

# Ares Management Corporation Reports Third Quarter 2019 Results



LOS ANGELES--Ares Management Corporation (NYSE:ARES) today reported its financial results for its third quarter ended September 30, 2019.

“The third quarter represents our tenth consecutive quarter of sequential growth in assets under management, management fees and fee related earnings which illustrates our strong execution across our investing, capital raising and operating activities,” said Michael Arougheti, Chief Executive Officer and President of Ares. “We are well positioned to drive earnings growth and margin expansion through future deployment of over \$24 billion of uninvested shadow AUM and our robust fundraising pipeline over the next 12-24 months.”

“Driven by our 22% year over year management fee growth and an expansion in our operating margins, our fee related earnings increased approximately 35% compared to the same period a year ago,” said Michael McFerran, Chief Operating Officer and Chief Financial Officer of Ares. “At this point in time, we expect our monetization activity to accelerate which should drive realized income for the fourth quarter substantially higher compared to the third quarter.”

## **Common Dividend**

Ares declared a quarterly dividend of \$0.32 per share of its Class A common stock, payable on December 31, 2019 to its Class A common stockholders of record at the close of business on December 17, 2019.

## **Preferred Dividend**

Ares declared a quarterly dividend of \$0.4375 per share of its Series A preferred stock with a payment date of December 31, 2019 to its Series A preferred stockholders of record as of the close of business on December 15, 2019. As December 15, 2019 falls on a Sunday, the effective record date for the dividend will be Friday, December 13, 2019.

## **Additional Information**

Ares issued a full detailed presentation of its third quarter 2019 results, which can be viewed at [www.aresmgmt.com](http://www.aresmgmt.com) on the Investor Resources section of our home page under Events and Presentations. The presentation is titled "Third Quarter 2019 Earnings Presentation."

## **Conference Call and Webcast Information**

Ares will host a conference call on October 31, 2019 at 12:00 p.m. ET to discuss third 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 5273213 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 December 1, 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 10134440. An archived replay will also be available through December 1, 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 (NYSE: ARES) is a leading global alternative investment manager operating three integrated businesses across Credit, Private Equity and Real Estate. Ares Management's investment groups collaborate to deliver innovative investment solutions and consistent and attractive investment returns for fund investors throughout market cycles. Ares Management's global platform had \$144 billion of assets under management as of September 30, 2019 and employs more than 1,200 employees in over 20 offices across four continents. Please visit [www.aresmgmt.com](http://www.aresmgmt.com) for additional information.

### **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](mailto:cdrake@aresmgmt.com)  
(800) 340-6597

Cameron Rudd  
[crudd@aresmgmt.com](mailto:crudd@aresmgmt.com)  
(800) 340-6597



---

**Third 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. 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. Further, certain performance information, unless otherwise stated, is before giving effect to management fees, carried interest or incentive fees, other expenses and taxes.

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, investment funds, vehicles or accounts, investment advice, or any other service by Ares of any of its affiliates or subsidiaries. Nothing in this presentation constitutes the provision of 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 September 30, 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.



# Third Quarter Highlights

## Assets Under Management

- Total Assets Under Management ("AUM") of \$144.3 billion
- Total Fee Paying AUM ("FPAUM") of \$93.3 billion
- Available Capital of \$33.8 billion
- AUM Not Yet Earning Fees available for future deployment of \$24.2 billion
- Raised \$3.5 billion in gross new capital with net inflows of \$3.2 billion<sup>(1)</sup> for the quarter ended September 30, 2019
- Capital deployment of \$8.2 billion during the quarter ended September 30, 2019, including \$7.0 billion related to our drawdown funds

## Financial Results

- Q3-19 GAAP net income attributable to Ares Management Corporation of \$33.3 million
- Q3-19 GAAP basic and diluted earnings per share of Class A common stock of \$0.24 and \$0.23, respectively
- Q3-19 GAAP management fees of \$251.6 million<sup>(2)</sup>
- Q3-19 unconsolidated management and other fees of \$265.3 million<sup>(2)</sup>
- Q3-19 Fee Related Earnings of \$86.7 million
- Q3-19 Realized Income of \$98.4 million
- Q3-19 after-tax Realized Income of \$0.34 per share of Class A common stock<sup>(3)</sup>

## Corporate Actions

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

1. Net inflows represents gross commitments less redemptions.

2. Includes ARCC Part I Fees of \$38.8 million for the three months ended September 30, 2019. Differences between GAAP and unconsolidated management fees represents \$8.8 million from Consolidated Funds that is eliminated upon consolidation and \$0.4 million management fees attributable to certain joint venture partners. Unconsolidated other fees represents \$5.3 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 \$9.6 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 December 31, 2019 to shareholders of record as of December 17, 2019.

5. Payable on December 31, 2019 to shareholders of record as of December 15, 2019. As December 15, 2019 falls on a Sunday, the effective record date for the dividend will be Friday, December 13, 2019.

# Gross New Capital Commitments<sup>(1)</sup>

\$ in millions	Q3 2019	Comments
<b>Credit Group</b>		
U.S. Direct Lending	\$985	New and additional equity and debt commitments to various funds
CLOs	505	Closed a new European CLO
ARCC and affiliates	393	New and additional equity and debt commitments to various funds
European Direct Lending	218	Additional equity commitments
Other Credit Funds	196	Additional equity commitments to various funds
<b>Total Credit Group</b>	<b>\$2,297</b>	
<b>Private Equity Group</b>		
Energy Opportunities	\$163	Additional equity commitments bringing total commitments to \$1.0 billion
Special Opportunities	129	Additional equity and debt commitments
<b>Total Private Equity Group</b>	<b>\$292</b>	
<b>Real Estate Group</b>		
Ares European Real Estate Fund V SCSp ("EF V")	\$426	Final equity commitments bringing total commitments to approximately \$2.0 billion
U.S. Debt	449	Additional equity commitments to various funds
Other Real Estate	78	New and additional equity commitments to various co-investments
<b>Total Real Estate Group</b>	<b>\$953</b>	
<b>Total</b>	<b>\$3,542</b>	

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.

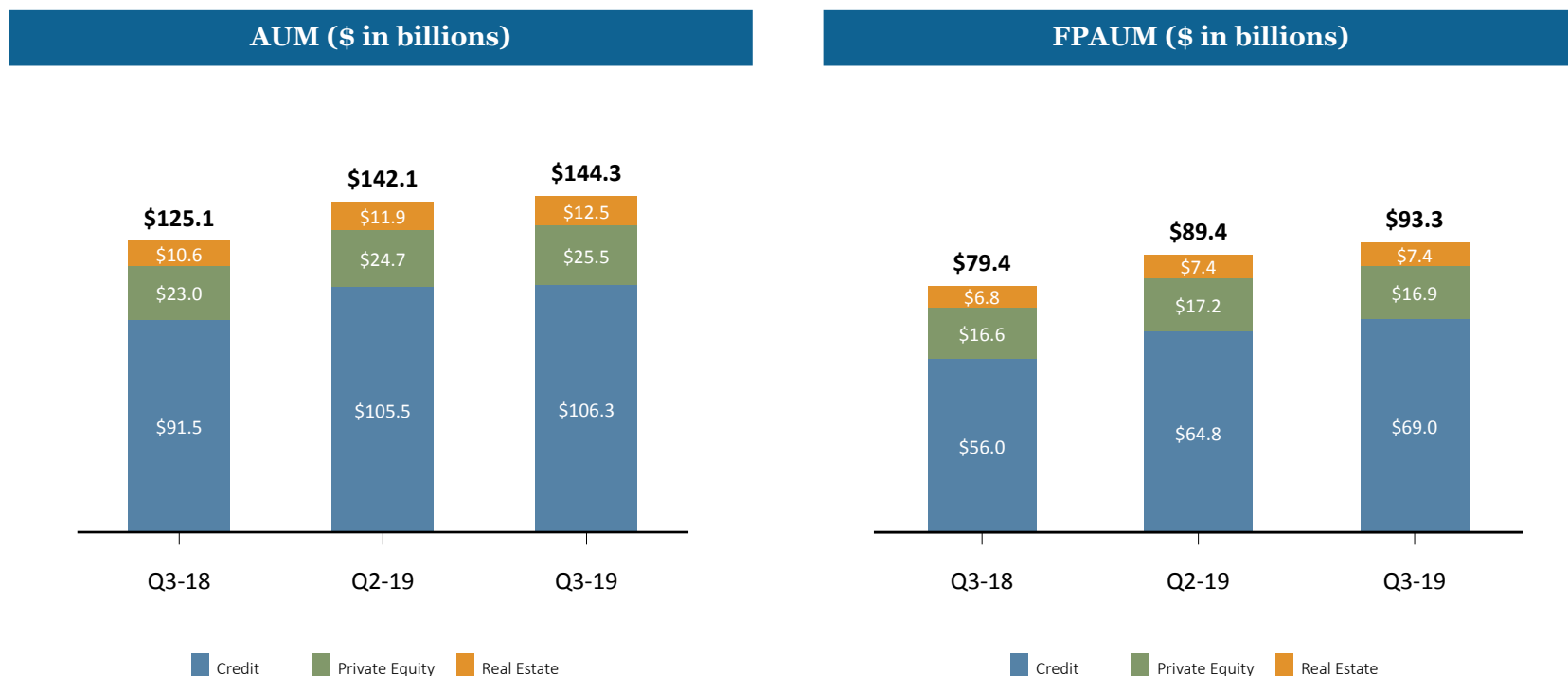
# Assets Under Management

**AUM as of September 30, 2019 was \$144.3 billion, an increase of 15.3% from prior year<sup>(1)</sup>**

- The increase of \$19.2 billion was driven by capital raising in our Credit Group, primarily across U.S. and European direct lending, alternative credit, and syndicated loan funds

**FPAUM as of September 30, 2019 was \$93.3 billion, an increase of 17.5% from prior year**

- The increase of \$13.9 billion was attributable to deployment of capital in funds across U.S. and European direct lending strategies and new commitments to the syndicated loans strategy



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").

