Ares Landmark Transaction Overview

March 2021

Disclaimer

The information contained in this presentation is summary information that is intended to be considered in the context of Ares Management Corporation (NYSE: ARES) Securities and Exchange Commission filings and other public announcements that Ares may make, by press release or otherwise, from time to time. For purposes of this presentation "Ares" refers to Ares Management Corporation and its subsidiaries, including Ares Holdings L.P., which has entered into an agreement to acquire Landmark Partners LLC (together with its operating subsidiaries, "Landmark") (the "Transaction"). The Transaction is subject to customary closing conditions, including regulatory approvals.

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 future performance or financial condition of Ares or Landmark following the Transaction. You can identify these statements by the use of the words "assumes," "believes," "estimates," "expects," "guidance," "intends," "plans," "projects," and similar expressions that do not relate to historical matters. These statements are based on certain assumptions about future events or conditions and involve a number of known and unknown risks and uncertainties. These statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties, including the ability of Ares to consummate the Transaction and to effectively integrate the acquired business into our operations and to achieve the expected benefits therefrom. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those beyond Ares' and Landmark's control, including but not limited to the impact of the COVID-19 pandemic and the pandemic's impact on the U.S. and global economy, as well as those described in the "Risk Factors" section of our filings with the Securities and Exchange Commission ("SEC"). You should not view information related to the past performance of Ares or Landmark or information about the market, as indicative of future results, the achievement of which cannot be assured. 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. Neither Ares nor Landmark undertakes any duty or obligation to update or revise the forward-looking statements or other information contained in this presentation, whether as a result of new information, future events, or otherwise.

In addition to factors previously disclosed in Ares' filings with the SEC, including those discussed under the heading "Risk Factors" in its most recently filed reports on Form 10-K and 10-Q, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the possibility that regulatory and other approvals and conditions to the Transaction are not received or satisfied on a timely basis or at all, or contain unanticipated terms or conditions; the possibility that modifications to the terms of the Transaction may be required in order to obtain or satisfy such approvals or conditions; delays in closing the Transaction; difficulties, delays or unanticipated costs in integrating Landmark's operations; purchase price adjustments; unexpected costs resulting from the Transaction, delays or other disruptions associated with the Transaction or integration of personnel or operations in international jurisdictions; changes in economic conditions; and regulatory conditions.

Nothing in these materials should be construed as a recommendation to invest in any securities that may be issued by Ares or Landmark or as legal, accounting or tax advice. None of Ares, Landmark, their affiliated funds or any affiliate of Ares or Landmark or their affiliated funds makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein shall be relied upon as a promise or representation whether as to past or future performance. Certain information set forth herein includes estimates, projections or targets and involves significant elements of subjective judgment and analysis. Further, such information, unless otherwise stated, is before giving effect to management and incentive fees and deductions for taxes. No representations are made as to the accuracy of such estimates, projections or targets or that all assumptions relating to such estimates, projections or targets have been considered or stated or that such estimates, projections or targets will be realized.

Management uses certain non-GAAP financial measures, including Assets Under Management, Fee Paying Assets Under Management, Fee Related Earnings (or "FRE"), FRE Margin, Realized Income and After Tax Realized Income Per Common Share to evaluate Ares' and Landmark's performance. Management believes that these measures provide investors with a greater understanding of the business and that investors should review the same supplemental non-GAAP financial measures that management uses to analyze 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 within its results in accordance with GAAP. These measures should be considered in addition to, and not in lieu of, Ares' or Landmark's financial statements prepared in accordance with GAAP. Ares' definition of certain non-GAAP measures may differ from those of Landmark. Please refer to slide 10 and Ares' filings with the SEC for definitions and explanations of these non-GAAP measures, as well as reconciliations to the most directly comparable GAAP measures, and the Appendix for a reconciliation of Landmark's FRE to the most directly comparable GAAP measure. Amounts and percentages may reflect rounding adjustments and consequently totals may not appear to sum.

These materials are not intended as an offer to sell, or the solicitation of an offer to purchase, any security, the offer and/or sale of which can only be made by definitive offering documentation. Any offer or solicitation with respect to any securities that may be issued by Ares or Landmark will be made only by means of definitive offering memoranda or prospectus, which will be provided to prospective investors and will contain material information that is not set forth herein, including risk factors relating to any such investment.

