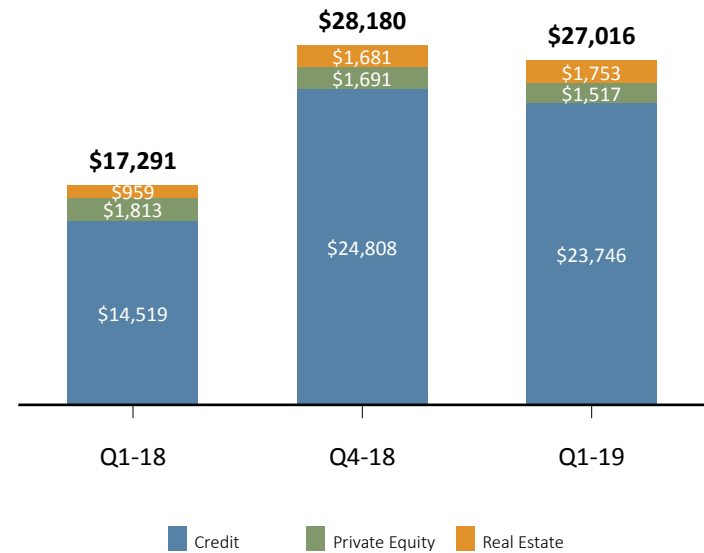
AUM Not Yet Earning Fees of \$27.0 billion as of March 31, 2019, an increase of 56.2% from prior year

- The increase of \$9.7 billion was driven by new commitments across European and U.S. direct lending funds in our Credit Group

Available Capital (\$ in millions)



AUM Not Yet Earning Fees (\$ in millions)



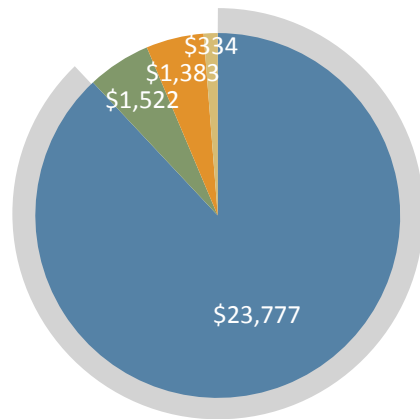
AUM Not Yet Earning Fees

As of March 31, 2019, AUM Not Yet Earning Fees of \$27.0 billion could generate approximately \$258.9 million in potential incremental annual management fees, of which \$224.1 million relates to the \$23.8 billion of AUM available for future deployment⁽¹⁾

- The \$23.8 billion of AUM Not Yet Earning Fees available for future deployment includes approximately \$17.9 billion relating to U.S. and European direct lending funds and \$2.8 billion in alternative credit funds

AUM Not Yet Earning Fees: \$27.0 billion

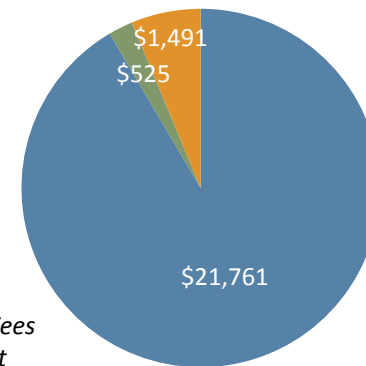
AUM Not Yet Earning Fees Available for Future Deployment: \$23.8 billion



(\$ in millions)



\$23.8 billion of AUM Not Yet Earning Fees was available for future deployment



(\$ in millions)

- Capital Available for Future Deployment
- Capital Available for Deployment for Follow-on Investments⁽²⁾
- Available Capital Currently in Funds Unlikely to Be Drawn Due to Leverage Targets and Restrictions
- Funds in or Expected to Be in Wind-down

- Credit
- Private Equity
- Real Estate

1. No assurance can be made that such results will be achieved. Assumes the AUM Not Yet Earning Fees as of March 31, 2019 is invested and such fees are paid on an annual basis. Does not reflect any associated reductions in management fees from certain existing funds, some of which may be material. There is no assurance such capital will be invested. Reference to \$258.9 million includes approximately \$20.7 million in potential incremental management fees from deploying undrawn/available credit facilities at ARCC (in excess of its current leverage), which may not be drawn due to leverage target limitations and restrictions until June 21, 2019. Note that ARCC has announced its intention to increase its target leverage (over a one to three year period) to a range of 0.9X to 1.25X debt-to-equity beginning on June 21, 2019, as provided for in the 2018 Small Business Credit Availability Act. Such additional management fees from deploying undrawn/available credit in excess of 1X leverage are not reflected above. Note that no potential ARCC Part I Fees are reflected in any of the amounts above.

2. Capital available for deployment for follow-on investments represents capital committed to funds that are past their investment periods but for which capital is available to be called for follow-on investments in existing portfolio companies. As of March 31, 2019, capital available for deployment for follow-on investments could generate approximately \$14.1 million in potential management fees. There is no assurance such capital will be invested.

Incentive Eligible AUM and Incentive Generating AUM

Incentive Eligible AUM of \$79.9 billion as of March 31, 2019, an increase of 22.5% from prior year

- The increase of \$14.7 billion was primarily driven by fundraising across European and U.S. direct lending funds in our Credit Group

Incentive Generating AUM⁽¹⁾ of \$29.2 billion as of March 31, 2019, an increase of 25.0% from prior year

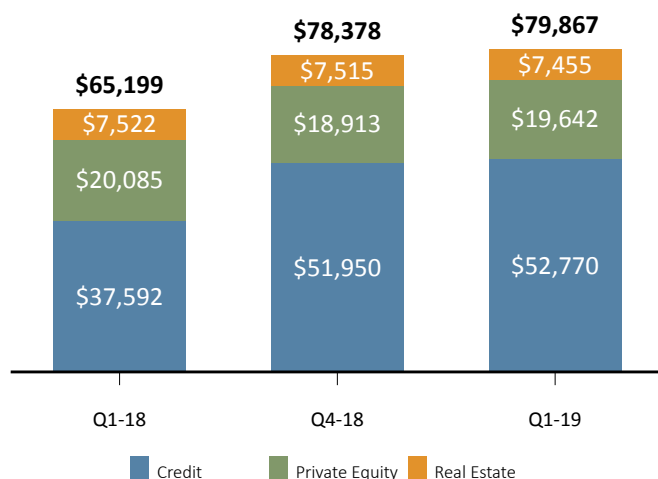
- The increase was primarily driven by additional funds exceeding their hurdle rates in our Credit Group, as well as deployment of capital within funds exceeding hurdle rates as of March 31, 2019

Of the \$52.5 billion of Incentive Eligible AUM that is currently invested, 55.7% is Incentive Generating

- Excluding the capital gains fee potential from the largely debt oriented ARCC portfolio, 75.2% of Incentive Eligible AUM that is currently invested is Incentive Generating

Incentive Eligible AUM

(\$ in millions)



Q1-19 Incentive Generating to Incentive Eligible AUM Reconciliation

(\$ in millions)

	Credit	Private Equity	Real Estate	Total
Incentive Generating AUM	\$18,471	\$7,789	\$2,983	\$29,243
+ Uninvested IEAUM	18,340	5,631	3,372	27,343
+ IEAUM below hurdle	2,330	6,222	1,100	9,652
+ARCC Part II Fees below Hurdle ⁽²⁾	13,629	—	—	13,629
Incentive Eligible AUM	\$52,770	\$19,642	\$7,455	\$79,867

1. Incentive Generating AUM includes \$8.9 billion of AUM from funds generating unrealized incentive income that is not recognized as revenue by Ares until such fees are crystallized or no longer subject to reversal.

2. ARCC Part II Fees are paid in arrears as of the end of each calendar year when the cumulative aggregate realized capital gains exceed the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation, less the aggregate amount of Part II Fees paid in all prior years since inception. As of March 31, 2019, this calculation resulted in ARCC being below the required hurdle for payment to the Company of any ARCC Part II Fees by approximately 0.08% of the value of the underlying portfolio.

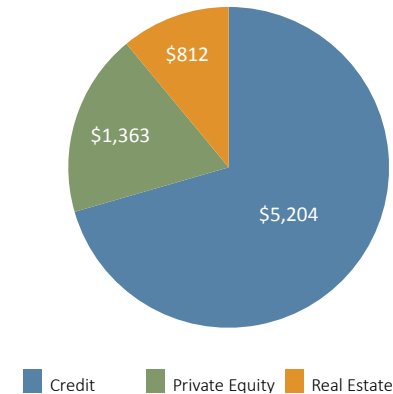


Capital Deployment⁽¹⁾

- Total gross invested capital during Q1-19 of \$7.4 billion compared to \$5.8 billion in Q1-18
 - Of the total amount, \$6.4 billion was related to deployment in our drawdown funds compared to \$4.5 billion for the same period in 2018
 - Of our drawdown funds, the most active investment strategies were European direct lending, U.S. direct lending, corporate private equity and U.S. real estate equity

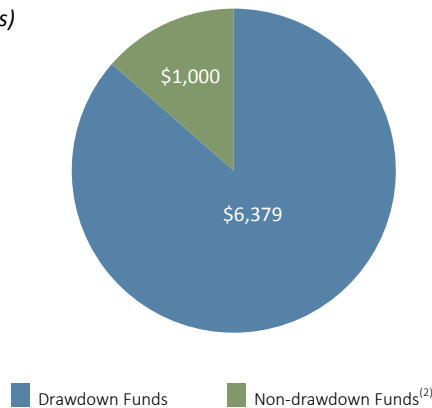
Q1-19 Capital Deployment Breakdown: \$7.4 billion

(\$ in millions)



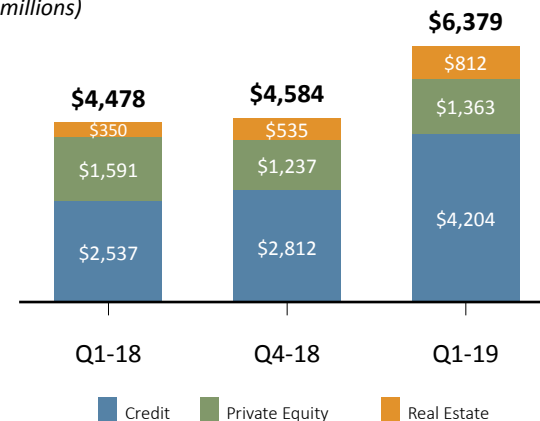
Q1-19 Capital Deployment by Type: \$7.4 billion

(\$ in millions)



Q1-19 Capital Deployment in Drawdown Funds: \$6.4 billion

(\$ in millions)



1. Capital deployment figures exclude deployment from permanent capital vehicles.
 2. Non-drawdown funds amounts includes new capital deployed by managed accounts and CLOs but excludes recycled capital.