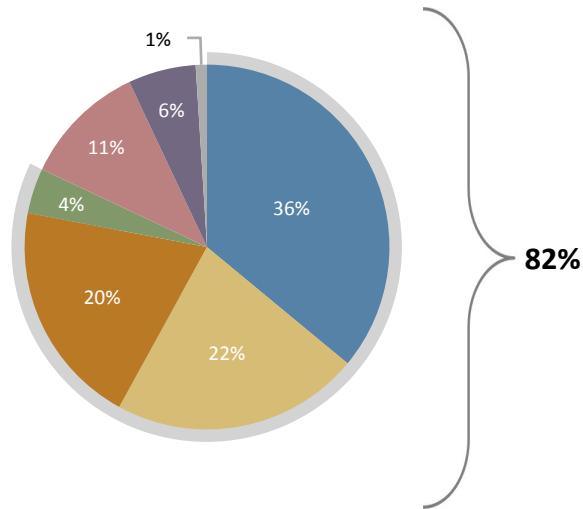


# Management Fees by Duration and Fund Type

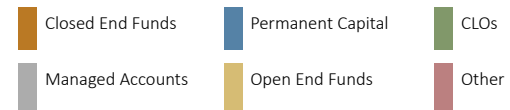
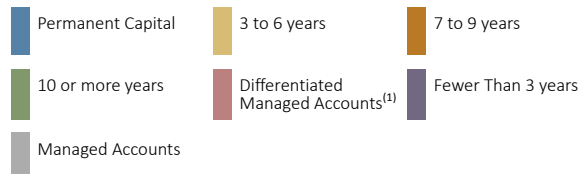
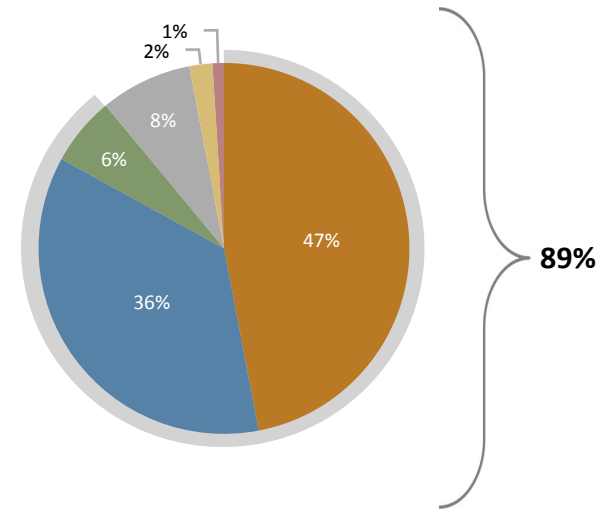
For the three months ended September 30, 2019:

- 82% of management fees are earned from funds with three or more years remaining in duration
- 89% of management fees are earned from permanent capital, closed end funds and CLOs

## Duration



## Fund Type



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.



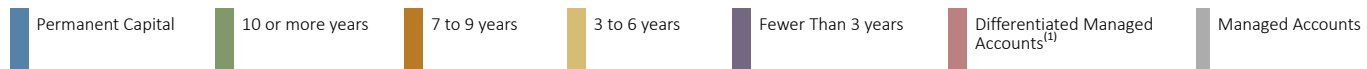
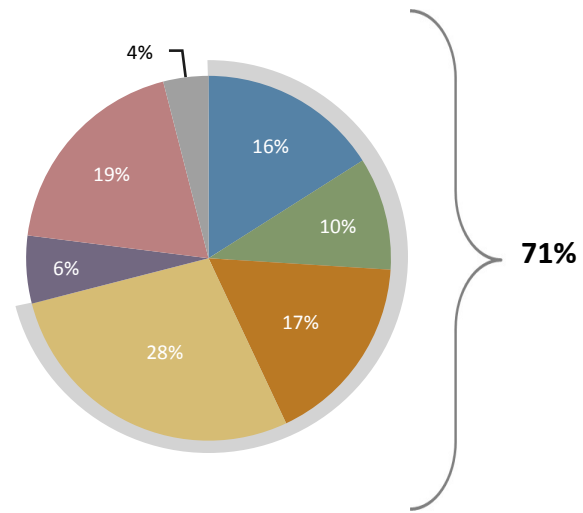
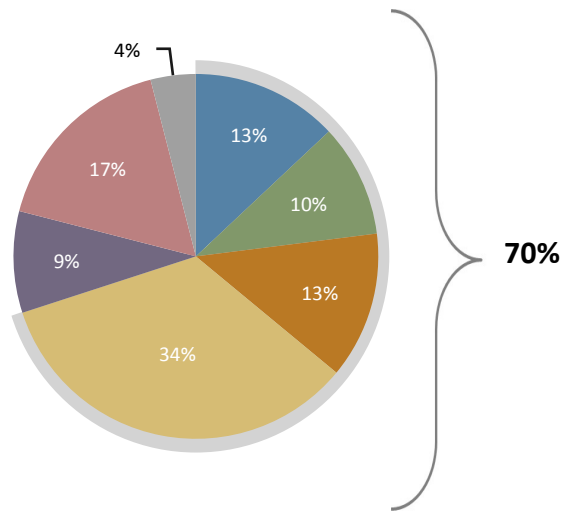
# AUM and FPAUM by Duration

As of September 30, 2019, approximately 70% of AUM and 71% of FPAUM had a duration longer than 3 years

- At time of fund closing, the initial duration was greater than 7 years for approximately 74% of AUM

**AUM: \$144.3 billion**

**FPAUM: \$93.3 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

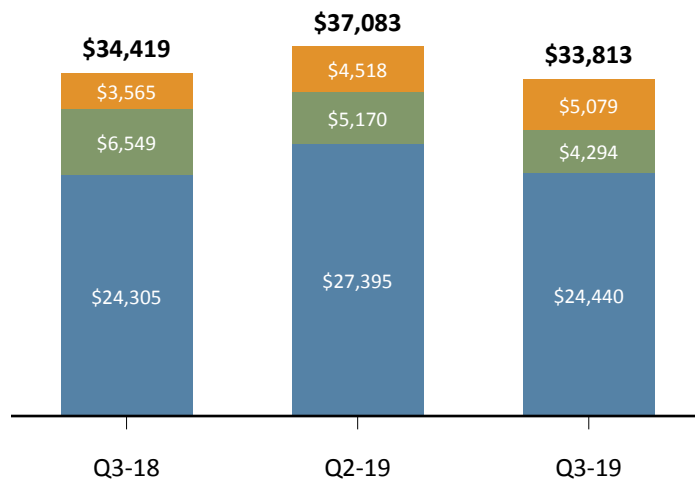
**Available Capital as of September 30, 2019 was \$33.8 billion, a decrease of 1.8% from prior year**

- The decrease of \$0.6 billion was driven primarily by deployment in U.S. and European direct lending, corporate private equity, and alternative credit funds, offset by capital raising in direct lending funds

**AUM Not Yet Earning Fees as of September 30, 2019 was \$26.4 billion, an increase of 2.1% from prior year**

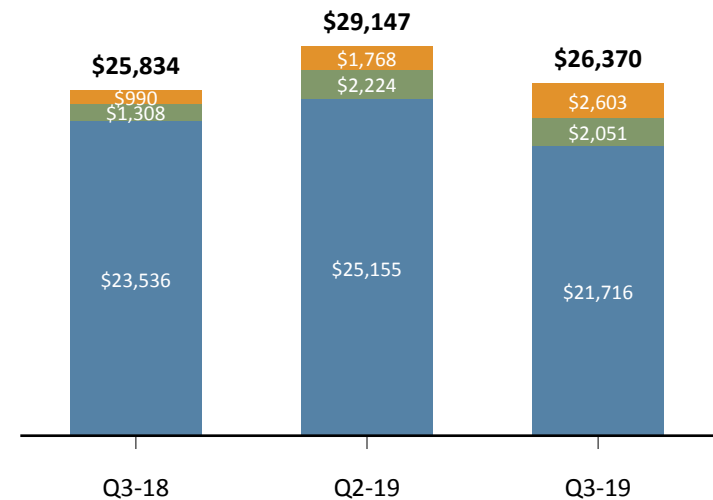
- The increase of \$0.5 billion was driven primarily by new commitments across alternative credit, real estate debt and special opportunities strategies, offset by deployment in direct lending funds

**Available Capital (\$ in millions)**



Credit Private Equity Real Estate

**AUM Not Yet Earning Fees (\$ in millions)**



Credit Private Equity Real Estate

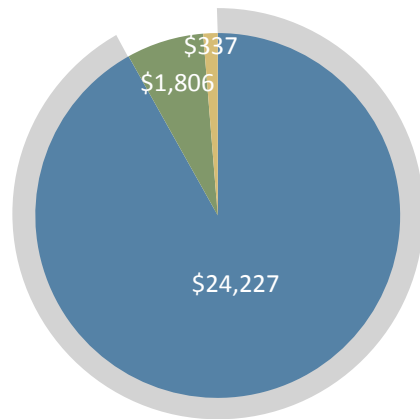
# AUM Not Yet Earning Fees

As of September 30, 2019, AUM Not Yet Earning Fees of \$26.4 billion could generate approximately \$253.2 million in potential incremental annual management fees, of which \$235.6 million relates to the \$24.2 billion of AUM available for future deployment<sup>(1)</sup>

- The \$24.2 billion of AUM Not Yet Earning Fees available for future deployment includes approximately \$18.5 billion relating to U.S. and European direct lending funds, \$2.5 billion in alternative credit funds and \$2.0 billion in our Real Estate Group funds

**AUM Not Yet Earning Fees: \$26.4 billion**

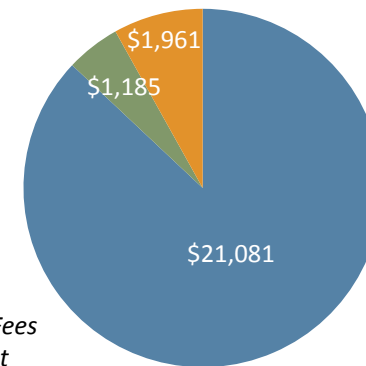
**AUM Not Yet Earning Fees Available for Future Deployment: \$24.2 billion**



(\$ in millions)

- Capital Available for Future Deployment
- Capital Available for Deployment for Follow-on Investments<sup>(2)</sup>
- Funds in or Expected to Be in Wind-down

*\$24.2 billion of AUM Not Yet Earning Fees was available for future deployment*



(\$ in millions)

- 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 September 30, 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 \$253.2 million includes approximately \$32.4 million in potential incremental management fees from deploying undrawn/available credit facilities at ARCC (in excess of its current leverage up to its target leverage of 1.25x debt to equity). Effective June 21, 2019, ARCC has increased its target leverage to a range of 0.9x to 1.25x debt to equity, as provided for in the 2018 Small Business Credit Availability Act. No assurance can be made that such capital will be invested. 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 have capital available to be called for follow-on investments in existing portfolio companies. As of September 30, 2019, capital available for deployment for follow-on investments could generate approximately \$17.6 million in potential management fees. There is no assurance such capital will be invested.