This presentation also contains estimates and information concerning Ares' industry that are based on industry publications, reports and peer company public filings. This information involves a number of assumptions and limitations, and you are cautioned not to rely on or give undue weight to this information. Ares has not independently verified the accuracy or completeness of the data contained in these industry publications, reports or filings. The industry in which Ares operates is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the "Risk Factors" section of the Ares' public filings with the SEC.

An investment in Ares may be volatile and can suffer from adverse or unexpected market moves or other adverse events. Investors may suffer the loss of their entire investment. The information set forth herein is as of the date of this presentation unless otherwise indicated.

REF: AM-00929

Transaction Summary *(1/2)*

Ares has agreed to purchase 100% of Landmark Partners and its operating subsidiaries (collectively, "Landmark"), one of the most experienced investors in the secondary markets

1 Landmark is a leading and differentiated secondaries investor

- Landmark has ~$19 billion of AUM[1] ($8 billion in Dry Powder[1]) and has demonstrated historical attractive risk adjusted investment performance over the past 30+ years
- Supported by a high quality investor base that has grown to 600+ LPs, this scaled platform has developed deep secondary investing capabilities in Private Equity, Real Estate & Infrastructure strategies
- 150 employees across Boston, Dallas, Hong Kong, London, New York and Simsbury, CT (headquarters) led by a strong and accomplished leadership group whose Partners' average tenure at Landmark is 17 years
- With its significant transaction experience and GP/LP relationship networks, Landmark is a trusted, go-to counterparty to an extensive roster of high quality financial sponsors and institutional LPs
- Landmark has demonstrated 43% greater AUM growth than the industry over the past four years[2]

2 Ares/Landmark creates a strong business combination

- Landmark addresses a key opportunity in Ares' fund offerings with its range of secondary solutions
- Landmark's approach and processes are culturally similar to Ares', with the combined business expected to build on key sourcing, relative value and structuring advantages as well as the opportunity to unlock new growth opportunities
- We expect the joint investor base of 1,600+ institutional investors can lead to enhanced fundraising efforts across our strategies as less than 5% of accounts are currently invested with both Ares and Landmark
- Ares' deep and extensive relationships with ~825 sponsors and ~1,100 institutional LPs have the potential to create meaningful sourcing opportunities and enhance the combined platform's value proposition

Note: Information as of December 31, 2020 unless otherwise noted. The transaction is subject to customary closing conditions, including regulatory approvals.

1. Assets Under Management ("AUM") represents the sum of the NAV of managed funds, the outstanding debt at the fund-level and unfunded commitments. Dry Powder (also referred to as 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. AUM and Dry Powder are estimated amounts based on Ares definitions, may differ from Landmark's historical definitions and are subject to change.
2. Industry is defined as Private Equity capital raised according to Preqin from 2016-2020.

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Transaction Summary *(2/2)*

3 We believe that private market secondaries is an attractive and growing asset class

- Secondaries can offer broad alternative asset exposure while accelerating the return of capital by investing later in the investment horizon
- At $88 billion in 2019[1], secondaries transaction volume has grown at a 15% CAGR since 2007
- Secondaries represent only ~5% of the primary market[2], offering significant whitespace

4 Transaction structure reinforces strong alignment of interests while maintaining Landmark brand

- Landmark's Managing Partners Francisco Borges (joined 1999) and Timothy Haviland (joined 1985) and the rest of the employee shareholder group will receive the majority of their consideration in the form of Ares Management equity demonstrating a long-term alignment on the success of the combined firm
- As a result of the transaction, Ares will form a new Secondaries investment vertical alongside Credit, Private Equity, Real Estate and Strategic Initiatives, with Mr. Borges and Mr. Haviland serving as Co-Heads and continuing to manage the Landmark business, and reporting to Ares' CEO
- Landmark will retain its brand name and will incorporate elements of the Ares brand into its marketing and organizational materials to highlight connectivity with the broader platform

5 Targeted compelling financial benefits

- The Transaction is expected to be accretive to 2020 FRE, FRE margins and After Tax Realized Income per Common Share upon closing[3,4,5]