GAAP Statements of Operations

\$ in thousands, except share data	Three Months Ended March 31,	
	2019	2018
Revenues		
Management fees (includes ARCC Part I Fees of \$38,393 and \$28,417 for the three months ended March 31, 2019 and 2018, respectively)	\$224,659	\$189,515
Carried interest allocation	197,293	54,129
Incentive fees	16,815	5,071
Principal investment income	28,759	4,909
Administrative, transaction and other fees	9,671	12,465
Total revenues	477,197	266,089
Expenses		
Compensation and benefits	156,846	134,639
Performance related compensation	156,520	25,878
General, administrative and other expenses	51,187	44,450
Expenses of Consolidated Funds	4,554	1,316
Total expenses	369,107	206,283
Other income (expense)		
Net realized and unrealized gain (loss) on investments	3,476	(839)
Interest and dividend income	1,844	3,347
Interest expense	(5,589)	(6,869)
Other expense, net	(4,497)	(311)
Net realized and unrealized gain (loss) on investments of Consolidated Funds	4,364	(13,085)
Interest and other income of the Consolidated Funds	93,184	64,422
Interest expense of the Consolidated Funds	(64,912)	(44,425)
Total other income	27,870	2,240
Income before taxes	135,960	62,046
Income tax expense (benefit)	14,384	(12,375)
Net income	121,576	74,421
Less: Net income attributable to non-controlling interests in Consolidated Funds	17,624	367
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	59,003	33,106
Net income attributable to Ares Management Corporation	44,949	40,948
Series A Preferred Stock dividends paid	5,425	5,425
Net income attributable to Ares Management Corporation Class A common stockholders	\$39,524	\$35,523
Net income attributable to Ares Management Corporation per share of Class A common stock:		
Basic	\$0.36	\$0.39
Diluted	\$0.36	\$0.28
Weighted-average shares of Class A common stock		
Basic	102,906,494	85,617,932
Diluted	110,699,112	213,852,928
Dividends declared and paid per share of Class A common stock	\$0.32	\$0.40



RI and Other Measures Financial Summary

\$ in thousands, except share data (and as otherwise noted)	Three Months Ended March 31,			Twelve Months Ended March 31,		
	2019	2018	% Change	2019	2018	% Change
Management fees ⁽¹⁾	\$233,012	\$196,826	18%	\$872,930	\$764,870	14%
Other fees	3,075	6,073	(49)%	21,290	23,670	(10)%
Compensation and benefits expenses ⁽²⁾	(123,489)	(107,724)	15%	(472,020)	(420,849)	12%
General, administrative and other expenses ⁽³⁾	(41,326)	(34,718)	19%	(156,073)	(136,966)	14%
Fee Related Earnings	\$71,272	\$60,457	18%	\$266,127	\$230,725	15%
Realized net performance income	\$19,356	\$8,238	135%	\$116,728	\$80,191	46%
Realized net investment income	14,004	3,378	NM	45,100	32,924	37%
Realized Income	\$104,632	\$72,073	45%	\$427,955	\$343,840	24%
After-tax Realized Income, net of Series A Preferred Stock dividends ⁽⁴⁾	\$89,019	\$63,809	40%	\$371,136	\$296,000	25%
After-tax Realized Income per share of Class A common stock, net of Series A Preferred Stock dividends⁽⁵⁾	\$0.35	\$0.27	30%	\$1.50	\$1.20	25%
Other Data						
Total fee revenue ⁽⁶⁾	\$252,368	\$205,064	23%	\$989,658	\$845,061	17%
Effective management fee rate ⁽⁷⁾	1.09%	1.06%	3%			

1. Includes ARCC Part I Fees of \$38.4 million and \$28.4 million for the three months ended March 31, 2019 and 2018, respectively, and \$138.8 million and \$100.6 million for Q1-19 LTM and Q1-18 LTM, respectively.
2. Includes compensation and benefits expenses attributable to the Operations Management Group of \$32.7 million and \$30.2 million for the three months ended March 31, 2019 and 2018, respectively, and \$127.3 million and \$115.3 million for Q1-19 LTM and Q1-18 LTM, respectively, which are not allocated to an operating segment.
3. Includes G&A expenses attributable to Operations Management Group of \$20.6 million and \$18.4 million for the three months ended March 31, 2019 and 2018, respectively, and \$77.3 million and \$73.3 million for Q1-19 LTM and Q1-18 LTM, respectively, which are not allocated to an operating segment.
4. Q1-19 after-tax Realized Income includes \$3.7 million of current income tax related to realized performance income and \$6.4 million of current income tax related to FRE, of which \$1.8 million is entity level taxes and \$4.6 million is corporate level taxes. Q1-18 after-tax Realized Income includes \$1.0 million of current income tax related to realized performance income and \$1.8 million of current income tax related to FRE, of which \$0.7 million is entity level taxes and \$1.1 million is corporate level taxes.
5. Calculation of after-tax Realized Income per share of Class A common stock uses total average shares of Class A common stock outstanding and proportional dilutive effects of the Ares' equity-based awards. See slide 31 for additional details.
6. Total fee revenue is calculated as management fees plus realized net performance income.
7. Effective management fee rate represents the quotient of management fees and the aggregate fee bases for the periods presented. The effective rate shown excludes the effect of one-time catch-up fees.

GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis

\$ in thousands	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	2019	2018
Realized Income and Fee Related Earnings:				
Income before taxes	\$135,960	\$62,046	\$258,255	\$402,493
Adjustments:				
Amortization of intangibles	1,211	3,287	6,956	15,862
Depreciation expense	4,613	3,889	16,779	13,304
Equity compensation expenses ⁽¹⁾	27,552	21,087	96,189	75,709
Acquisition and merger-related expenses	1,773	(319)	5,028	4,492
Placement fees and underwriting costs	521	1,664	19,200	17,990
Other (income) expense, net	(1)	7	13,481	(1,695)
Expense of non-controlling interests in consolidated subsidiaries	876	640	3,579	2,379
Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(17,045)	(367)	(37,321)	(46,749)
Unconsolidated performance income - unrealized	(146,575)	(35,118)	135,755	(311,772)
Unconsolidated performance related compensation - unrealized	107,303	11,009	(125,049)	213,000
Unconsolidated net investment (income) loss - unrealized	(11,556)	4,248	35,103	(41,173)
Realized Income	\$104,632	\$72,073	\$427,955	\$343,840
Unconsolidated performance income - realized	\$(68,573)	\$(23,107)	\$(402,673)	\$(332,089)
Unconsolidated performance related compensation - realized	49,217	14,869	285,945	251,898
Unconsolidated net investment income - realized	(14,004)	(3,378)	(45,100)	(32,924)
Fee Related Earnings	\$71,272	\$60,457	\$266,127	\$230,725

Note: This table is a reconciliation of income before provision for income taxes on a GAAP basis to RI and FRE on an unconsolidated basis, which shows the results of the reportable segments on a combined basis together with the Operations Management Group. Management believes that this presentation is more meaningful than a reconciliation to the reportable segments on a segment basis because such reconciliation would exclude the Operations Management Group. Differences may arise due to rounding.

1. For the three months and twelve months ended March 31, 2019 and 2018, equity compensation expense was attributable to the following: (i) IPO awards and other non-recurring awards of \$13.3 million, \$55.9 million, \$11.2 million and \$51.8 million, respectively; (ii) annual bonus awards of \$8.0 million, \$20.8 million, \$6.2 million and \$14.7 million, respectively; and (iii) discretionary awards of \$6.3 million, \$19.6 million, \$3.7 million and \$9.2 million, respectively.

GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis (cont.)