# Incentive Eligible AUM and Incentive Generating AUM

**Incentive Eligible AUM as of September 30, 2019 was \$86.2 billion, an increase of 13.0% from prior year**

- The increase of \$10 billion was primarily driven by capital raising across U.S. and European direct lending funds in our Credit Group

**Incentive Generating AUM<sup>(1)</sup> as of September 30, 2019 was \$38.7 billion, an increase of 4.1% from prior year**

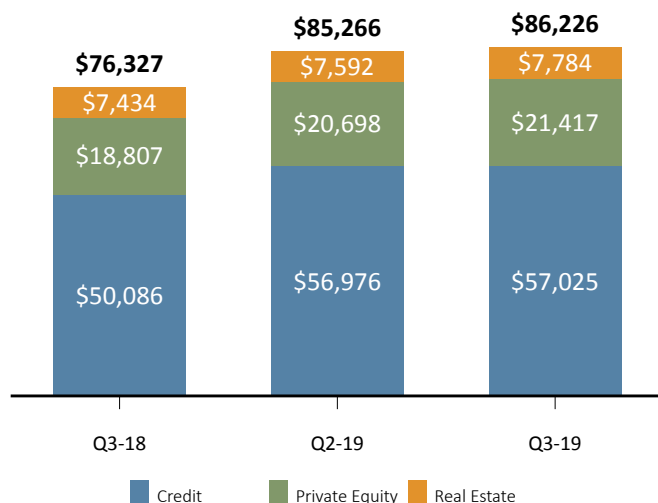
- The increase was primarily driven by ACOF V exceeding its hurdle rate in our Private Equity Group, as well as deployment of capital within funds exceeding hurdle rates as of September 30, 2019

**Of the \$59.0 billion of Incentive Eligible AUM that is currently invested, 65.6% is Incentive Generating**

- Excluding the ARCC Part II fees<sup>(2)</sup> that are based on capital gains from the largely debt oriented ARCC portfolio, 86.1% of Incentive Eligible AUM that is currently invested is Incentive Generating

## Incentive Eligible AUM

(\$ in millions)



## Q3-19 Incentive Generating to Incentive Eligible AUM Reconciliation

(\$ in millions)

	Credit	Private Equity	Real Estate	Total
<b>Incentive Generating AUM</b>	<b>\$20,438</b>	<b>\$15,127</b>	<b>\$3,116</b>	<b>\$38,681</b>
+ Uninvested IEAUM	19,052	4,905	3,273	27,230
+ IEAUM below hurdle	3,477	1,385	1,395	6,257
+ARCC Part II Fees below Hurdle <sup>(2)</sup>	14,058	—	—	14,058
<b>Incentive Eligible AUM</b>	<b>\$57,025</b>	<b>\$21,417</b>	<b>\$7,784</b>	<b>\$86,226</b>

1. Incentive Generating AUM includes \$9.9 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 September 30, 2019, this calculation resulted in ARCC being below the required hurdle for payment to Ares of any ARCC Part II Fees by <0.1% of the value of the underlying portfolio.

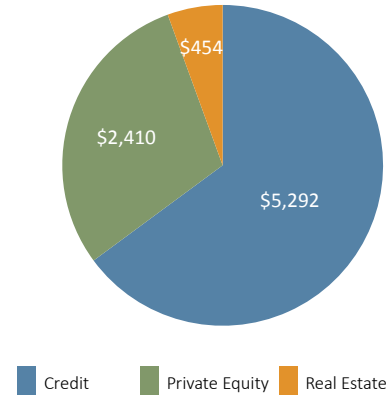


# Capital Deployment<sup>(1)</sup>

- Total gross invested capital during Q3-19 of \$8.2 billion compared to \$4.9 billion in Q3-18
  - Of the total amount, \$7.0 billion was related to deployment in our drawdown funds compared to \$3.8 billion for the same period in 2018
  - Of our drawdown funds, the most active investment strategies were corporate private equity, European direct lending, U.S. direct lending, alternative credit and special opportunities

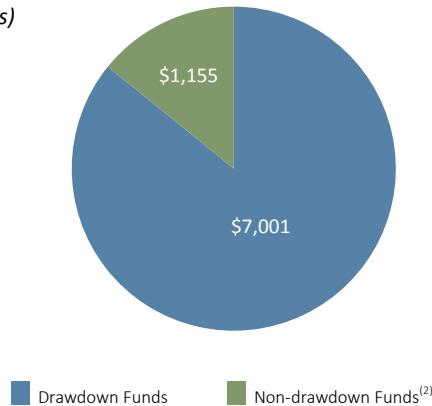
## Q3-19 Capital Deployment Breakdown: \$8.2 billion

(\$ in millions)



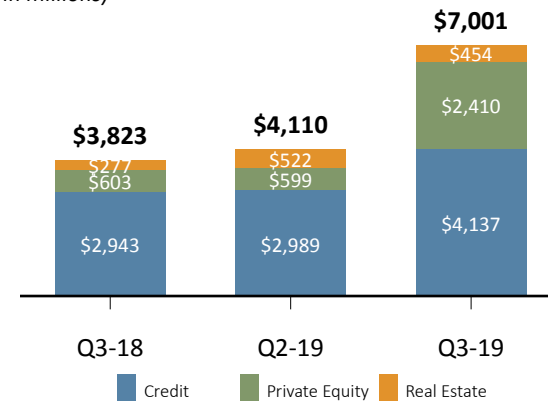
## Q3-19 Capital Deployment by Type: \$8.2 billion

(\$ in millions)



## Q3-19 Capital Deployment in Drawdown Funds: \$7.0 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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues</b>				
Management fees (includes ARCC Part I Fees of \$38,786, \$116,336 and \$33,377, \$91,660 for the three and nine months ended September 30, 2019 and 2018, respectively)	\$251,591	\$204,524	\$714,096	\$588,071
Carried interest allocation	186,803	31,902	503,808	72,587
Incentive fees	1,712	872	28,747	13,683
Principal investment income (loss)	11,389	(7,464)	45,992	(684)
Administrative, transaction and other fees	14,995	10,943	35,866	37,372
<b>Total revenues</b>	<b>466,490</b>	<b>240,777</b>	<b>1,328,509</b>	<b>711,029</b>
<b>Expenses</b>				
Compensation and benefits	166,216	145,594	485,232	419,225
Performance related compensation	139,216	17,606	388,424	30,479
General, administrative and other expenses	79,385	51,155	195,988	155,523
Expenses of Consolidated Funds	10,884	12,833	30,865	49,261
<b>Total expenses</b>	<b>395,701</b>	<b>227,188</b>	<b>1,100,509</b>	<b>654,488</b>
<b>Other income (expense)</b>				
Net realized and unrealized gains on investments	1,522	5,542	5,519	7,970
Interest and dividend income	2,030	808	5,526	6,511
Interest expense	(4,691)	(4,143)	(16,073)	(17,088)
Other income (expense), net	(1,870)	811	(1,570)	(1,487)
Net realized and unrealized gains (losses) on investments of Consolidated Funds	(992)	5,437	3,256	26,839
Interest and other income of Consolidated Funds	107,922	93,062	303,312	250,117
Interest expense of Consolidated Funds	(71,134)	(62,763)	(204,051)	(163,942)
<b>Total other income</b>	<b>32,787</b>	<b>38,754</b>	<b>95,919</b>	<b>108,920</b>
Income before taxes	103,576	52,343	323,919	165,461
Income tax expense	11,701	5,131	35,590	29,659
<b>Net income</b>	<b>91,875</b>	<b>47,212</b>	<b>288,329</b>	<b>135,802</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	15,908	13,169	41,878	23,418
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	42,636	18,133	136,032	67,301
<b>Net income attributable to Ares Management Corporation</b>	<b>33,331</b>	<b>15,910</b>	<b>110,419</b>	<b>45,083</b>
Less: Series A Preferred Stock dividends paid	5,425	5,425	16,275	16,275
<b>Net income attributable to Ares Management Corporation Class A common stockholders</b>	<b>\$27,906</b>	<b>\$10,485</b>	<b>\$94,144</b>	<b>\$28,808</b>
<b>Net income attributable to Ares Management Corporation per share of Class A common stock</b>				
Basic	\$0.24	\$0.09	\$0.84	\$0.25
Diluted	\$0.23	\$0.09	\$0.81	\$0.25
<b>Weighted-average shares of Class A common stock:</b>				
Basic	108,481,929	98,706,419	105,546,219	94,168,582
Diluted	121,890,022	98,706,419	116,418,136	94,168,582



# RI and Other Measures Financial Summary

\$ in thousands, except share data (and as otherwise noted)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Management fees <sup>(1)</sup>	\$259,978	\$213,662	22%	\$739,269	\$612,792	21%
Other fees	5,343	3,872	38%	13,029	17,166	(24)%
Compensation and benefits expenses <sup>(2)</sup>	(135,580)	(115,372)	18%	(391,247)	(333,487)	17%
General, administrative and other expenses <sup>(3)</sup>	(43,067)	(37,745)	14%	(126,083)	(109,559)	15%
<b>Fee Related Earnings</b>	<b>\$86,674</b>	<b>\$64,417</b>	<b>35%</b>	<b>\$234,968</b>	<b>\$186,912</b>	<b>26%</b>
Realized net performance income	\$5,272	\$11,545	(54)%	\$35,393	\$54,510	(35)%
Realized net investment income	6,461	15,456	(58)%	26,989	30,123	(10)%
<b>Realized Income</b>	<b>\$98,407</b>	<b>\$91,418</b>	<b>8%</b>	<b>\$297,350</b>	<b>\$271,545</b>	<b>10%</b>
After-tax Realized Income, net of Series A Preferred Stock dividends <sup>(4)</sup>	\$86,603	\$81,354	6%	\$256,582	\$239,584	7%
<b>After-tax Realized Income per share of Class A common stock, net of Series A Preferred Stock dividends<sup>(5)</sup></b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>—%</b>	<b>\$1.01</b>	<b>\$1.01</b>	<b>—%</b>
<b>Other Data</b>						
Total fee revenue <sup>(6)</sup>	\$270,593	\$229,079	18%	\$787,691	\$684,468	15%
Effective management fee rate <sup>(7)</sup>	1.09%	1.07%		1.09%	1.06%	

1. Includes ARCC Part I Fees of \$38.8 million and \$33.4 million for the three months ended September 30, 2019 and 2018, respectively, and \$116.3 million and \$91.7 million for the nine months ended September 30, 2019 and 2018, respectively.