Transaction is subject to customary closing conditions, including regulatory approvals.
1. Market consensus derived from Greenhill, Lazard and Setter Capital as of 12/31/2019.
2. Preqin as of March 2021. Represents aggregate private equity secondaries capital raised from 2000-2020 as a percentage of total private equity capital raised from the same time period.
3. Information is presented on an as-adjusted basis by combining Ares and Landmark results for 2020 and not a pro forma basis under Article 11 of Reg. S-X. No assurance can be given that the Transaction will be consummated on the contemplated terms/timeline or at all. Please see Ares' SEC filings and Appendix for GAAP to non-GAAP reconciliations.
4. We estimate the Transaction will be mid-single digit accretive to our after-tax realized income per common share regardless of how we elect to finance the transaction.
5. In connection with the closing of the transaction, Landmark management will participate in a management incentive plan ("MIP") , to encourage the growth of the Landmark platform. The transaction is expected to be accretive on the same metrics, inclusive of this MIP which, if earned, will be primarily granted in 2023 upon achievement of fundraising and revenue milestones.

Overview of Landmark

Landmark currently offers secondary solutions in the following private market asset classes

	Private Equity Secondaries	Real Estate Secondaries	Infrastructure Secondaries	TOTAL
Strategy Inception	1990	1996	2015	
AUM[1]	~$12bn	~$6bn	~$1bn	~$19bn
Investment Professionals[2]	19	23	11	43
Commingled Funds	21	9	1	31
Transaction Count	490+	170	20+	680+
Sponsors[3] / Partnership Interests	690 / 1,675	185 / 695	20 / 35	800+ / 2,400+
Net IRR Since Inception[4]	15%+ Net IRR	25%+ Net IRR	10%+ Net IRR	

Landmark's scale and depth of investment resources create significant benefits

Past Performance is not indicative of future results and reflects realized and unrealized investments. No assurance can be made that unrealized values will be realized as indicated.
Note: Information as of December 31, 2020 unless otherwise noted. Please see endnotes for additional information.

1. Assets Under Management ("AUM") represents the sum of the NAV of managed funds, the outstanding debt at the fund-level and unfunded commitments. AUM is an estimated amount based on Ares definitions, may differ from Landmark's historical definition and is subject to change.
2. Some investment professionals are involved across multiple verticals and therefore amount does not sum. Amounts excludes 22 research professionals.
3. Amount of sponsor does not sum as some sponsors are involved in multiple asset classes that Landmark invests in.
4. Performance data as of September 30, 2020.

Landmark's Differentiated Approach

Like Ares, Landmark has achieved its leadership position by adhering to a disciplined investment philosophy and establishing key sourcing, relative value and structuring competitive advantages

Investment Philosophy	Key Transaction Attributes
Source / create opportunities in non-competitive channels where possible	Durable assets with conservative capital structures and strong operating performance
Utilize proprietary research to drive relationships and capitalize on information advantages when possible	Seek investments with market leading platforms and alpha-generating general partners
Strive to capture alpha through pricing, engineering and portfolio construction	Innovative structures that can accelerate cash flows / provide downside protection[1] for LPs, while meeting each counterparty's needs in a customized solution

Landmark Aims for a Range of Flexible Secondary Structuring Solutions

TRADITIONAL SECONDARIES	PREFERRED STRUCTURES	GP-LED SOLUTIONS	SPECIAL SITUATIONS	PRIMARY TRANSACTIONS
Focus on exclusive opportunities and buy at discount to intrinsic value	*Accelerate distribution profile with significant downside protection[1]*	*Provide platform, fund or asset level solutions to core, alpha generating managers*	*Generate attributes of secondary investment by providing liquidity to motivated sellers*	*Ability to make primary investments to provide full suite of solutions*

Traditional Market Focus

Landmark's Differentiated Secondary Capabilities

1. References to downside protection or similar language are not guarantees against loss of investment capital or value.

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Investment Rationale for Private Market Secondaries

Secondaries can offer broad alternative asset exposure while accelerating the return of capital by investing later in the investment horizon