\$ in thousands	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	2019	2018
Performance income and net investment income reconciliation:				
Carried interest allocation	\$197,293	\$54,129	\$185,574	\$622,576
Incentive fees	16,815	5,071	75,124	18,126
Carried interest allocation and incentive fees	\$214,108	\$59,200	\$260,698	\$640,702
Performance income - realized earned from Consolidated Funds	\$434	\$0	\$4,434	\$4,667
Performance income - reclass ⁽¹⁾	606	(975)	1,786	937
Unconsolidated performance income - unrealized	(146,575)	(35,118)	135,755	(311,772)
Performance income - unrealized earned from Consolidated Funds	—	—	—	(2,445)
Performance income - realized	\$68,573	\$23,107	\$402,673	\$332,089
Total consolidated other income				
	\$27,870	\$2,240	\$121,872	\$120,279
Net investment income from Consolidated Funds	(31,579)	(6,793)	(139,937)	(122,181)
Performance income - reclass ⁽¹⁾	(606)	975	(1,786)	(937)
Principal investment income	29,892	2,708	28,231	78,570
Other (income) expense, net	(1)	7	1,645	(1,603)
Other expense of non-controlling interests in consolidated subsidiaries	(16)	(7)	(28)	(31)
Investment (income) loss - unrealized	(16,424)	4,420	29,965	(39,783)
Interest and other investment (income) loss - unrealized	4,868	(172)	5,138	(1,390)
Total realized net investment income	\$14,004	\$3,378	\$45,100	\$32,924

Note: These tables reconcile consolidated carried interest allocation and incentive fees reported in accordance with GAAP to unconsolidated realized performance income and consolidated GAAP other income to unconsolidated realized net investment income. These reconciliations show the results of the reportable segments on a combined basis together with the Operations Management Group. Management believes that this presentation is more meaningful than a reconciliation to the reportable segments on a segment basis because such reconciliation would exclude the Operations Management Group. Differences may arise due to rounding.

1. Related to performance income for AREA Sponsor Holdings LLC. Changes in value of this investment are reflected within net realized and unrealized gain (loss) on investments in Ares' Consolidated Statements of Operations.



Credit Group⁽¹⁾

- Management and other fees increased by 21% for Q1-19 compared to Q1-18, primarily due to deployment in U.S. and European direct lending strategies and an increase in ARCC Part I Fees
- Fee related earnings increased by 20% for Q1-19 compared to Q1-18, primarily driven by higher management fees
- Realized income increased by 32% for Q1-19 compared to Q1-18, primarily driven by an increase in fee related earnings and higher incentive fees from direct lending funds

Financial Summary and Highlights⁽²⁾

\$ in thousands	Q1-19	Q1-18	% Change	Q1-19 LTM	Q1-18 LTM	% Change
Management and other fees ⁽³⁾	\$166,032	\$137,496	21%	\$616,682	\$513,942	20%
Fee Related Earnings	\$92,179	\$76,948	20%	\$340,384	\$284,384	20%
Realized net performance income	\$9,262	\$1,983	NM	\$53,008	\$10,359	NM
Realized net investment income (loss)	1,864	(713)	NM	4,033	3,830	5%
Realized Income	\$103,305	\$78,218	32%	\$397,425	\$298,573	33%
AUM (\$ in billions)	\$101.1	\$77.3	31%			
FPAUM (\$ in billions)	\$62.9	\$51.5	22%			

20%

Q1-19 increase in
Fee Related Earnings

22%

Q1-19 increase in
FPAUM

European Direct Lending:

3.6%⁽⁴⁾

High Yield: 7.5%⁽⁵⁾

Syndicated Loans: 4.5%⁽⁵⁾

Q1-19 gross returns

Note: Past performance is not indicative of future results. The Credit Group had ~250 investment professionals, over 1,600 portfolio companies and 165 active funds as of March 31, 2019.

1. Segment results are shown before the unallocated support costs of the Operations Management Group. See "GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis" on slides 14-15.
2. This table is a financial summary only. See slide 23 for complete financial results.
3. Includes ARCC Part I Fees of \$38.4 million and \$28.4 million for Q1-19 and Q1-18, respectively, and \$138.8 million and \$100.6 million for Q1-19 LTM and Q1-18 LTM, respectively. The amounts are net of the \$10 million quarterly ARCC-ACAS transaction fee waiver, which is effective through Q3-19.
4. The net return for European direct lending is 2.7% for Q1-19. Gross and net returns for European direct lending are represented by a composite made up of the ACE II and ACE III Euro-denominated feeder funds. The gross and net returns for the composite made up of the ACE II and ACE III U.S. dollar denominated feeder funds are 3.8% and 3.0% for Q1-19. Returns in the chart are shown for the Euro-denominated composite as this is the base denomination of the funds. Composite returns are calculated by asset-weighting the underlying fund-level returns. Returns include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Gross returns do not reflect the deduction of management fees, carried interest, if applicable, or any other expenses. Net returns are reduced by applicable management fees, carried interest, if applicable, and other expenses. We believe aggregated performance returns reflect overall quarterly performance returns in a strategy, but are not necessarily investable funds or products themselves.
5. Net performance returns: 4.3% for U.S. Syndicated Loan funds and 7.4% for U.S. High Yield funds. Performance for syndicated loans is represented by the U.S. Bank Loan Aggregate Composite which includes all actual, fully discretionary, fee-paying, funds that are benchmarked to the Credit Suisse Leveraged Loan Index and primarily invested in USD denominated banks loans. Such funds may have limited allocations to high yield and structured securities. Performance for high yield is represented by the U.S. High Yield Composite which includes all actual, fully discretionary, fee-paying, separately managed funds that primarily invest in U.S. high yield fixed income securities and are benchmarked to the BofA Merrill Lynch US High Yield Master II Constrained Index, or a similar index.



Private Equity Group⁽¹⁾

- Management and other fees increased 2% for Q1-19 compared to Q1-18 primarily driven by new commitments in our energy opportunities fund and deployment of capital within SSF IV
- Fee related earnings decreased 3% primarily driven by an increase in compensation offset by higher management fees
- Realized income increased by 61% for Q1-19 compared to Q1-18, primarily driven by monetizations within ACOF III

Financial Summary and Highlights⁽²⁾

\$ in thousands	Q1-19	Q1-18	% Change	Q1-19 LTM	Q1-18 LTM	% Change
Management and other fees	\$51,396	\$50,227	2%	\$200,359	\$210,061	(5)%
Fee Related Earnings	\$26,143	\$26,987	(3)%	\$105,192	\$118,107	(11)%
Realized net performance income	\$8,826	\$838	NM	\$36,044	\$59,156	(39)%
Realized net investment income (loss)	9,055	(498)	NM	25,993	20,533	27%
Realized Income	\$44,024	\$27,327	61%	\$167,229	\$197,796	(15)%
AUM (\$ in billions)	\$23.8	\$24.3	(2)%			
FPAUM (\$ in billions)	\$17.3	\$16.7	4%			

61%

Q1-19 increase in Realized Income

Q1-19: 8.7%

Gross return in Corporate Private Equity portfolio⁽³⁾

Note: Past performance is not indicative of future results. The Private Equity Group had ~97 investment professionals, 44 portfolio companies, 55 Infrastructure and Power Assets and 22 active funds and related co-investment vehicles as of March 31, 2019.

1. Segment results are shown before the unallocated support costs of the Operations Management Group. See “GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis” on slides 14-15.
2. This table is a financial summary only. See slide 23 for complete financial results.
3. Performance for corporate private equity portfolio is represented by the ACOF I-V Aggregate, which is comprised of investments held by ACOF I, ACOF II, ACOF III, ACOF IV and ACOF V. Performance returns are gross asset-level time-weighted rates of return calculated on a quarterly basis. Returns include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Gross returns do not reflect the deduction of management fees, carried interest, if applicable, or any other expenses including taxes. Net returns are reduced by applicable management fees, accrued carried interest, if applicable, and other expenses. Net asset-level returns for corporate private equity portfolio was 7.0% for Q1-19. We believe aggregated performance returns reflect overall quarterly performance returns in a strategy, but are not necessarily investable funds or products themselves.



Real Estate Group⁽¹⁾

- Management and other fees increased 23% for Q1-19 compared to Q1-18, primarily driven by capital deployment within two new equity funds in U.S. and Europe and to \$1.0 million of catch-up fees attributable to the new equity fund in Europe
- Fee related earning increased 22% for Q1-19 compared to Q1-18, primarily driven by higher management fees
- Realized income decreased by 20% for Q1-19 compared to Q1-18, primarily driven by higher monetization activity within EF IV during Q1-18

Financial Summary and Highlights⁽²⁾

\$ in thousands	Q1-19	Q1-18	% Change	Q1-19 LTM	Q1-18 LTM	% Change
Management and other fees	\$18,659	\$15,176	23%	\$77,179	\$64,537	20%
Fee Related Earnings	\$6,243	\$5,105	22%	\$25,088	\$16,828	49%
Realized net performance income	\$1,268	\$5,417	(77)%	\$27,676	\$10,676	159%
Realized net investment income	3,466	3,147	10%	12,149	6,104	99%
Realized Income	\$10,977	\$13,669	(20)%	\$64,913	\$33,608	93%
AUM (\$ in billions)	\$11.8	\$10.9	8%			
FPAUM (\$ in billions)	\$7.0	\$6.8	3%			

22%

Q1-19 increase in Fee Related Earnings

8%

Q1-19 increase in AUM

U.S. Equity: 4.2%

European Equity: 1.2%

Q1-19 Gross Returns⁽³⁾

Note: Past performance is not indicative of future results. The Real Estate Group had ~72 investment professionals, over 170 properties and 45 active funds as of March 31, 2019.

1. Segment results are shown before the unallocated support costs of the Operations Management Group. See "GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis" on slides 14-15.