2. Includes compensation and benefits expenses attributable to the Operations Management Group of \$34.1 million and \$32.0 million for the three months ended September 30, 2019 and 2018, respectively, and \$100.7 million and \$92.8 million for the nine months ended September 30, 2019 and 2018, respectively, which are not allocated to an operating segment.

3. Includes G&A expenses attributable to Operations Management Group of \$21.4 million and \$18.1 million for the three months ended September 30, 2019 and 2018, respectively, and \$61.9 million and \$55.7 million for the nine months ended September 30, 2019 and 2018, respectively, which are not allocated to an operating segment.

4. For the three months and nine months ended September 30, 2019 and 2018, after-tax Realized Income includes current income tax related to: (i) realized performance income of \$1.3 million, \$7.0 million, and \$2.8 million, \$8.4 million, respectively and (ii) FRE of \$5.0 million, \$17.4 million, and \$1.9 million, \$7.2 million, respectively. Of the current tax related to FRE, this includes (a) entity level taxes of \$1.5 million, \$4.7 million, and \$1.0 million, \$6.2 million, respectively, and (b) corporate level tax expense of \$3.5 million, \$12.7 million, and \$0.9 million, \$1.0 million, respectively.

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 32 for additional details.

6. Total fee revenue is calculated as the total of management fees, other fees and 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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Realized Income and Fee Related Earnings:</b>				
<b>Income before taxes</b>	<b>\$103,576</b>	<b>\$52,343</b>	<b>\$323,919</b>	<b>\$165,461</b>
Adjustments:				
Depreciation and amortization expense <sup>(1)</sup>	24,564	5,347	35,609	20,234
Equity compensation expense <sup>(2)</sup>	22,393	23,940	73,974	67,534
Acquisition and merger-related expense	4,777	253	10,757	(19)
Unamortized placement fees	4,366	6,194	17,319	9,710
Other (income) expense, net <sup>(3)</sup>	(461)	3	(460)	13,564
Net expense of non-controlling interests in consolidated subsidiaries	799	819	2,608	2,178
Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(16,054)	(13,182)	(41,178)	(23,500)
Unconsolidated performance (income) loss - unrealized	(181,174)	37,999	(426,411)	127,224
Unconsolidated performance related compensation - unrealized	137,174	(42,417)	311,936	(132,294)
Unconsolidated net investment (income) loss - unrealized	(1,553)	20,119	(10,723)	21,453
<b>Realized Income</b>	<b>\$98,407</b>	<b>\$91,418</b>	<b>\$297,350</b>	<b>\$271,545</b>
Unconsolidated performance income - realized	\$(7,314)	\$(71,568)	\$(111,881)	\$(217,283)
Unconsolidated performance related compensation - realized	2,042	60,023	76,488	162,773
Unconsolidated net investment income - realized	(6,461)	(15,456)	(26,989)	(30,123)
<b>Fee Related Earnings</b>	<b>\$86,674</b>	<b>\$64,417</b>	<b>\$234,968</b>	<b>\$186,912</b>

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 ended September 30, 2019, depreciation and amortization expense includes \$20.0 million non-cash impairment charge on certain intangible assets.
2. For the three months and nine months ended September 30, 2019 and 2018, equity compensation expense was attributable to the following: (i) IPO awards and other non-recurring awards of \$7.9 million, \$31.0 million and \$14.9 million, \$40.0 million, respectively; (ii) annual bonus awards of \$6.3 million, \$20.9 million and \$4.1 million, \$14.6 million, respectively; and (iii) discretionary awards of \$8.2 million, \$22.1 million and \$4.9 million, \$12.9 million, respectively.
3. The nine months ended September 30, 2018 includes a \$11.8 million payment to ARCC for rent and utilities for the years ended 2017, 2016, 2015 and 2014, and the first quarter of 2018.





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

\$ in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Performance income and net investment income reconciliation:</b>				
Carried interest allocation	\$186,803	\$31,902	\$503,808	\$72,587
Incentive fees	1,712	872	28,747	13,683
<b>Carried interest allocation and incentive fees</b>	<b>\$188,515</b>	<b>\$32,774</b>	<b>\$532,555</b>	<b>\$86,270</b>
Performance income - realized earned from Consolidated Funds	\$0	\$0	\$5,184	\$4,000
Performance income (loss) - reclass <sup>(1)</sup>	(27)	795	553	(211)
Unconsolidated performance income - unrealized	(181,174)	37,999	(426,411)	127,224
<b>Performance income - realized</b>	<b>\$7,314</b>	<b>\$71,568</b>	<b>\$111,881</b>	<b>\$217,283</b>
<b>Total consolidated other income</b>				
	<b>\$32,787</b>	<b>\$38,754</b>	<b>\$95,919</b>	<b>\$108,920</b>
Net investment income from Consolidated Funds	(38,194)	(34,731)	(102,499)	(111,710)
Performance (income) loss - reclass <sup>(1)</sup>	27	(795)	(553)	211
Principal investment income (loss)	13,865	(7,886)	45,336	9,544
Other (income) expense, net	(461)	3	(460)	1,728
Other income of non-controlling interests in consolidated subsidiaries	(10)	(8)	(31)	(23)
Investment (income) loss - unrealized	(4,515)	20,874	(13,415)	21,046
Interest and other investment (income) loss - unrealized	2,962	(755)	2,692	407
<b>Total realized net investment income</b>	<b>\$6,461</b>	<b>\$15,456</b>	<b>\$26,989</b>	<b>\$30,123</b>

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 on investments in Ares' Consolidated Statements of Operations.



# Credit Group<sup>(1)</sup>

- Management and other fees increased by 23% for Q3-19 compared to Q3-18, primarily due to an increase in deployment in funds in the U.S. and European direct lending strategies
- Fee related earnings increased by 24% for Q3-19 compared to Q3-18, primarily driven by higher management fees
- Realized income increased by 29% for Q3-19 compared to Q3-18, primarily driven by an increase in fee related earnings and an increase in realized net investment income in the U.S direct lending strategy

## Financial Summary and Highlights<sup>(2)</sup>

\$ in thousands	Q3-19	Q3-18	% Change	YTD 2019	YTD 2018	% Change
Management and other fees <sup>(3)</sup>	\$183,621	\$149,070	23%	\$525,939	\$429,291	23%
<b>Fee Related Earnings</b>	<b>\$103,062</b>	<b>\$82,910</b>	<b>24%</b>	<b>\$293,181</b>	<b>\$239,018</b>	<b>23%</b>
Realized net performance income	\$407	\$616	(34)%	\$16,064	\$20,694	(22)%
Realized net investment income	5,517	1,140	NM	9,794	461	NM
<b>Realized Income</b>	<b>\$108,986</b>	<b>\$84,666</b>	<b>29%</b>	<b>\$319,039</b>	<b>\$260,173</b>	<b>23%</b>
<b>AUM (\$ in billions)</b>	<b>\$106.3</b>	<b>\$91.5</b>	<b>16%</b>			
<b>FPAUM (\$ in billions)</b>	<b>\$69.0</b>	<b>\$56.0</b>	<b>23%</b>			

**24%**

Q3-19 increase in  
Fee Related Earnings

**23%**

Q3-19 increase in  
FPAUM

**European Direct Lending: 2.4%<sup>(4)</sup>**

**High Yield: 2.2%<sup>(5)</sup>**

**Syndicated Loans: 1.8%<sup>(5)</sup>**

Q3-19 gross returns

Note: Past performance is not indicative of future results. The Credit Group had ~275 investment professionals, approximately 1,700 portfolio companies and 173 active funds as of September 30, 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 23-24 for complete financial results.
3. Includes ARCC Part I Fees of \$38.8 million and \$33.4 million for the three months ended September 30, 2019 and 2018, respectively, and \$116.3 million and \$91.7 million for the nine months ended September 30, 2019 and 2018, 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 1.4% for Q3-19. Gross and net returns for European direct lending are represented by a composite made up of the ACE II, ACE III and ACE IV levered 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 4.0% and 3.2% for Q3-19. 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, other expenses and taxes, as applicable. Net returns are reduced by applicable management fees, carried interest, as 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: 1.6% for U.S. Syndicated Loan funds and 2.1% 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. We believe aggregated performance returns reflect overall quarterly performance returns in a strategy, but are not necessarily investable funds or products themselves.