Secondaries Overview

- Investors acquire interests in existing funds, partnerships and other structured entities invested in underlying alternative asset classes
- Acquisitions typically occur well into a fund's investment period at which point underlying investments are identified and the harvesting period has begun
- Broad exposure to alternative asset classes across fund type, company and industry

Potential Portfolio Benefits

ATTRACTIVE RETURNS
Identified, seasoned and underwritable assets

FAVORABLE PRICING
Stable, mature assets at a discount to intrinsic value

BROAD DIVERSIFICATION[1]
Across vintage year, strategy, geography and manager

ACCELLERATED INFLOWS
J-Curve mitigation with attractive yield

Illustrative Secondary Transaction Timeline[2]

Investment Period
Capital contributions for acquisitions, management fees and operating costs

Harvesting and Liquidation
Distributions from investment sales and company operating cash flows

1. Diversification does not assure profit or protect against market loss.
2. The above is for illustrative purposes only. There is no guarantee whether expressed or implied, that actual cash flows will follow this pattern. A secondary transaction can occur anytime between '0' and '12' in this illustration. Source: Landmark.

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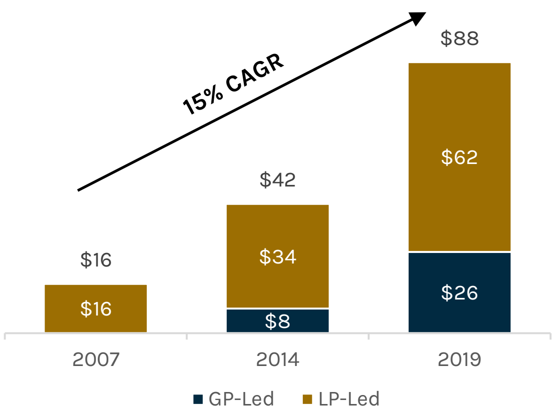
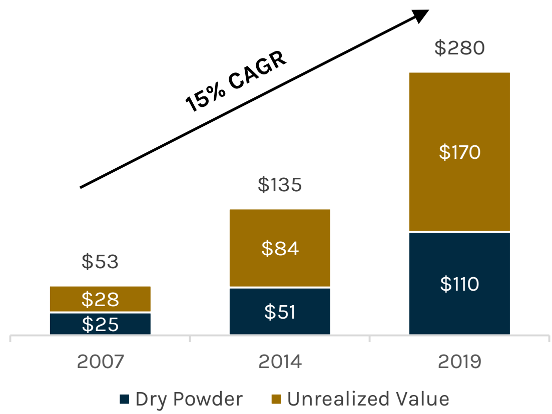
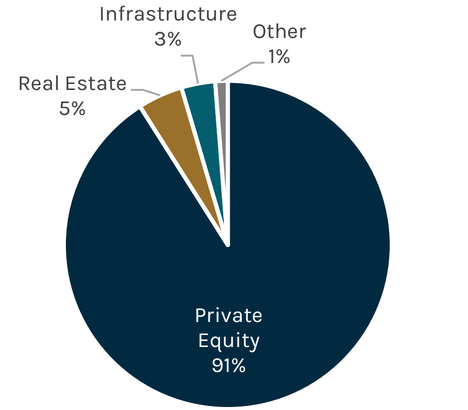
Attractive Market Dynamics

We believe the opportunity set for secondaries is expanding as demand for private market investments grows

Secondary Transaction Volume[1] ($bn)	Secondary AUM[2] ($bn)	2020 Secondary Transactions[3]
Large and growing market with GPs proactively using secondary market	*Secondaries gaining interest as a fully fledged investment strategy*	*Meaningful growth opportunities exist in non-private equity secondaries*







Growth Drivers for Continued Market Expansion

- **Significant whitespace opportunity in real estate, infrastructure and credit secondaries**
- **Interest in GP-led deals continues to increase as investors seek to maximize the value of remaining assets**
- **Further sophistication of the secondary market should present opportunities for diverse transactions**
- **Despite growth, secondaries have remained a small fraction of the primary market (~5% of capital raised)[2]**

1. Market consensus derived from Greenhill, Lazard and Setter Capital as of 12/31/2019.
2. Preqin as of February 2021.
3. Setter Capital "Volume Report FY 2020."