2. This table is a financial summary only. See slide 23 for complete financial results.

3. Returns are gross time-weighted rates of return and do not reflect the deduction of management fees, carried interest, if applicable, or fund expenses. Gross return for U.S. equity is represented by U.S. Fund VIII and gross return for European equity is represented by EF IV. EF IV is made up of two feeder funds, one denominated in U.S. dollars and one denominated in Euros. Returns in the chart are shown for the Euro-denominated composite as this is the base denomination of the funds. Gross returns do not reflect the deduction of management fees, carried interest, if applicable, or any other expenses including taxes. Net returns are reduced by applicable management fees, accrued carried interest, if applicable, and other expenses. Net returns for U.S. equity and European equity were 3.1% and 0.8%, respectively, for Q1-19. The gross and net returns for the dollar denominated feeder fund for EF IV were 1.7% and 1.2%, respectively, for Q1-19.



Realized Income per Share Data

\$ in thousands, except share data	Three Months Ended March 31,	
	2019	2018
After-tax Realized Income, net of Series A Preferred Stock dividends		
Realized Income before taxes	\$104,632	\$72,073
Entity level foreign, state and local taxes	(1,839)	(666)
Series A Preferred Stock dividends ⁽¹⁾	(5,425)	(5,425)
Realized Income, net of Series A Preferred Stock dividends	\$97,368	\$65,982
Income taxes ⁽²⁾	\$(8,349)	\$(2,173)
After-tax Realized Income, net of Series A Preferred Stock dividends	\$89,019	\$63,809
After-tax Realized Income per share⁽³⁾	\$0.39	\$0.29
After-tax Realized Income per share of Class A common stock		
Realized Income, net of Series A Preferred Stock dividends	\$97,368	\$65,982
x Average ownership % of Ares Operating Group	46.80%	40.04%
Realized Income attributable to Class A common stockholders	\$45,565	\$26,416
Income taxes ⁽²⁾	\$(8,349)	\$(2,173)
After-tax Realized Income attributable to Class A common stockholders	\$37,216	\$24,243
After-tax Realized Income per share of Class A common stock⁽⁴⁾	\$0.35	\$0.27

1. Ares has 12,400,000 of 7% Series A Preferred Shares outstanding as of March 31, 2019.

2. Amount represents the current corporate taxes paid by Ares for the periods presented and exclude the effects of \$4.8 million of deferred income tax expense primarily related to net unrealized performance income and net unrealized investment income. These effects have been excluded as net unrealized performance income and net unrealized investment income have been excluded from RI. For the purposes of evaluating FRE after-tax we first allocate the taxes to realized performance income. Taxes are allocated to realized performance income based on our 23.95% statutory tax rate. The remaining portion of current corporate taxes is allocated to FRE. All differences between the current portion of taxable income and RI are attributed to FRE. For the quarter ending March 31, 2019, these differences totaled \$3.4 million and reduced our tax rate from 23.95% to 19.35%. The primary differences between the current portion of taxable income and RI are related to the timing of certain items, primarily vesting of equity awards, payment of placement fees, depreciation and amortization. FRE tax rates may fluctuate based on the total amount of realized performance income and the amount of timing differences between the current portion of taxable income and RI.

3. Weighted average shares used for RI of 227,695,143 includes the sum of shares of Class A common stock, Ares Operating Group Units that are exchangeable for shares of Class A common stock on a one-for-one basis and the dilutive effects of Ares' equity-based awards. Please refer to slide 31 in this presentation for further information.

4. Calculation of after-tax Realized Income per share of Class A common stock uses the total average shares of Class A common stock outstanding and the dilutive effects of Ares' equity-based awards. See slide 31 for additional details.

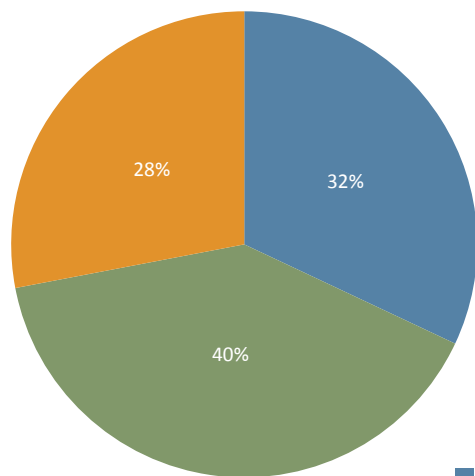


Balance Sheet

- **Substantial balance sheet value related to investments in Ares managed vehicles and net accrued performance income receivable**
 - As of March 31, 2019, \$120.5 million in cash and cash equivalents, \$566.1 million in debt obligations including \$320.0 million drawn against our \$1.065 billion revolving credit facility
 - As of March 31, 2019, the fair value of our corporate investment portfolio was \$505.6 million in accordance with GAAP. On an unconsolidated basis, our corporate investment portfolio was \$781.8 million⁽¹⁾
 - As of March 31, 2019, gross accrued performance income reported on a GAAP and unconsolidated basis was \$970.6 million
 - As of March 31, 2019, accrued performance income, net of performance related compensation reported on a GAAP basis and unconsolidated basis was \$266.3 million, which increased by 6.9% from December 31, 2018

Net Performance Income Receivable by Group – GAAP and Unconsolidated basis

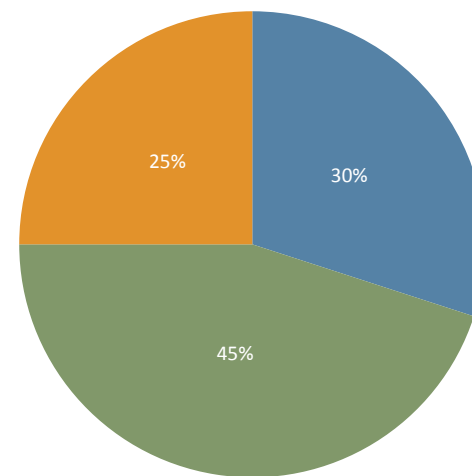
Q4 2018: \$249.0 million



■ Credit ■ Private Equity ■ Real Estate

Net Performance Income Receivable by Group – GAAP and Unconsolidated basis

Q1 2019: \$266.3 million



1. As of March 31, 2019, \$46.7 million was invested in non-Ares managed vehicles. Difference between GAAP and unconsolidated investments represents investments of \$276.2 million in Consolidated Funds that are eliminated upon consolidation. Corporate investment portfolio excludes accrued carried interest allocation of \$970.4 million.

Corporate Data

Board of Directors

Michael Arougheti

Co-Founder, Chief Executive Officer and President of Ares

Antoinette Bush

Executive Vice President and Global Head of Government Affairs of News Corp

Paul G. Joubert

Founding Partner of EdgeAdvisors and Investing Partner in Converge Venture Partners

David Kaplan

Co-Founder and Partner of Ares, Co-Head of Private Equity Group

John Kissick

Co-Founder and Former Partner of Ares

Michael Lynton

Chairman of Snap Inc.

Dr. Judy D. Olian

President of Quinnipiac University

Antony P. Ressler

Co-Founder and Executive Chairman of Ares

Bennett Rosenthal

Co-Founder and Partner of Ares, Co-Head of Private Equity Group

Executive Officers

Michael Arougheti

Co-Founder, Chief Executive Officer and President

Ryan Berry

Partner, Chief Marketing and Strategy Officer

Kipp deVeer

Partner, Head of Credit Group

David Kaplan

Co-Founder and Partner

Michael McFerran

Partner, Chief Operating Officer and Chief Financial Officer

Antony P. Ressler

Co-Founder and Executive Chairman

Bennett Rosenthal

Co-Founder and Partner

Michael Weiner

Executive Vice President, Chief Legal Officer and Secretary

Corporate Headquarters

2000 Avenue of the Stars
12th Floor
Los Angeles, CA 90067
Tel: (310) 201-4100
Fax: (310) 201-4170

Corporate Counsel

Kirkland & Ellis LLP

Los Angeles, CA

Independent Registered Public Accounting Firm

Ernst & Young LLP

Los Angeles, CA

Research Coverage

Bank of America Merrill Lynch

Michael Carrier
(646) 855-5004

Credit Suisse

Craig Siegenthaler
(212) 325-3104

Goldman Sachs

Alexander Blostein
(212) 357-9976

Jefferies

Gerald O'Hara
(415) 229-1510

JP Morgan

Kenneth Worthington
(212) 622-6613

Keefe, Bruyette & Woods

Robert Lee
(212) 887-7732

Morgan Stanley

Michael Cyprys
(212) 761-7619

Oppenheimer

Chris Kotowski
(212) 667-6699

RBC Capital Markets

Kenneth Lee
(212) 905-5995

UBS Investment Bank

Brent Dilts
(212) 713-1841

Wells Fargo Securities

Christopher Harris
(443) 263-6513

Investor Relations Contacts

Carl Drake

Partner/Head of Ares Management, LLC
Public Investor Relations and
Communications
Tel: (678) 538-1981
cdrake@aresmgmt.com

Veronica Mayer

Principal
Tel: (212) 808-1150
vmendiola@aresmgmt.com

Cameron Rudd

Senior Associate
Tel: (678) 538-1986
crudd@aresmgmt.com

General IR Contact

Tel (U.S.):
(800) 340-6597
Tel (International):
(212) 808-1101
IRARES@aresmgmt.com