# Private Equity Group<sup>(1)</sup>

- Management and other fees increased 13% for Q3-19 compared to Q3-18 primarily driven by new commitments in our energy opportunities fund and special opportunities fund, including \$1.5 million in catch up fees from the energy opportunities fund
- Fee related earnings increased 19% primarily driven by higher management fees
- Realized income decreased by 34% for Q3-19 compared to Q3-18, primarily driven by reduced realized performance and investment income

## Financial Summary and Highlights<sup>(2)</sup>

\$ in thousands	Q3-19	Q3-18	% Change	YTD 2019	YTD 2018	% Change
Management and other fees	\$54,684	\$48,493	13%	\$158,242	\$148,375	7%
<b>Fee Related Earnings</b>	<b>\$29,926</b>	<b>\$25,184</b>	<b>19%</b>	<b>\$82,028</b>	<b>\$78,979</b>	<b>4%</b>
Realized net performance income	\$—	\$10,684	NM	\$12,499	\$27,626	(55)%
Realized net investment income (loss)	(1,146)	7,559	NM	9,821	17,557	(44)%
<b>Realized Income</b>	<b>\$28,780</b>	<b>\$43,427</b>	<b>(34)%</b>	<b>\$104,348</b>	<b>\$124,162</b>	<b>(16)%</b>
<b>AUM (\$ in billions)</b>	<b>\$25.5</b>	<b>\$23.0</b>	<b>11%</b>			
<b>FPAUM (\$ in billions)</b>	<b>\$16.9</b>	<b>\$16.6</b>	<b>2%</b>			

**19%**

Q3-19 increase in  
Fee Related Earnings

**11%**

Q3-19 increase in AUM

**Q3-19: 3.9%**

Gross return in  
Corporate Private  
Equity portfolio<sup>(3)</sup>

Note: Past performance is not indicative of future results. The Private Equity Group had ~115 investment professionals, 46 portfolio companies, 54 infrastructure and power assets and 23 active funds and related co-investment vehicles as of September 30, 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 23-24 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, other expenses and taxes, if applicable. Net returns are reduced by applicable management fees, carried interest, as applicable, and other expenses. Net asset-level returns for corporate private equity portfolio was 2.5% for Q3-19. 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<sup>(1)</sup>

- Management and other fees increased 35% for Q3-19 compared to Q3-18, primarily driven by new commitments and \$7.0 million in catch up fees from EF V
- Fee related earnings increased 43% for Q3-19 compared to Q3-18, primarily driven by higher management fees
- Realized income increased by 23% for Q3-19 compared to Q3-18, primarily driven by increases in fee related earnings

## Financial Summary and Highlights<sup>(2)</sup>

\$ in thousands	Q3-19	Q3-18	% Change	YTD 2019	YTD 2018	% Change
Management and other fees	\$27,016	\$19,971	35%	\$68,117	\$52,292	30%
<b>Fee Related Earnings</b>	<b>\$9,152</b>	<b>\$6,382</b>	<b>43%</b>	<b>\$22,386</b>	<b>\$17,473</b>	<b>28%</b>
Realized net performance income	\$4,865	\$245	NM	\$6,830	\$6,190	10%
Realized net investment income	2,636	6,915	(62)%	8,717	10,027	(13)%
<b>Realized Income</b>	<b>\$16,653</b>	<b>\$13,542</b>	<b>23%</b>	<b>\$37,933</b>	<b>\$33,690</b>	<b>13%</b>
<b>AUM (\$ in billions)</b>	<b>\$12.5</b>	<b>\$10.6</b>	<b>18%</b>			
<b>FPAUM (\$ in billions)</b>	<b>\$7.4</b>	<b>\$6.8</b>	<b>9%</b>			

**43%**

Q3-19 increase in Fee Related Earnings

**18%**

Q3-19 increase in AUM

**U.S. Equity: 3.9%**

**European Equity: 3.9%**

Q3-19 Gross Returns<sup>(3)</sup>

Note: Past performance is not indicative of future results. The Real Estate Group had ~75 investment professionals, approximately 180 properties and 46 active funds and related co-investment vehicles as of September 30, 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 23-24 for complete financial results.

3. Returns are gross time-weighted rates of return and do not reflect the deduction of management fees, carried interest, as 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, other expenses and taxes, as applicable. Net returns are reduced by applicable management fees, carried interest, as applicable, and other expenses, if applicable. Net returns for U.S. equity and European equity were 2.9% and 3.7%, respectively, for Q3-19. The gross and net returns for the dollar denominated feeder fund for EF IV were 3.6% and 3.3%, respectively, for Q3-19. We believe aggregated performance returns reflect overall quarterly performance returns in a strategy, but are not necessarily investable funds or products themselves.



# Realized Income per Share Data

\$ in thousands, except share data	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>After-tax Realized Income, net of Series A Preferred Stock dividends</b>				
Realized Income before taxes	\$98,407	\$91,418	\$297,350	\$271,545
Entity level foreign, state and local taxes	(1,503)	(990)	(4,716)	(6,213)
Series A Preferred Stock dividends <sup>(1)</sup>	(5,425)	(5,425)	(16,275)	(16,275)
<b>Realized Income, net of Series A Preferred Stock dividends</b>	<b>\$91,479</b>	<b>\$85,003</b>	<b>\$276,359</b>	<b>\$249,057</b>
Income taxes <sup>(2)</sup>	\$(4,876)	\$(3,649)	\$(19,777)	\$(9,473)
<b>After-tax Realized Income, net of Series A Preferred Stock dividends</b>	<b>\$86,603</b>	<b>\$81,354</b>	<b>\$256,582</b>	<b>\$239,584</b>
<b>After-tax Realized Income per share<sup>(3)</sup></b>	<b>\$0.36</b>	<b>\$0.36</b>	<b>\$1.10</b>	<b>\$1.07</b>
<b>After-tax Realized Income per share of Class A common stock</b>				
Realized Income, net of Series A Preferred Stock dividends	\$91,479	\$85,003	\$276,359	\$249,057
x Average ownership % of Ares Operating Group	48.17%	45.17%	47.44%	43.19%
<b>Realized Income attributable to Class A common stockholders</b>	<b>\$44,069</b>	<b>\$38,395</b>	<b>\$131,095</b>	<b>\$108,861</b>
Income taxes <sup>(2)</sup>	\$(4,876)	\$(3,649)	\$(19,777)	\$(9,473)
<b>After-tax Realized Income attributable to Class A common stockholders</b>	<b>\$39,193</b>	<b>\$34,746</b>	<b>\$111,318</b>	<b>\$99,388</b>
<b>After-tax Realized Income per share of Class A common stock<sup>(4)</sup></b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$1.01</b>	<b>\$1.01</b>

1. Ares had 12,400,000 shares of 7% Series A Preferred Stock outstanding as of September 30, 2019.

2. Amount represents the current corporate taxes paid by Ares for the periods presented and exclude the effects for the three and nine months ended September 30, 2019 of \$5.2 million and \$11.8 million, respectively, 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 after-tax FRE, we first allocate the taxes to realized performance income. Taxes are allocated to realized performance income based on our 23.8% 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 three and nine months ended September 30, 2019, these differences totaled \$11.8 million and \$24.6 million, respectively, and reduced our tax rate on FRE from 23.8% to 10.2% and 13.4%, respectively. 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, exercise of stock options, payment of placement fees, depreciation expense 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 238,597,871 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 32 in this presentation for further information.

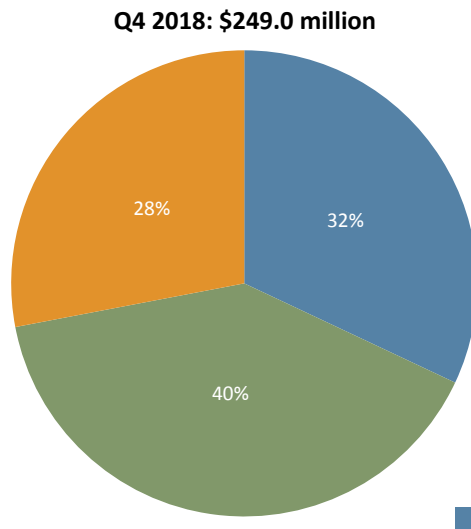
4. Calculation of after-tax Realized Income per share of Class A common stock uses the total average shares of Class A common stock outstanding and the dilutive effects of Ares' equity-based awards. See slide 32 for additional details.



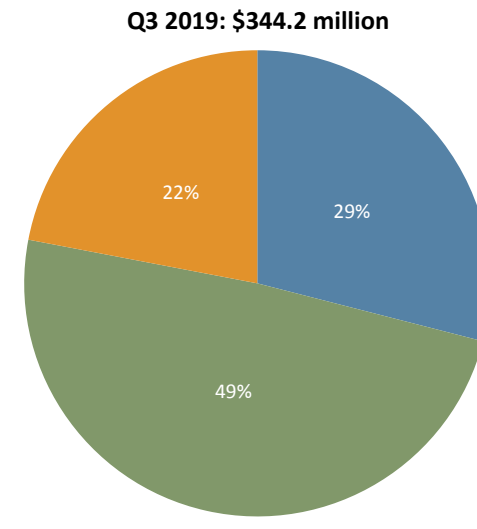
# Balance Sheet

- **Substantial balance sheet value related to investments in Ares managed vehicles and net accrued performance income receivable**
  - As of September 30, 2019, our balance sheet included \$152.2 million in cash and cash equivalents and \$246.4 million in debt obligations with no drawn amounts against our \$1.065 billion revolving credit facility
  - As of September 30, 2019, the fair value of our corporate investment portfolio was \$529.7 million in accordance with GAAP. On an unconsolidated basis, our corporate investment portfolio was \$725.9 million<sup>(1)</sup>
  - As of September 30, 2019, gross accrued performance income reported on a GAAP and unconsolidated basis was \$1.3 billion
    - As of September 30, 2019, accrued performance income, net of performance related compensation reported on a GAAP basis and unconsolidated basis was \$344.2 million, which increased by 38.2% from December 31, 2018

**Net Performance Income Receivable by Group – GAAP and Unconsolidated basis**



**Net Performance Income Receivable by Group – GAAP and Unconsolidated basis**



1. As of September 30, 2019, \$49.2 million was invested in entities that are not managed by Ares. Difference between GAAP and unconsolidated investments represents investments of \$196.2 million in Consolidated Funds that are eliminated upon consolidation. Corporate investment portfolio excludes accrued carried interest allocation of \$1.3 billion.