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Strategic Platform Combination Well-Positioned for Growth

Business combination will broaden Ares' product offering and provide significant growth opportunities

Broadened Product Offering	Will expand ability to provide solutions to joint client base and strengthen value proposition to existing investor relationships
Increased Sourcing Advantages	Leverage Ares' longstanding and deep relationships across ~825 sponsors and ~1,100 institutional LPs to support growth into real estate, infrastructure, credit and GP-led secondaries
Complementary Fundraising Efforts	Meaningful cross-marketing opportunities to the complementary investor bases of Ares and Landmark
Enhanced Market Insights	Combination of Landmark's 30+ years of secondary leadership and proprietary insights from Ares' global investment platform is expected to provide increased informational benefits[1]

Deep market insights and significant resources across our platform can enhance investment capabilities and capitalize on multiple pillars of growth

1. Information flow may be restricted due to information barriers between businesses.

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Expected Financial Impact

	Ares	Landmark[1]	As-Adjusted[5]
Assets Under Management	$197 billion[2]	$19 billion[3]	$216 billion
Fee Paying AUM	$126 billion	$17 billion	$143 billion
Available Capital	$56 billion	$8 billion[3]	$64 billion
Management Fee Revenues	$1,187 million	$147 million	$1,333 million
Fee Related Earnings	$424 million	$67 million[4]	$492 million
FRE Margin	~35%	~46%[4]	~37%

Expected to be accretive to 2020 FRE, FRE Margin and After Tax Realized Income Per Common Share on an as-adjusted basis[5,6]

Information is provided as of December 31, 2020 and as-adjusted for Ares' acquisition of Landmark Partners', which is expected to close in the second quarter of 2021 and is subject to certain closing conditions. There can be no guarantee or assurance the transaction will be completed as proposed or at all.

1. Landmark figures reflect the sellers' unaudited estimates of Landmark's results of operations for the year ended December 31, 2020 based on information currently available to them and is subject to completion of Landmark's audit procedures for the year ended December 31, 2020. Such figures are presented under Ares' reporting framework.
2. As of December 31, 2020. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. Past performance is not indicative of future results.
3. Assets Under Management ("AUM") represents the sum of the NAV of managed funds, the outstanding debt at the fund-level and unfunded commitments. Dry Powder (also referred to as 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. AUM and Dry Powder are estimated amounts based on Ares definitions, may differ from Landmark's historical definitions and are subject to change.
4. Landmark's FRE has been normalized to exclude a non-recurring cash retention bonus program.
5. Information is presented on an as-adjusted basis by combining Ares and Landmark results for 2020 and not a pro forma basis under Article 11 of Reg. S-X. No assurance can be given that the Transaction will be consummated on the contemplated terms/timeline or at all. Please see Ares' SEC filings and Appendix for GAAP to non-GAAP reconciliations.
6. In connection with the closing of the transaction, Landmark management will participate in a management incentive plan ("MIP") , to encourage the growth of the Landmark platform. The transaction is expected to be accretive on the same metrics, inclusive of this MIP which, if earned, will be primarily granted in 2023 upon achievement of fundraising and revenue milestones.

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Appendix

AUM As-Adjusted for the Transaction

As-adjusted[1] for the Transaction, Ares will have approximately $216bn of AUM across a broad range of alternative asset classes

	Credit	Private Equity	Real Estate	Strategic Initiatives	Secondaries
AUM	$145.5bn	$27.4bn	$14.8bn	$9.3bn	$18.7bn[4]
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Ares SSG	Private Equity
	Liquid Credit	Infrastructure and Power	Real Estate Debt	Ares Insurance Solutions[2]	Real Estate
	Alternative Credit	Special Opportunities		Ares Acquisition Corporation[3]	Infrastructure

Information provided is as of December 31, 2020 for Credit, Private Equity, Real Estate and Strategic Initiatives and Secondaries is as-adjusted for Ares Management's acquisition of Landmark Partners, which is expected to close in Q2 2021 and subject to certain closing conditions. There can be no guarantee or assurance that the transaction will be completed as proposed or at all.
Note: Ares AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. Past performance is not indicative of future results.