Please visit our website at:
www.aresmgmt.com

Transfer Agent

American Stock Transfer & Trust Company,
LLC
6201 15th Avenue
Brooklyn, NY 11210
Tel: (877) 681-8121
Fax: (718) 236-2641
info@amstock.com
www.amstock.com

Securities Listing

NYSE: ARES
NYSE: ARES.PRA



Appendix



Financial Details – Segments

Three Months Ended March 31, 2019

\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total ⁽¹⁾
Management fees (Credit Group includes ARCC Part I Fees of \$38,393)	\$162,966	\$51,396	\$18,650	\$—	\$233,012
Other fees	3,066	—	9	—	3,075
Compensation and benefits	(60,348)	(21,196)	(9,284)	(32,661)	(123,489)
General, administrative and other expenses	(13,505)	(4,057)	(3,132)	(20,632)	(41,326)
Fee Related Earnings	\$92,179	\$26,143	\$6,243	(\$53,293)	\$71,272
Performance income—realized	\$21,925	\$44,123	\$2,525	\$—	\$68,573
Performance related compensation—realized	(12,663)	(35,297)	(1,257)	—	(49,217)
Realized net performance income	\$9,262	\$8,826	\$1,268	\$—	\$19,356
Investment income—realized	\$858	\$10,936	\$3,480	\$—	\$15,274
Interest and other investment income—realized	2,905	294	1,105	15	4,319
Interest expense	(1,899)	(2,175)	(1,119)	(396)	(5,589)
Realized net investment income	\$1,864	\$9,055	\$3,466	\$(381)	\$14,004
Realized income	\$103,305	\$44,024	\$10,977	(\$53,674)	\$104,632

Three Months Ended March 31, 2018

\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total ⁽¹⁾
Management fees (Credit Group includes ARCC Part I Fees of \$28,417)	\$131,766	\$49,887	\$15,173	\$—	\$196,826
Other fees	5,730	340	3	—	6,073
Compensation and benefits	(50,694)	(19,199)	(7,639)	(30,192)	(107,724)
General, administrative and other expenses	(9,854)	(4,041)	(2,432)	(18,391)	(34,718)
Fee Related Earnings	\$76,948	\$26,987	\$5,105	(\$48,583)	\$60,457
Performance income—realized	\$5,071	\$4,398	\$13,638	\$—	\$23,107
Performance related compensation—realized	(3,088)	(3,560)	(8,221)	—	(14,869)
Realized net performance income	\$1,983	\$838	\$5,417	\$—	\$8,238
Investment income—realized	\$771	\$671	\$3,350	\$838	\$5,630
Interest and other investment income—realized	3,189	59	217	1,152	4,617
Interest expense	(4,673)	(1,228)	(420)	(548)	(6,869)
Realized net investment income	\$(713)	\$(498)	\$3,147	\$1,442	\$3,378
Realized income	\$78,218	\$27,327	\$13,669	(\$47,141)	\$72,073

1. Includes results of the reportable segments on a combined basis together with the Operations Management Group. See “GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis” on slides 14-15.



AUM and FPAUM Rollforward

Q1-19 Total AUM Rollforward (\$ in millions)

\$ in thousands	Credit	Private Equity	Real Estate	Total
Q1-18 Ending Balance	\$95,836	\$23,487	\$11,340	\$130,663
Commitments	5,531	31	635	6,197
Capital reductions	(104)	(3)	—	(107)
Distributions	(527)	(637)	(339)	(1,503)
Redemptions	(717)	—	—	(717)
Changes in fund value	1,057	900	174	2,131
Q1-19 Ending Balance	\$101,076	\$23,778	\$11,810	\$136,664
QoQ change	\$5,240	\$291	\$470	\$6,001

Q1-19 Total FPAUM Rollforward (\$ in millions)

\$ in thousands	Credit	Private Equity	Real Estate	Total
Q1-18 Ending Balance	\$57,847	\$17,071	\$6,952	\$81,870
Commitments	1,838	81	86	2,005
Subscriptions/deployment/increase in leverage	3,933	313	156	4,402
Capital Reductions	(85)	(4)	—	(89)
Distributions	(523)	(141)	(181)	(845)
Redemptions	(857)	—	—	(857)
Changes in fund value	905	2	(38)	869
Change in fee basis	(134)	—	—	(134)
Q1-19 Ending Balance	\$62,924	\$17,322	\$6,975	\$87,221
QoQ change	\$5,077	\$251	\$23	\$5,351

LTM Total AUM Rollforward (\$ in millions)

\$ in thousands	Credit	Private Equity	Real Estate	Total
Q1-18 Ending Balance	\$77,310	\$24,303	\$10,896	\$112,509
Commitments	30,121	1,616	2,701	34,438
Capital reductions	(2,602)	(7)	(140)	(2,749)
Distributions	(2,197)	(2,251)	(2,117)	(6,565)
Redemptions	(2,956)	—	—	(2,956)
Changes in fund value	1,400	117	470	1,987
Q1-19 Ending Balance	\$101,076	\$23,778	\$11,810	\$136,664
YoY change	\$23,766	(\$525)	\$914	\$24,155

LTM Total FPAUM Rollforward (\$ in millions)

\$ in thousands	Credit	Private Equity	Real Estate	Total
Q1-18 Ending Balance	\$51,540	\$16,663	\$6,751	\$74,954
Commitments	5,677	1,117	899	7,693
Subscriptions/deployment/increase in leverage	12,403	1,004	699	14,106
Capital Reductions	(1,411)	(140)	(102)	(1,653)
Distributions	(2,603)	(1,182)	(1,031)	(4,816)
Redemptions	(3,013)	(4)	—	(3,017)
Changes in fund value	465	(7)	(104)	354
Change in fee basis	(134)	(129)	(137)	(400)
Q1-19 Ending Balance	\$62,924	\$17,322	\$6,975	\$87,221
YoY change	\$11,384	\$659	\$224	\$12,267

Credit

- AUM increased by 30.7% from Q1-18, primarily driven by new commitments to European and U.S. direct lending and syndicated loans strategies
- FPAUM increased by 22.1% from Q1-18, primarily driven by deployment in U.S. and European direct lending funds paid on invested capital and new commitments to syndicated loans strategy

Private Equity

- AUM decreased by -2.2% from Q1-18, driven by realizations across funds in corporate private equity and infrastructure and power strategies
- FPAUM increased by 4.0% from Q1-18, driven by new commitments to energy opportunities strategy and deployment of capital in special opportunities strategy

Real Estate

- AUM increased by 8.4% from Q1-18, driven by new commitments across funds in all three Real Estate strategies and appreciation primarily in U.S. equity funds
- FPAUM increased by 3.3% from Q1-18, driven by new commitments and deployment of capital in funds across European and U.S. equity strategies



AUM and FPAUM by Strategy

Strategy (\$ in billions)	As of March 31, 2019			
	AUM	% AUM	FPAUM	% FPAUM
Credit				
Syndicated Loans	\$21.2	21%	\$19.7	31%
High Yield	4.2	4	4.2	7
Credit Opportunities	2.5	2	2.1	3
Alternative Credit	6.6	7	3.2	5
U.S. Direct Lending ⁽¹⁾	42.0	42	23.6	38
European Direct Lending	24.6	24	10.1	16
Credit	\$101.1	100%	\$62.9	100%
Private Equity				
Corporate Private Equity				
ACOF V	\$8.0	33%	\$7.6	42%
ACOF IV	5.5	23	2.8	16
ACOF III	3.3	14	1.3	8
ACOF I-II	0.4	2	—	—
ACOF Asia	0.3	1	0.1	1
Infrastructure and Power				
EIF I-IV and Co-investment Vehicles	2.8	12	2.6	15
EIF V	0.8	3	0.8	5
Energy Opportunities				
Energy Opportunities	0.9	4	0.8	5
Special Opportunities				
Special Opportunities	1.8	8	1.3	8
Private Equity	\$23.8	100%	\$17.3	100%
Real Estate				
U.S. Equity	\$3.9	33%	\$2.6	37%
European Equity	3.9	33	3.4	49
Debt	4.0	34	1.0	14
Real Estate	\$11.8	100%	\$7.0	100%
Total	\$136.7		\$87.2	

1. AUM includes ARCC, IHAM, and SDLP AUM of \$14.4 billion, \$4.1 billion, and \$2.7 billion, respectively. ARCC's wholly owned portfolio company, IHAM, an SEC registered investment adviser, manages 21 funds and serves as the sub-manager or sub-adviser for 2 other funds as of March 31, 2019.

Balance Sheet Investments by Strategy

\$ in thousands	March 31, 2019	December 31, 2018
Credit		
Syndicated Loans ⁽¹⁾	\$88,895	\$75,029
Credit Opportunities	3,691	3,420
Alternative Credit	21,827	19,518
U.S. Direct Lending	60,832	58,970
European Direct Lending	52,926	47,854
Credit	\$228,171	\$204,791
Private Equity		
ACOF I - II	\$3,273	\$3,417
ACOF III	85,142	81,658
ACOF IV	39,218	37,207
ACOF Asia	79,467	83,492
Energy Opportunities	6,332	1,741
Infrastructure and Power	31,406	30,487
Special Opportunities	126,078	37,817
Private Equity	370,916	275,819
Real Estate		
U.S. Equity	\$106,651	\$109,893
European Equity	19,064	16,453
Debt	10,297	18,108
Real Estate	\$136,012	\$144,454
Operations Management Group		
Other	\$46,690	\$46,449
Other	\$46,690	\$46,449
Total	\$781,789	\$671,513

Note: Reflects the balance sheet of Ares Management Corporation and its consolidated subsidiaries, excluding the effect of Consolidated Funds.