# 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  
12<sup>th</sup> 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

### Bank of Montreal

James Fotheringham  
(212) 885-4180

### Barclays

Jeremy Campbell  
(212) 526-9750

### 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  
(212) 214-5009

## 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](http://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 September 30, 2019

\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total <sup>(1)</sup>
Management fees (Credit Group includes ARCC Part I Fees of \$38,786)	\$178,447	\$54,543	\$26,988	\$—	\$259,978
Other fees	5,174	141	28	—	5,343
Compensation and benefits	(67,770)	(19,226)	(14,523)	(34,061)	(135,580)
General, administrative and other expenses	(12,789)	(5,532)	(3,341)	(21,405)	(43,067)
<b>Fee Related Earnings</b>	<b>\$103,062</b>	<b>\$29,926</b>	<b>\$9,152</b>	<b>(\$55,466)</b>	<b>\$86,674</b>
Performance income—realized	\$1,037	\$—	\$6,277	\$—	\$7,314
Performance related compensation—realized	(630)	—	(1,412)	—	(2,042)
<b>Realized net performance income</b>	<b>\$407</b>	<b>\$0</b>	<b>\$4,865</b>	<b>\$—</b>	<b>\$5,272</b>
Investment income—realized	\$114	\$47	\$2,015	\$—	\$2,176
Interest and other investment income (expense) —realized	6,964	435	1,588	(11)	8,976
Interest expense	(1,561)	(1,628)	(967)	(535)	(4,691)
<b>Realized net investment income (loss)</b>	<b>\$5,517</b>	<b>-\$1,146</b>	<b>\$2,636</b>	<b>\$(546)</b>	<b>\$6,461</b>
<b>Realized income</b>	<b>\$108,986</b>	<b>\$28,780</b>	<b>\$16,653</b>	<b>(\$56,012)</b>	<b>\$98,407</b>

## Three Months Ended September 30, 2018

\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total <sup>(1)</sup>
Management fees (Credit Group includes ARCC Part I Fees of \$33,377)	\$145,414	\$48,287	\$19,961	\$—	\$213,662
Other fees	3,656	206	10	—	3,872
Compensation and benefits	(55,239)	(17,443)	(10,733)	(31,957)	(115,372)
General, administrative and other expenses	(10,921)	(5,866)	(2,856)	(18,102)	(37,745)
<b>Fee Related Earnings</b>	<b>\$82,910</b>	<b>\$25,184</b>	<b>\$6,382</b>	<b>(\$50,059)</b>	<b>\$64,417</b>
Performance income—realized	\$1,729	\$52,729	\$17,110	\$—	\$71,568
Performance related compensation—realized	(1,113)	(42,045)	(16,865)	—	(60,023)
<b>Realized net performance income</b>	<b>\$616</b>	<b>\$10,684</b>	<b>\$245</b>	<b>\$—</b>	<b>\$11,545</b>
Investment income—realized	\$1,063	\$8,104	\$6,846	\$22	\$16,035
Interest and other investment income—realized	1,604	1,032	486	442	3,564
Interest expense	(1,527)	(1,577)	(417)	(622)	(4,143)
<b>Realized net investment income (loss)</b>	<b>\$1,140</b>	<b>\$7,559</b>	<b>\$6,915</b>	<b>\$(158)</b>	<b>\$15,456</b>
<b>Realized income</b>	<b>\$84,666</b>	<b>\$43,427</b>	<b>\$13,542</b>	<b>(\$50,217)</b>	<b>\$91,418</b>

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.



# Financial Details – Segments

Nine Months Ended September 30, 2019					
\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total <sup>(1)</sup>
Management fees (includes ARCC Part I Fees of \$116,336)	\$513,760	\$158,101	\$67,408	\$—	\$739,269
Other fees	12,179	141	709	—	13,029
Compensation and benefits	(193,083)	(61,713)	(35,735)	(100,716)	(391,247)
General, administrative and other expenses	(39,675)	(14,501)	(9,996)	(61,911)	(126,083)
<b>Fee Related Earnings</b>	<b>\$293,181</b>	<b>\$82,028</b>	<b>\$22,386</b>	<b>(\$162,627)</b>	<b>\$234,968</b>
Performance income—realized	\$38,921	\$62,492	\$10,468	\$—	\$111,881
Performance related compensation—realized	(22,857)	(49,993)	(3,638)	—	(76,488)
<b>Realized net performance income</b>	<b>\$16,064</b>	<b>\$12,499</b>	<b>\$6,830</b>	<b>\$—</b>	<b>\$35,393</b>
Investment income—realized	\$662	\$12,013	\$7,041	\$—	\$19,716
Interest and other investment income (expense) —realized	14,500	4,047	4,812	(13)	23,346
Interest expense	(5,368)	(6,239)	(3,136)	(1,330)	(16,073)
<b>Realized net investment income (loss)</b>	<b>\$9,794</b>	<b>\$9,821</b>	<b>\$8,717</b>	<b>(\$1,343)</b>	<b>\$26,989</b>
<b>Realized income</b>	<b>\$319,039</b>	<b>\$104,348</b>	<b>\$37,933</b>	<b>(\$163,970)</b>	<b>\$297,350</b>

Nine Months Ended September 30, 2018					
\$ in thousands	Credit Group	Private Equity Group	Real Estate Group	Operations Management Group	Total <sup>(1)</sup>
Management fees (includes ARCC Part I Fees of \$91,660)	\$413,028	\$147,492	\$52,272	\$—	\$612,792
Other fees	16,263	883	20	—	17,166
Compensation and benefits	(158,204)	(55,314)	(27,140)	(92,829)	(333,487)
General, administrative and other expenses	(32,069)	(14,082)	(7,679)	(55,729)	(109,559)
<b>Fee Related Earnings</b>	<b>\$239,018</b>	<b>\$78,979</b>	<b>\$17,473</b>	<b>(\$148,558)</b>	<b>\$186,912</b>
Performance income—realized	\$48,472	\$137,542	\$31,269	\$—	\$217,283
Performance related compensation—realized	(27,778)	(109,916)	(25,079)	—	(162,773)
<b>Realized net performance income</b>	<b>\$20,694</b>	<b>\$27,626</b>	<b>\$6,190</b>	<b>\$—</b>	<b>\$54,510</b>
Investment income—realized	\$2,429	\$17,791	\$9,946	\$1,658	\$31,824
Interest and other investment income—realized	7,828	4,011	1,370	2,178	15,387
Interest expense	(9,796)	(4,245)	(1,289)	(1,758)	(17,088)
<b>Realized net investment income</b>	<b>\$461</b>	<b>\$17,557</b>	<b>\$10,027</b>	<b>\$2,078</b>	<b>\$30,123</b>
<b>Realized income</b>	<b>\$260,173</b>	<b>\$124,162</b>	<b>\$33,690</b>	<b>(\$146,480)</b>	<b>\$271,545</b>

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

## Q3-19 Total AUM Rollforward (\$ in millions)

	Credit	Private Equity	Real Estate	Total
<b>Q3-19 Ending Balance</b>	<b>\$105,505</b>	<b>\$24,735</b>	<b>\$11,868</b>	<b>\$142,108</b>
Commitments	2,297	292	953	3,542
Capital reductions	(319)	—	—	(319)
Distributions	(542)	(80)	(331)	(953)
Redemptions	(312)	—	—	(312)
Changes in fund value	(327)	568	(9)	232
<b>Q3-19 Ending Balance</b>	<b>\$106,302</b>	<b>\$25,515</b>	<b>\$12,481</b>	<b>\$144,298</b>
<b>QoQ change</b>	<b>\$797</b>	<b>\$780</b>	<b>\$613</b>	<b>\$2,190</b>

## Q3-19 Total FPAUM Rollforward (\$ in millions)

	Credit	Private Equity	Real Estate	Total
<b>Q3-19 Ending Balance</b>	<b>\$64,763</b>	<b>\$17,188</b>	<b>\$7,463</b>	<b>\$89,414</b>
Commitments	690	161	426	1,277
Subscriptions/deployment/increase in leverage	4,769	174	275	5,218
Capital Reductions	(53)	—	(75)	(128)
Distributions	(620)	—	(159)	(779)
Redemptions	(298)	—	—	(298)
Changes in fund value	(270)	(4)	(96)	(370)
Change in fee basis	—	(599)	(418)	(1,017)
<b>Q3-19 Ending Balance</b>	<b>\$68,981</b>	<b>\$16,920</b>	<b>\$7,416</b>	<b>\$93,317</b>
<b>QoQ change</b>	<b>\$4,218</b>	<b>(\$268)</b>	<b>(\$47)</b>	<b>\$3,903</b>

## LTM Total AUM Rollforward (\$ in millions)

	Credit	Private Equity	Real Estate	Total
<b>Q3-18 Ending Balance</b>	<b>\$91,501</b>	<b>\$22,991</b>	<b>\$10,587</b>	<b>\$125,079</b>
Commitments	21,237	2,455	3,542	27,234
Capital reductions	(2,640)	(6)	(229)	(2,875)
Distributions	(2,086)	(1,329)	(1,904)	(5,319)
Redemptions	(3,245)	—	—	(3,245)
Changes in fund value	1,535	1,404	485	3,424
<b>Q3-19 Ending Balance</b>	<b>\$106,302</b>	<b>\$25,515</b>	<b>\$12,481</b>	<b>\$144,298</b>
<b>YoY change</b>	<b>\$14,801</b>	<b>\$2,524</b>	<b>\$1,894</b>	<b>\$19,219</b>

## LTM Total FPAUM Rollforward (\$ in millions)

	Credit	Private Equity	Real Estate	Total
<b>Q3-18 Ending Balance</b>	<b>\$55,906</b>	<b>\$16,624</b>	<b>\$6,834</b>	<b>\$79,364</b>
Commitments	4,783	928	1,137	6,848
Subscriptions/deployment/increase in leverage	15,106	980	1,073	17,159
Capital Reductions	(1,485)	(132)	(141)	(1,758)
Distributions	(2,125)	(859)	(878)	(3,862)
Redemptions	(3,669)	—	—	(3,669)
Changes in fund value	599	1	(119)	481
Change in fee basis	(134)	(622)	(490)	(1,246)
<b>Q3-19 Ending Balance</b>	<b>\$68,981</b>	<b>\$16,920</b>	<b>\$7,416</b>	<b>\$93,317</b>
<b>YoY change</b>	<b>\$13,075</b>	<b>\$296</b>	<b>\$582</b>	<b>\$13,953</b>

### Credit

- AUM increased by 16.2% from Q3-18, primarily driven by new commitments to U.S. and European direct lending and alternative credit strategies
- FPAUM increased by 23.4% from Q3-18, 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 increased by 11.0% from Q3-18, driven by new commitments to funds in the special opportunities and energy opportunities strategies
- FPAUM increased by 1.8% from Q3-18, driven by new commitments to a fund in the energy opportunities strategy and deployment of capital in funds in the special opportunities strategy

### Real Estate

- AUM increased by 17.9% from Q3-18, driven by new commitments across funds in all three Real Estate strategies and net appreciation of portfolio holdings primarily in U.S. equity funds
- FPAUM increased by 8.5% from Q3-18, driven by new commitments across funds in U.S. and European equity strategies and deployment of capital in funds across all three Real Estate strategies



# AUM and FPAUM by Strategy

\$ in billions	As of September 30, 2019			
	AUM	% AUM	FPAUM	% FPAUM
<b>Credit</b>				
Syndicated Loans	\$21.3	20%	\$20.9	30%
High Yield	3.4	3	3.4	5
Credit Opportunities	2.5	2	2.1	3
Alternative Credit	7.3	7	4.0	6
U.S. Direct Lending <sup>(1)</sup>	47.4	45	26.8	39
European Direct Lending	24.4	23	11.8	17
<b>Credit</b>	<b>\$106.3</b>	<b>100%</b>	<b>\$69.0</b>	<b>100%</b>
<b>Private Equity</b>				
Corporate Private Equity				
ACOF V	\$8.4	33%	\$7.6	45%
ACOF IV	5.6	22	2.5	15
ACOF III	3.2	13	0.8	5
ACOF I-II	0.5	2	—	—
ACOF Asia	0.2	1	0.1	1
Infrastructure and Power				
EIF I-IV and Co-investment Vehicles	2.7	11	2.7	16
EIF V	0.9	3	0.8	4
Energy Opportunities				
Energy Opportunities	1.1	4	0.9	5
Special Opportunities				
Special Opportunities	2.9	11	1.5	9
<b>Private Equity</b>	<b>\$25.5</b>	<b>100%</b>	<b>\$16.9</b>	<b>100%</b>
<b>Real Estate</b>				
U.S. Equity	\$3.4	27%	\$2.3	31%
European Equity	4.5	36	3.8	51
Debt	4.6	37	1.3	18
<b>Real Estate</b>	<b>\$12.5</b>	<b>100%</b>	<b>\$7.4</b>	<b>100%</b>
<b>Total</b>	<b>\$144.3</b>		<b>\$93.3</b>	

1. AUM includes ARCC, IHAM, and SDLP AUM of \$17.0 billion, \$4.7 billion, and \$2.9 billion, respectively. ARCC's wholly owned portfolio company, IHAM, an SEC registered investment adviser, manages 23 funds and serves as the sub-manager or sub-adviser for 2 other funds as of September 30, 2019.

# Balance Sheet Investments by Strategy<sup>(1)</sup>

\$ in thousands	September 30, 2019	December 31, 2018
<b>Credit</b>		
Syndicated Loans <sup>(2)</sup>	\$101,528	\$75,029
Credit Opportunities	28,817	3,420
Alternative Credit	20,707	19,518
U.S. Direct Lending	58,447	58,970
European Direct Lending	36,845	47,854
<b>Credit</b>	<b>\$246,344</b>	<b>\$204,791</b>
<b>Private Equity</b>		
ACOF I - II	\$1,127	\$3,417
ACOF III	83,189	81,658
ACOF IV	41,317	37,207
ACOF Asia	72,058	83,492
Energy Opportunities	9,814	1,741
Infrastructure and Power	38,194	30,487
Special Opportunities	47,608	37,817
<b>Private Equity</b>	<b>\$293,307</b>	<b>\$275,819</b>
<b>Real Estate</b>		
U.S. Equity	\$96,733	\$109,893
European Equity	16,344	16,453
Debt	23,982	18,108
<b>Real Estate</b>	<b>\$137,059</b>	<b>\$144,454</b>
<b>Operations Management Group</b>		
Other	\$49,161	\$46,449
<b>Other</b>	<b>\$49,161</b>	<b>\$46,449</b>
<b>Total</b>	<b>\$725,871</b>	<b>\$671,513</b>

1. As of September 30, 2019, the fair value of our corporate investment portfolio was \$529.7 million in accordance with GAAP. Difference between GAAP and unconsolidated investments represents investments of \$196.2 million in Consolidated Funds that are eliminated upon consolidation. Corporate investment portfolio excludes accrued carried interest allocation of \$1.3 billion.

2. 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 September 30, 2019									
	Year of Inception	AUM (in millions)	Returns (%) <sup>(1)</sup>						Investment Strategy
			Current Quarter		Year-To-Date		Since Inception <sup>(2)</sup>		
			Gross	Net	Gross	Net	Gross	Net	
ARCC <sup>(3)</sup>	2004	\$16,977	N/A	2.4%	N/A	8.4%	N/A	11.8%	U.S. Direct Lending

Note: Past performance is not indicative of future results. AUM and Net Returns are as of September 30, 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 nine months ended September 30, 2019 or comprised 1% or more of Ares' total FPAUM as of September 30, 2019, and for which we have sole discretion for investment decisions within the fund. Please see significant fund performance endnotes on slides 30-31 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 September 30, 2019												
Credit												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds <sup>(4)</sup>	Unrealized Value <sup>(5)</sup>	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross <sup>(6)</sup>	Net <sup>(7)</sup>	Gross <sup>(8)</sup>	Net <sup>(9)</sup>	
CSF III	2010	\$1,152	\$1,135	\$1,209	\$617	\$1,128	\$1,745	1.5x	1.4x	9.1%	7.8%	European & U.S. Direct Lending
ACE III <sup>(10)</sup>	2015	4,859	2,822	2,428	535	2,501	3,036	1.3x	1.2x	13.7%	10.1%	European Direct Lending
PCS	2017	3,592	3,365	1,678	130	1,776	1,906	1.2x	1.1x	13.6%	9.5%	U.S Direct Lending
ACE IV Unlevered <sup>(11)</sup>	2018	8,745	2,851	1,190	20	1,234	1,254	1.1x	1.1x	13.3%	9.7%	European Direct Lending
ACE IV Levered <sup>(11)</sup>			4,819	2,007	50	2,127	2,177	1.1x	1.1x	20.3%	15.1%	
SDL Unlevered <sup>(12)</sup>	2018	4,202	922	170	3	175	178	1.1x	1.0x	N/A	N/A	U.S Direct Lending
SDL Levered <sup>(12)</sup>			2,045	377	7	398	405	1.1x	1.1x	N/A	N/A	
Private Equity												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
ACOF III	2008	\$3,155	\$3,510	\$3,908	\$7,659	\$2,893	\$10,552	2.7x	2.3x	29.1%	20.9%	Corporate Private Equity
USPF IV	2010	1,618	1,688	2,120	1,227	1,581	2,808	1.3x	1.2x	8.4%	5.0%	Infrastructure and Power
ACOF IV	2012	5,625	4,700	4,180	2,709	4,882	7,591	1.8x	1.6x	18.3%	11.8%	Corporate Private Equity
EIF V	2015	855	801	794	275	690	965	1.2x	1.1x	14.3%	8.0%	Infrastructure and Power
SSF IV <sup>(7)</sup>	2015	1,545	1,515	3,050	1,676	1,341	3,017	1.0x	0.9x	(1.0)%	(2.9)%	Special Opportunities
ACOF V	2017	8,420	7,850	5,669	186	6,481	6,667	1.2x	1.1x	15.8%	8.0%	Corporate Private Equity
First flagship energy opportunities fund*	2018	1,125	1,000	733	6	902	908	1.2x	1.1x	N/A	N/A	Energy Opportunities
Real Estate												
(\$ in millions)	Year of Inception	AUM	Original Capital Commitments	Cumulative Invested Capital	Realized Proceeds <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MOIC		IRR		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
EF IV <sup>(7)</sup>	2014	\$1,029	\$1,302	\$1,087	\$821	\$881	1,702	1.6x	1.3x	19.2%	13.5%	European Real Estate Equity
US IX*	2017	1,035	1,040	687	26	680	706	1.1x	1.0x	N/A	N/A	U.S. Real Estate Equity
EF V <sup>(8)*</sup>	2018	1,921	1,968	339	41	336	377	1.1x	1.0x	N/A	N/A	European Real Estate Equity

Note: Past performance is not indicative of future results. AUM and Net Returns are as of September 30, 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 nine months ended September 30, 2019 or comprised 1% or more of Ares' total FPAUM as of September 30, 2019, and for which we have sole discretion for investment decisions within the fund. Please see significant fund performance endnotes on slides 30-31 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.

# 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 carried interest. The gross MoIC is before giving effect to management fees, carried interest, other expenses and taxes, as applicable.
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 carried interest. 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.
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 carried interest. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, carried interest, other expenses and taxes, as applicable.
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 which does not pay management fees or carried interest. 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, carried interest, 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 IRR and 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 15.1% and 11.4%, respectively. The gross and net MoIC for the U.S. dollar denominated feeder fund are 1.4x and 1.3x, 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, two denominated in Euros and two denominated in pound sterling: ACE IV (E) Unlevered, ACE IV (G) Unlevered, ACE IV (E) Levered, and ACE IV (G) Levered. The gross and net IRR and 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 IRR for ACE IV (G) Unlevered are 16.6% and 11.0%, respectively. The gross and net MoIC for ACE IV (G) Unlevered are 1.1x and 1.1x, respectively. The gross and net IRR for ACE IV (G) Levered are 22.0% and 15.7%, 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.
12. Given the limited amount of time that has elapsed from the date of the first capital call, gross and net fund-level IRRs for SDL Unlevered and SDL Levered have been omitted as such information would not currently be meaningful for investors.