1. Through investments in Ares CLOs. Represents Ares' maximum exposure of loss from its investments in CLOs.

Significant Fund Performance Metrics

The following table presents the performance data for the significant fund in the Credit Group that is not a drawdown fund:

As of March 31, 2019									
	Year of Inception	AUM (in millions)	Returns (%) ⁽¹⁾						Investment Strategy
			Current Quarter		Year-To-Date		Since Inception ⁽²⁾		
			Gross	Net	Gross	Net	Gross	Net	
ARCC ⁽³⁾	2004	\$14,440	N/A	3.0%	N/A	3.0%	N/A	11.8%	U.S. Direct Lending

Note: Past performance is not indicative of future results. AUM and Net Returns are as of March 31, 2019 unless otherwise noted. The above table includes fund performance metrics for significant funds which includes those that contributed at least 1% of total management fees for the three months ended March 31, 2019 or comprised 1% or more of Ares' total FPAUM as of March 31, 2019, and for which we have sole discretion for investment decisions within the fund. Please see significant fund performance endnotes on slides 29-30 for additional information. Return information presented may not reflect actual returns earned by investors in the applicable fund. ARCC is a publicly traded vehicle.

Significant Fund Performance Metrics (cont'd)

The following table presents the performance data for all our significant drawdown funds:

As of March 31, 2019												
Credit												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds ⁽⁴⁾	Unrealized Value ⁽⁵⁾	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross ⁽⁶⁾	Net ⁽⁷⁾	Gross ⁽⁸⁾	Net ⁽⁹⁾	
CSF III	2010	\$1,113	\$1,135	\$1,209	\$577	\$1,125	\$1,702	1.5x	1.4x	8.8%	7.8%	European & U.S. Direct Lending
ACE III ⁽¹⁰⁾	2015	5,003	2,822	2,479	337	2,723	3,060	1.3x	1.2x	16.1%	12.2%	European Direct Lending
PCS	2017	3,497	3,365	1,305	81	1,332	1,413	1.1x	1.1x	13.3%	9.1%	U.S. Direct Lending
ACE IV Unlevered ^{(11)*}	2018	8,936	2,851	738	3	766	769	1.1x	1.0x	NA	NA	European Direct Lending
ACE IV Levered ^{(11)*}			4,819	1,256	8	1,335	1,343	1.1x	1.1x	NA	NA	
Private Equity												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds ⁽¹⁾	Unrealized Value ⁽²⁾	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽⁵⁾	Net ⁽⁶⁾	
ACOF III	2008	\$3,274	\$3,510	\$3,867	\$7,360	\$2,974	\$10,334	2.7x	2.3x	29.4%	21.0%	Corporate Private Equity
USPF IV	2010	1,666	1,688	2,078	1,210	1,559	2,769	1.3x	1.2x	9.0%	5.9%	Infrastructure and Power
ACOF IV	2012	5,484	4,700	4,164	2,556	4,695	7,251	1.7x	1.5x	18.7%	11.8%	Corporate Private Equity
EIF V	2015	816	801	751	209	662	871	1.2x	1.1x	13.7%	7.5%	Infrastructure and Power
SSF IV ^{(7)**}	2015	1,452	1,515	2,601	1,245	1,242	2,487	1.0x	0.9x	(4.6)%	(6.5)%	Special Opportunities
ACOF V	2017	7,982	7,850	4,433	146	4,759	4,905	1.1x	1.0x	11.4%	3.8%	Corporate Private Equity
Real Estate												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds ⁽¹⁾	Unrealized Value ⁽²⁾	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽⁵⁾	Net ⁽⁶⁾	
EF IV ⁽⁷⁾	2014	\$1,067	\$1,302	\$1,148	\$758	\$984	\$1,742	1.5x	1.3x	19.7%	13.7%	European Real Estate Equity
VEF IX*	2017	1,027	1,040	586	13	569	582	1.0x	1.0x	NA	NA	U.S. Real Estate Equity
Fifth flagship European real estate fund V ^{(8)*}	2018	1,277	1,197	283	11	309	320	1.1x	1.0x	NA	NA	European Real Estate Equity

Note: Past performance is not indicative of future results. AUM and Net Returns are as of March 31, 2019 unless otherwise noted. The above table includes fund performance metrics for significant funds which includes those that contributed at least 1% of total management fees for the three months ended March 31, 2019 or comprised 1% or more of Ares' total FPAUM as of March 31, 2019, and for which we have sole discretion for investment decisions within the fund. Please see significant fund performance endnotes on slides 29-30 for additional information. Return information presented may not reflect actual returns earned by investors in the applicable fund.

* We do not present fund performance metrics for significant funds with less than two years of investment performance, which begins on the date of the fund's first investment, except for those significant funds which pay management fees on invested capital, in which case performance is shown at the earlier of (i) the one year anniversary of the fund's first investment or (ii) the date on which the fund has invested at least 50% of its capital.

** In January of 2017, a new team assumed portfolio management of SSF IV. In addition to presenting the cumulative performance measure by SSF IV, we have also adopted a new performance measurement called "SSF IV 2.0". Since January 2017, SSF IV 2.0 has generated gross and net (realized and unrealized) internal rates of return of 9.2% and 7.2%, respectively, through March 31, 2019.

Significant Fund Performance Metrics Endnotes

Credit

1. Returns are time-weighted rates of return and include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses.
2. Since inception returns are annualized.
3. Net returns are calculated using the fund's NAV and assume dividends are reinvested at the closest quarter-end NAV to the relevant quarterly ex-dividend dates. Additional information related to ARCC can be found in its financial statements filed with the SEC, which are not part of this presentation.
4. Realized proceeds represent the sum of all cash distributions to all partners and if applicable, exclude tax and incentive distributions made to the general partner.
5. Unrealized value represents the fund's NAV reduced by the accrued incentive allocation, if applicable. There can be no assurance that unrealized values will be realized at the valuations indicated.
6. The gross multiple of invested capital ("MoIC") is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or performance income. The gross MoIC for CSF III is before giving effect to management fees and performance income, as applicable. The gross MoIC for all other credit funds is before giving effect to management fees, performance income as applicable and other expenses.
7. The net MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes those interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or performance income. The net MoIC is after giving effect to management fees, performance income, as applicable and other expenses. The funds may utilize a credit facility during the investment period and for general cash management purposes. The net MoIC would have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
8. The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Gross IRR reflects returns to the fee-paying limited partners and, if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or performance income. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs for CSF III are calculated before giving effect to management fees and performance income, as applicable. The gross IRRs for all other Credit funds are calculated before giving effect to management fees, performance income, as applicable, and other expenses.
9. The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and, if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or performance income. The cash flow dates used in the net IRR calculations are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees, performance income, as applicable, and other expenses. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would likely have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
10. ACE III is made up of two feeder funds, one denominated in U.S. dollars and one denominated in Euros. The gross and net MoIC presented in the chart are for the Euro denominated feeder fund. The gross and net IRR for the U.S. dollar denominated feeder fund are 16.1% and 12.1%, respectively. The gross and net MoIC for the U.S. dollar denominated feeder fund are 1.3x and 1.2x, respectively. Original capital commitments are converted to U.S. dollars at the prevailing exchange rate at the time of the fund's closing. All other values for ACE III are for the combined fund and are converted to U.S. dollars at the prevailing quarter-end exchange rate.
11. ACE IV is made up of four parallel funds: ACE IV (E) Unlevered, ACE IV (G) Unlevered, ACE IV (E) Levered, and ACE IV (G) Levered. The gross and net MoIC presented in the chart are for ACE IV (E) Unlevered and ACE IV (E) Levered. Metrics for ACE IV (E) Levered are inclusive of a U.S. Dollar denominated feeder fund, which has not been presented separately. The gross and net MoIC for ACE IV (G) Unlevered are 1.1x and 1.0x, respectively. The gross and net MoIC for ACE IV (G) Levered are 1.1x and 1.1x, respectively. Original capital commitments are converted to U.S. Dollars at the prevailing exchange rate at the time of the fund's closing. All other values for ACE IV Unlevered and ACE IV Levered are for the combined levered and unlevered parallel funds and are converted to U.S. Dollars at the prevailing quarter-end exchange rate.

Private Equity

1. Realized proceeds represent the sum of all cash dividends, interest income, other fees and cash proceeds from realizations of interests in portfolio investments.
2. Unrealized value represents the fair market value of remaining investments. There can be no assurance that unrealized investments will be realized at the valuations indicated.
3. The gross MoIC is calculated at the investment-level and is based on the interests of all partners. The gross MoIC is before giving effect to management fees, carried interest as applicable and other expenses.
4. The net MoIC for the infrastructure and power, and special opportunities funds is calculated at the fund-level. The net MoIC for the corporate private equity funds is calculated at the investment level. For all funds, the net MoIC is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or performance fees. The net MoIC is after giving effect to management fees, carried interest, as applicable, and other expenses. The funds may utilize a credit facility during the investment period and for general cash management purposes. The net MoIC would have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
5. The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from investments and the residual value of the investments at the end of the measurement period. Gross IRRs reflect returns to all partners. For ASSF IV, cash flows used in the gross IRR calculation are based on the actual dates of the cash flows. For all other funds, cash flows are assumed to occur at month-end. The gross IRRs are calculated before giving effect to management fees, carried interest, as applicable, and other expenses.

Significant Fund Performance Metrics Endnotes (cont'd)

Private Equity - Cont.

6. The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or carried interest. The cash flow dates used in the net IRR calculation are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees, carried interest as applicable, and other expenses and exclude commitments by the general partner and Schedule I investors who do not pay either management fees or carried interest. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would have generally been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
7. SSF IV 2.0 investments represent (i) existing and re-underwritten positions by the new team on January 1, 2017 and (ii) all new investments made by the new team since January 1, 2017. As part of the re-underwriting process, each liquid investment in the ASSF IV portfolio was evaluated and a determination was made whether to continue to hold such investment in the ASSF IV portfolio or dispose of such investment. At the same time, legacy illiquid investments have been excluded from SSF IV 2.0 track record as it was not possible to dispose of such investments in the near-term due to their private, illiquid nature. Since January 2017, SSF IV 2.0 has generated gross and net internal rates of return of 9.2% and 7.2% through March 31, 2019. The IRR is an annualized since inception internal rate of return of cash flows to and from investments and the residual value of the investments at the end of the measurement period. Cash flows used in the IRRs calculations are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, performance fees as applicable, and other expenses. The net IRRs are calculated after giving effect to estimated management fees, performance fees, and other expenses.

Real Estate

1. Realized proceeds include distributions of operating income, sales and financing proceeds received.
2. Unrealized value represents the fair value of remaining investments. There can be no assurance that unrealized investments will be realized at the valuations indicated.
3. The gross MoIC is calculated at the investment level and is based on the interests of all partners. The gross MoIC for all funds is before giving effect to management fees, performance income as applicable and other expenses.
4. The net MoIC is calculated at the fund-level and is based on the interests of the fee-paying partners and, if applicable, excludes interests attributable to the non fee-paying partners and/or the general partner who does not pay management fees or performance income or has such fees rebated outside of the fund. The net MoIC is after giving effect to management fees, performance income as applicable and other expenses. Net fund-level MoICs would generally likely have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
5. The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from investments and the residual value of the investments at the end of the measurement period. Gross IRRs reflect returns to all partners. Cash flows used in the gross IRR calculation are assumed to occur at quarter-end. The gross IRRs are calculated before giving effect to management fees, performance income as applicable, and other expenses.
6. The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying partners and, if applicable, excludes interests attributable to the non fee-paying partners and/or the general partner who does not pay management fees or performance income or has such fees rebated outside of the fund. The cash flow dates used in the net IRR calculation are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees, performance income as applicable, and other expenses. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would generally likely have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
7. EF IV is made up of two parallel funds, one denominated in U.S. dollars and one denominated in Euros. The gross and net MoIC and gross and net IRRs presented in the chart are for the Euro denominated parallel fund. The gross and net IRRs for the U.S. Dollar denominated parallel fund are 19.3% and 13.5%, respectively. The gross and net MoIC for the U.S. Dollar denominated parallel fund are 1.5x and 1.3x, respectively. Original capital commitments are converted to U.S. dollars at the prevailing exchange rate at the time of fund's closing. All other values for EF IV are for the combined fund and are converted to U.S. dollars at the prevailing quarter-end exchange rate.
8. Our fifth flagship European real estate fund is made up of two parallel funds, one denominated in U.S. Dollars and one denominated in Euros. The gross MoIC presented in the chart is for the Euro denominated parallel fund. The gross and net MoIC for the U.S. Dollar denominated parallel fund are 1.1x and 1.0x, respectively. Original capital commitments are converted to U.S. Dollars at the prevailing exchange rate at the time of fund's closing. All other values for our fifth flagship European real estate fund are for the combined fund and are converted to U.S. Dollars at the prevailing quarter-end exchange rate.



Weighted Average Shares

	Q1-19		Q1-18	
	GAAP Shares	Common Shares, As Adjusted ⁽³⁾	Total Shares	Common Shares, As Adjusted ⁽³⁾
Weighted average shares of Class A common stock	102,906,494	102,906,494	85,617,932	85,617,932
Ares Operating Group Units exchangeable into shares of Class A common stock ⁽¹⁾	116,996,031	—	128,234,996	—
Dilutive effect of unvested restricted common units ⁽²⁾	5,485,250	2,566,900	5,842,185	2,338,971
Dilutive effect of unvested options ⁽²⁾	2,307,368	1,079,765	2,420,008	968,872
Total Weighted Average Shares Used For Realized Income⁽⁴⁾	227,695,143	106,553,159	222,115,121	88,925,775

1. Represents units exchangeable for shares of Class A common stock on a one-for-one basis.

2. We apply the treasury stock method to determine the dilutive weighted-average common shares represented by our restricted units to be settled in shares of Class A common stock and options to acquire shares of Class A common stock. Under the treasury stock method, compensation expense attributed to future services and not yet recognized is presumed to be used to acquire outstanding shares of Class A common stock, thus reducing the weighted-average number of shares and the dilutive effect of these awards.

3. Represents proportional dilutive impact based upon the average percentage of Ares Operating Group owned by Ares Management Corporation (46.8% and 40.04% as of March 31, 2019 and 2018, respectively).

4. Excludes Class B common stock and Class C common stock as they are not entitled to any economic benefits of Ares in an event of dissolution, liquidation, or winding up of Ares.

Additional Information

Targeted Net Returns ⁽¹⁾	Investor Base as a % of AUM ⁽¹⁾
Credit Group: <ul style="list-style-type: none">● Syndicated Loans and High Yield Bonds: Benchmark Outperformance⁽²⁾● Credit Opportunities: 8-12%● Alternative Credit: 5-15%● Direct Lending: 5-15%⁽³⁾	Public Entity & Related: 17% <ul style="list-style-type: none">● 700+ institutional investors⁽⁴⁾● 200,000+ retail investors across our public funds⁽⁵⁾
Private Equity Group: <ul style="list-style-type: none">● Corporate Private Equity: 18-22%● Infrastructure and Power: 10-15%● Special Opportunities: 15-20%● Energy Opportunities: 18-22%	Institutional Intermediated: 13%
Real Estate Group: <ul style="list-style-type: none">● Real Estate Debt: 4-14%● Real Estate Equity: 12-18%	Institutional Direct: 70% <ul style="list-style-type: none">● Pension: 41%● Insurance: 16%● Bank/Private Bank: 15%● SWF: 13%● Investment Manager: 7%● Other: 7%● Endowment: 2%
	Total Direct Institutional Investors: 909
Corporate and Tax Information <p>Ares' conversion from a Delaware limited partnership to a Delaware corporation was completed on November 26, 2018. Dividends to common and preferred stockholders are now reported on Form 1099 DIV and stockholders may be eligible for the favorable tax rates applicable to qualified dividend income.</p>	

No assurance can be made that such results will be achieved.

1. As of March 31, 2019, unless otherwise noted.
2. Ares bank loan and high yield strategies are typically benchmarked against the Credit Suisse Leveraged Loan Index ("CSLLI") and the BofA Merrill Lynch U.S. High Yield Master II Index ("H0A0"), respectively. While the other credit strategies cited above are absolute return focused, our bank loan and high yield funds seek to outperform these respective indices over market cycles. Q1-19 returns for the CSLLI and the H0A0 were 3.8% and 7.4%, respectively. NOTE: Certain of Ares funds are not benchmarked against any particular index due to fund specific portfolio constraints.
3. Includes funds managed or co-managed by Ares. Also includes funds managed by IHAM, a wholly owned portfolio company of ARCC, and a registered investment adviser.
4. Most recent data available as of April 15, 2019.
5. As of April 8, 2019 for ARCC, March 28, 2019 for ARES, February 26, 2019 for ACRE and April 15, 2019 for ARDC.



RI and Other Measures – Financial Data⁽¹⁾

\$ in thousands	Year ended December 31,	
	2018	2017
Credit Group	\$564,899	\$481,466
Private Equity Group	198,182	198,498
Real Estate Group	73,663	64,861
Management fees⁽²⁾	\$836,744	\$744,825
Other fees	\$24,288	\$22,431
Compensation and benefits expenses	(456,255)	(413,735)
General, administrative and other expense	(149,465)	(136,531)
Fee Related Earnings	\$255,312	\$216,990
Realized net performance income	\$105,610	\$75,457
Realized net investment income	34,474	32,993
Realized Income	\$395,396	\$325,440
Other Data		
Total Fee Revenue ⁽³⁾	\$942,354	\$820,282
Management Fees as % of Total Fees	89%	91%
Fee Related Earnings as % of Realized Income	65%	67%

1. Unconsolidated results represent the operating segments plus the Operation Management Group but exclude the effect of Consolidated Funds.

2. Includes ARCC Part I Fees of \$128.8 million and \$105.5 million for the years ended December 31, 2018 and 2017, respectively.