## 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. Realized proceeds excludes any proceeds related to bridge financings.
2. Unrealized value represents the fair market value of remaining investments. Unrealized value does not take into account any bridge financings. 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, other expenses and taxes, as applicable. The gross MoIC for the corporate private equity funds is also calculated before giving effect to any bridge financings. Inclusive of bridge financings, gross MoIC would be 1.7x for ACOF IV and 1.2x for ACOF V.
4. The net MoIC for the infrastructure and power and SSF IV 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 which 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.





# Significant Fund Performance Metrics Endnotes (cont'd)

## Private Equity - Cont.

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 SSF 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, other expenses and taxes, as applicable. The gross IRR for the corporate private equity funds is also calculated before giving effect to any bridge financings. Inclusive of bridge financings, the gross IRR would be 18.2% for ACOF IV and 15.3% for ACOF V.
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 which 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. In January 2017, a new team assumed portfolio management of SSF IV. In addition to presenting the cumulative performance measure for SSF IV, we have also adopted a new performance measurement called "SSF IV 2.0". SSF IV 2.0 is a subset of SSF IV positions and is intended to provide insight into the new team's cumulative investment performance. 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 SSF IV portfolio was evaluated and a determination was made whether to continue to hold such investment in the SSF IV portfolio or dispose of such investment. At the same time, legacy illiquid investments have been excluded from the 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 10.8% and 7.1% through September 30, 2019, respectively. 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, carried interest, other expenses and taxes, as applicable. The net IRRs are calculated after giving effect to estimated management fees, carried interest 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, carried interest, other expenses and taxes, as applicable.
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 which does not pay management fees, carried interest or has such fees rebated outside of the fund. The net MoIC is after giving effect to management fees, carried interest 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, carried interest, other expenses and taxes, as applicable.
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, exclude interests attributable to the non fee-paying partners and/or the general partner which does not pay management fees or carried interest 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, carried interest 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 18.8% and 13.5%, respectively. The gross and net MoIC for the U.S. dollar denominated parallel fund are 1.6x 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. EF V 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 EF V are for the combined fund and are converted to U.S. dollars at the prevailing quarter-end exchange rate.



# Weighted Average Shares

	Q3-19		Q3-18	
	Total Shares	Common Shares, As Adjusted <sup>(3)</sup>	Total Shares	Common Shares, As Adjusted <sup>(3)</sup>
Weighted average shares of Class A common stock	108,481,929	108,481,929	98,706,419	98,706,419
Ares Operating Group Units exchangeable into shares of Class A common stock <sup>(1)</sup>	116,707,849	—	119,822,657	—
Dilutive effect of unvested restricted common units <sup>(2)</sup>	8,722,690	4,202,069	5,709,706	2,578,992
Dilutive effect of unexercised options <sup>(2)</sup>	4,685,403	2,257,146	1,696,090	766,099
<b>Total Weighted Average Shares Used For Realized Income<sup>(4)</sup></b>	<b>238,597,871</b>	<b>114,941,144</b>	<b>225,934,872</b>	<b>102,051,510</b>

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 weighted average percentage of Ares Operating Group owned by Ares Management Corporation (48.17% and 45.17% as of September 30, 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 <sup>(1)</sup>	Investor Base as a % of AUM <sup>(1)</sup>
<p><b>Credit Group:</b></p> <ul style="list-style-type: none"> <li>• Syndicated Loans and High Yield Bonds: Benchmark Outperformance<sup>(2)</sup></li> <li>• Credit Opportunities: 8-12%</li> <li>• Alternative Credit: 5-15%</li> <li>• Direct Lending: 5-15%<sup>(3)</sup></li> </ul> <p><b>Private Equity Group:</b></p> <ul style="list-style-type: none"> <li>• Corporate Private Equity: 18-22%</li> <li>• Infrastructure and Power: 10-15%</li> <li>• Special Opportunities: 15-20%</li> <li>• Energy Opportunities: 18-22%</li> </ul> <p><b>Real Estate Group:</b></p> <ul style="list-style-type: none"> <li>• Real Estate Debt: 4-14%</li> <li>• Real Estate Equity: 12-18%</li> </ul>	<p><b>Public Entity &amp; Related: 18%</b></p> <ul style="list-style-type: none"> <li>• <b>700+</b> institutional investors<sup>(4)</sup></li> <li>• <b>200,000+</b> retail investors across our public funds<sup>(5)</sup></li> </ul> <p><b>Institutional Intermediated: 12%</b></p> <p><b>Institutional Direct: 69%</b></p> <ul style="list-style-type: none"> <li>• Pension: 28%</li> <li>• Insurance: 11%</li> <li>• Bank/Private Bank: 11%</li> <li>• Sovereign Wealth Fund: 8%</li> <li>• Investment Manager: 5%</li> <li>• Other: 4%</li> <li>• Endowment: 1%</li> </ul> <p><b>Total Direct Institutional Investors: 937</b></p>

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

1. As of September 30, 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. Q3-19 returns for the CSLLI and the H0A0 were 0.9% and 1.2%, 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 October 16, 2019.
5. As of April 8, 2019 for ARCC, February 26, 2019 for ACRE and April 15, 2019 for ARDC.

## RI and Other Measures – Financial Data<sup>(1)</sup>

\$ 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
<b>Management fees<sup>(2)</sup></b>	<b>\$836,744</b>	<b>\$744,825</b>
Other fees	\$24,288	\$22,431
Compensation and benefits expenses	(456,255)	(413,735)
General, administrative and other expense	(149,465)	(136,531)
<b>Fee Related Earnings</b>	<b>\$255,312</b>	<b>\$216,990</b>
Realized net performance income	\$105,610	\$75,457
Realized net investment income	34,474	32,993
<b>Realized Income</b>	<b>\$395,396</b>	<b>\$325,440</b>
<b>Other Data</b>		
Total Fee Revenue <sup>(3)</sup>	\$966,642	\$842,713
Management Fees as % of Total Fees	87%	88%
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 the total of management fees, other fees and realized net performance income.

## GAAP to Non-GAAP Reconciliation – Unconsolidated Reporting Basis

\$ in thousands	Year ended December 31,	
	2018	2017
<b>Realized income and fee related earnings:</b>		
<b>Income before taxes</b>	<b>\$184,341</b>	<b>\$149,859</b>
<b>Adjustments:</b>		
Depreciation and amortization expense	25,087	30,481
Equity compensation expense	89,724	69,711
Acquisition and merger-related expense	2,936	259,899
Unamortized placement fees	20,343	19,765
Other (income) expense, net <sup>(1)</sup>	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) loss - unrealized	247,212	(325,915)
Unconsolidated performance related compensation - unrealized	(221,343)	237,392
Unconsolidated net investment (income) loss - unrealized	50,907	(53,744)
<b>Realized Income</b>	<b>\$395,396</b>	<b>\$325,440</b>
Unconsolidated performance fee income - realized	\$(357,207)	(\$317,787)
Unconsolidated performance related compensation - realized	251,597	242,330
Unconsolidated net investment income - realized	(34,474)	(32,993)
<b>Fee Related Earnings</b>	<b>\$255,312</b>	<b>\$216,990</b>

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.

1. 2018 period includes \$11.8 million payment to ARCC for rent and utilities for the years ended 2017, 2016, 2015 and 2014, and the first quarter of 2018.

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

\$ in thousands	Year ended December 31,	
	2018	2017
<b>Performance income and net investment income reconciliation:</b>		
Carried interest allocation	\$42,410	\$620,454
Incentive fees	63,380	16,220
<b>Carried interest allocation and incentive fees</b>	<b>\$105,790</b>	<b>\$636,674</b>
Performance income - realized earned from Consolidated Funds	\$4,000	\$8,089
Performance income - reclass <sup>(1)</sup>	205	1,936
Unconsolidated performance (income) loss - unrealized	247,212	(325,915)
Performance income - unrealized earned from Consolidated Funds	—	(2,997)
<b>Performance income - realized</b>	<b>\$357,207</b>	<b>\$317,787</b>
<b>Total consolidated other income</b>		
	<b>\$96,242</b>	<b>\$174,674</b>
Net investment income from Consolidated Funds	(115,151)	(153,810)
Performance income - reclass <sup>(1)</sup>	(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 income 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
<b>Total realized net investment income</b>	<b>\$34,474</b>	<b>\$32,993</b>

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.

# Glossary

<b>ARCC Part I Fees</b>	ARCC Part I Fees refers to a quarterly performance income on the net 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.
<b>ARCC Part II Fees</b>	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.
<b>Ares Operating Group Units</b>	Ares Operating Group Unit refers to, collectively, a partnership unit in each of the Ares Operating Group entities.
<b>Assets Under Management</b>	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 is equal to initial principal amounts adjusted for paydowns.
<b>AUM Not Yet Earning Fees</b>	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.
<b>Available Capital</b>	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”).
<b>Consolidated Funds</b>	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.
<b>Fee Paying Assets Under Management</b>	Fee Paying AUM (or “FPAUM”) refers to the AUM from 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.
<b>Fee Related Earnings</b>	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 operating performance.
<b>Gross Invested Capital</b>	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)

<b>Incentive Eligible Assets Under Management</b>	Incentive eligible AUM (or “IEAUM”) refers to the AUM of our funds from which performance income may be generated, 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 (from which we generally do not earn performance income). With respect to ARCC’s AUM, only ARCC Part II Fees may be generated from IEAUM.
<b>Incentive Generating Assets Under Management</b>	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 generally do not earn performance income). ARCC is only included in IGAUM when Part II Fees are being generated.
<b>Net Inflows of Capital</b>	Net Inflow of Capital refers to 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.
<b>Operations Management Group</b>	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, strategy and relationship management, 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.
<b>Our Funds</b>	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.
<b>Performance Income</b>	Performance income refers to income we earn based on the performance of a fund that 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.
<b>Permanent Capital</b>	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.

### **Total Fee Revenue**

Total fee revenue refers to the total of segment management fees, other fees and realized net performance income. Beginning in the third quarter of 2019, total fee revenue was revised to include other fees. Prior year periods have been modified to conform to the current period presentation.