3. Total fee revenue is calculated as management fees plus realized net performance income.

GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis

\$ in thousands	Year ended December 31,	
	2018	2017
Realized income and fee related earnings:		
Income before taxes	\$184,341	\$149,859
Adjustments:		
Amortization of intangibles	9,032	17,850
Depreciation expense	16,055	12,631
Equity compensation expenses	89,724	69,711
Acquisition and merger-related expenses	2,936	259,899
Placement fees and underwriting costs	20,343	19,765
Other (income) expense, net	13,489	(1,042)
Expense of non-controlling interests in consolidated subsidiaries	3,343	1,739
Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(20,643)	(62,705)
Unconsolidated performance income - unrealized	247,212	(325,915)
Unconsolidated performance related compensation - unrealized	(221,343)	237,392
Unconsolidated net investment (income) loss - unrealized	50,907	(53,744)
Realized Income	\$395,396	\$325,440
Unconsolidated performance fee income - realized	\$(357,207)	(\$317,787)
Unconsolidated performance related compensation - realized	251,597	242,330
Unconsolidated net investment income	(34,474)	(32,993)
Fee Related Earnings	\$255,312	\$216,990

Note: This table is a reconciliation of income before provision for income taxes on a consolidated basis to RI and FRE on unconsolidated basis, which shows the results of the reportable segments on a combined basis together with the Operations Management Group. Management believes that this presentation is more meaningful than a reconciliation to the reportable segments on a segment basis because such reconciliation would exclude the Operations Management Group.

GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis (cont.)

\$ in thousands	Year ended December 31,	
	2018	2017
Performance income and net investment income reconciliation:		
Carried interest allocation	\$42,410	\$620,454
Incentive fees	63,380	16,220
Carried interest allocation and incentive fees	\$105,790	\$636,674
Performance income - realized earned from Consolidated Funds	\$4,000	\$8,089
Performance income - reclass ⁽¹⁾	205	1,936
Unconsolidated performance income - unrealized	247,212	(325,915)
Performance income - unrealized earned from Consolidated Funds	—	(2,997)
Performance income - realized	\$357,207	\$317,787
Total consolidated other income		
	\$96,242	\$174,674
Net investment income from Consolidated Funds	(115,151)	(153,810)
Performance income - reclass ⁽¹⁾	(205)	(1,936)
Principal investment income	1,047	89,031
Change in value of contingent consideration	—	(20,156)
Other (income) expense, net	1,653	(1,042)
Other expense of non-controlling interests in consolidated subsidiaries	(19)	(24)
Investment (income) loss - unrealized	50,809	(55,487)
Interest and other investment loss - unrealized	98	1,743
Total realized net investment income	\$34,474	\$32,993

Note: These tables reconcile consolidated carried interest allocation and incentive fees reported in accordance with GAAP to unconsolidated realized performance income and consolidated GAAP other income to unconsolidated realized net investment income. These reconciliations show the results of the reportable segments on a combined basis together with the Operations Management Group. Management believes that this presentation is more meaningful than a reconciliation to the reportable segments on a segment basis because such reconciliation would exclude the Operations Management Group. Differences may arise due to rounding.

1. Related to performance fees for AREA Sponsor Holdings LLC. Changes in value of this investment are reflected within net realized and unrealized gain (loss) on investments in Ares' Consolidated Statements of Operations.



Glossary

ARCC Part I Fees	ARCC Part I Fees refers to a quarterly performance income on the investment income from ARCC. Such fees from ARCC are classified as management fees as they are paid quarterly, predictable and recurring in nature, not subject to contingent repayment and are typically cash settled each quarter.
ARCC Part II Fees	ARCC Part II Fees refers to fees that are paid in arrears as of the end of each calendar year when the cumulative aggregate realized capital gains exceed the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation, less the aggregate amount of ARCC Part II Fees paid in all prior years since inception
Ares Operating Group Units	Ares Operating Group Unit refers to, collectively, a partnership unit in each of the Ares Operating Group entities.
Assets Under Management	Assets Under Management (or “AUM”) refers to the assets we manage. For our funds other than CLOs, our AUM represents the sum of the net asset value of such funds, the drawn and undrawn debt (at the fund level including amounts subject to restrictions) and uncalled committed capital (including commitments to funds that have yet to commence their investment periods). For our funds that are CLOs, our AUM represents subordinated notes (equity) plus all drawn and undrawn debt tranches.
AUM Not Yet Earning Fees	AUM Not Yet Earning Fees, also referred to as Shadow AUM, is our AUM that is not currently generating fees and is eligible to earn management fees upon deployment.
Available Capital	Available Capital is comprised of uncalled committed capital and undrawn amounts under credit facilities and may include AUM that may be canceled or not otherwise available to invest (also referred to as "Dry Powder").
Consolidated Funds	Consolidated Funds refers collectively to certain Ares-affiliated funds, related co-investment entities and certain CLOs that are required under GAAP to be consolidated in our consolidated financial statements.
Fee Paying Assets Under Management	Fee Paying AUM (or “FPAUM”) refers to the AUM on which we directly earn management fees. Fee Paying AUM is equal to the sum of all the individual fee bases of our funds that directly contribute to our management fees.
Fee Related Earnings	Fee Related Earnings (or “FRE”), a non-GAAP measure, is used to assess core operating performance by determining whether recurring revenue, primarily consisting of management fees, is sufficient to cover operating expenses and to generate profits. FRE differs from income before taxes computed in accordance with GAAP as it excludes performance income, performance related compensation, investment income from our Consolidated Funds and non-consolidated funds and certain other items that we believe are not indicative of our performance.
Gross Invested Capital	Gross Invested Capital refers to the aggregate amount of capital invested by our funds during a given period, and includes investments made by our draw-down funds and permanent capital vehicles (and affiliated funds) and new capital raised and invested by our open-ended managed accounts, sub-advised accounts and CLOs, but excludes capital that is reinvested (after receiving repayments of capital) by our open-ended managed accounts, sub-advised accounts and CLOs.

Glossary (cont'd)

Incentive Eligible Assets Under Management	Incentive eligible AUM (or “IEAUM”) refers to the AUM of our funds that are eligible to produce performance income, regardless of whether or not they are currently generating performance income. It generally represents the NAV plus uncalled equity or total assets plus uncalled debt, as applicable, of our funds for which we are entitled to receive a performance income, excluding capital committed by us and our professionals (which generally is not subject to a performance income).
Incentive Generating Assets Under Management	Incentive generating AUM (or “IGAUM”) refers to the AUM of our funds that are currently generating, on a realized or unrealized basis, performance income. It generally represents the NAV or total assets of our funds, as applicable, for which we are entitled to receive performance income, excluding capital committed by us and our professionals (from which we do not earn performance income). With respect to ARCC, only ARCC Part II Fees may be generated from IGAUM.
Net Inflows of Capital	Net Inflow of Capital represents net new commitments during the period, including equity and debt commitments and gross inflows into our open-ended managed accounts and sub-advised accounts, as well as equity offerings by our publicly traded vehicles minus redemptions from our open-ended funds, managed accounts and sub-advised accounts.
Operations Management Group	In addition to our three segments, we have an Operations Management Group (the “OMG”) that consists of shared resource groups to support our reportable segments by providing infrastructure and administrative support in the areas of accounting/finance, operations/information technology, business development/corporate strategy, legal/compliance and human resources. The OMG’s expenses are not allocated to our three reportable segments but we consider the cost structure of the OMG when evaluating our financial performance. Our management uses this information to assess the performance of our reportable segments and OMG, and we believe that this information enhances the ability of shareholders to analyze our performance.
Our Funds	Our funds refers to the funds, alternative asset companies, co-investment vehicles and other entities and accounts that are managed or co-managed by the Ares Operating Group, and which are structured to pay fees. It also includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC, and a registered investment adviser.
Performance Income	Performance income refers to income we earn based on the performance of a fund, which is generally based on certain specific hurdle rates as defined in the fund’s investment management or partnership agreements and may be structured as either an incentive fee or as carried interest.
Permanent Capital	Permanent capital refers to capital of our funds that do not have redemption provisions or a requirement to return capital to investors upon exiting the investments made with such capital, except as required by applicable law. Such funds currently consist of Ares Capital Corporation (“ARCC”), Ares Commercial Real Estate Corporation (“ACRE”), and Ares Dynamic Credit Allocation Fund, Inc. (“ARDC”); such funds may be required, or elect, to return all or a portion of capital gains and investment income.

Glossary (cont'd)

Realized Income	Realized income (or “RI”), a non-GAAP measure, is an operating metric used by management to evaluate performance of the business based on operating performance and the contribution of each of the business segments to that performance, while removing the fluctuations of unrealized income and expenses, which may or may not be eventually realized at the levels presented and whose realizations depend more on future outcomes than current business operations. RI differs from net income by excluding (a) income tax expense, (b) operating results of our Consolidated Funds, (c) depreciation and amortization expense, (d) the effects of changes arising from corporate actions, (e) unrealized gains and losses related to performance income and investment performance and (f) certain other items that we believe are not indicative of our operating performance. Changes arising from corporate actions include equity-based compensation expenses, the amortization of intangible assets, transaction costs associated with mergers, acquisitions and capital transactions, underwriting costs and expenses incurred in connection with corporate reorganization. Beginning in 2018, placement fees are no longer excluded but are amortized to match the period over which management fees are recognized. Prior to the introduction of RI, management used distributable earnings for this evaluation. Management believes RI is a more appropriate metric to evaluate Ares' current business operations.
Senior Direct Lending Program	Senior Direct Lending Program (or “SDLP”) is a program co-managed by a subsidiary of Ares through which ARCC co-invests with Varagon Capital Partners.
Syndicated Loans Strategy	Syndicated loans strategy refers to a diversified portfolio of liquid, traded non-investment grade secured loans to corporate issuers, including an allocation to syndicated middle market loans.
Total Fee Revenue	Total fee revenue refers to the sum of segment management fees and net realized performance income.