1. Information is presented on an as-adjusted basis by combining Ares and Landmark results for 2020 and not a pro forma basis under Article 11 of Reg. S-X. No assurance can be given that the Transaction will be consummated on the contemplated terms/timeline or at all. Please see Ares' SEC filings and Appendix for GAAP to non-GAAP reconciliations.
2. AUM managed by Ares Insurance Solutions excludes assets which are sub-advised by other Ares investment groups or invested in Ares funds and investment vehicles.
3. Proceeds raised in the IPO of special purpose acquisition companies (SPACs) are not included in AUM.
4. Secondaries AUM represents the sum of the NAV of managed funds, the outstanding debt at the fund-level and unfunded commitments. AUM is an estimated amount based on Ares definitions, may differ from Landmark's historical definition and is subject to change.

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RI and Other Measures Financial Summary

	Year Ended December 31,				
$ in thousands, except share data (and as otherwise noted)	**2020**	**2019**	**2018**	**2017**	**2016**
Management fees[(1)]	$1,186,565	$1,012,530	$836,744	$744,825	$659,451
Other fees	19,948	18,078	24,288	22,431	12,351
Compensation and benefits expenses	(609,966)	(528,207)	(456,255)	(413,735)	(384,715)
General, administrative and other expenses	(172,097)	(178,742)	(149,465)	(136,531)	(114,737)
Fee Related Earnings	**424,450**	**323,659**	**255,312**	**216,990**	**172,350**
Realized net performance income	131,548	112,136	105,610	75,457	94,734
Realized net investment income (loss)	25,958	67,691	34,474	32,993	33,244
Realized Income	**581,956**	**503,486**	**395,396**	**325,440**	**300,328**
After-tax Realized Income, net of Series A Preferred Stock dividends[(2)]	**$519,028**	**$436,666**	**$345,926**	**$273,624**	**$248,686**
After-tax Realized Income per share of Class A common stock, net of Series A Preferred Stock dividends[(3)]	**$1.86**	**$1.67**	**$1.42**	**$1.08**	**$0.98**

Other Data					
Total Fee Revenue[(4)]	**$1,338,061**	**$1,142,744**	**$966,642**	**$842,713**	**$766,536**
Effective management fee rate[(5)]	**1.09%**	**1.10%**	**1.07%**	**1.06%**	**1.09%**

Note: All historical filings can be found on the SEC's website.

1. Includes ARCC Part I Fees of $184.1 million and $164.4 million for 2020 and 2019, respectively.
2. For 2020 and 2019, after-tax Realized Income includes current income tax related to: (i) realized performance and investment income of $20.3 million and $21.0 million, respectively and (ii) FRE of $20.9 million and $24.2 million, respectively. Of the current tax related to FRE, this includes (a) entity level taxes of $10.7 million and $10.4 million, respectively, and (b) corporate level tax expense of $10.2 million and $13.8 million, respectively.
3. 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.
4. Total fee revenue is calculated as the total of management fees, other fees and realized net performance income.
5. 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

	Year Ended December 31,				
$ in thousands	**2020**	**2019**	**2018**	**2017**	**2016**
Realized Income and Fee Related Earnings:					
Income before taxes	**$379,478**	**$425,180**	**$184,341**	**$149,859**	**$297,920**
Adjustments:					
Amortization of intangibles(1)	21,195	23,460	9,032	17,850	26,638
Depreciation expense	19,467	17,142	16,055	12,631	8,215
Equity compensation expenses(2)	122,986	97,691	89,724	69,711	39,065
Acquisition and merger-related expenses	11,194	16,266	2,936	259,899	(16,902)
Deferred placement fees	19,329	24,306	20,343	19,765	6,424
Offering costs	—	—	3	688	—
Other (income) expense, net(3)	10,207	(460)	13,486	(1,730)	(1,728)
Net expense of non-controlling interests in consolidated subsidiaries	3,817	2,951	3,343	1,739	—
(Income) loss before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(28,203)	(39,174)	(20,643)	(62,705)	(2,649)
Unconsolidated performance (income) loss – unrealized	7,554	(303,142)	247,212	(325,915)	(228,472)
Unconsolidated performance related compensation – unrealized	(11,552)	206,799	(221,343)	237,392	189,582
Unconsolidated net investment (income) loss – unrealized	26,484	32,467	50,907	(53,744)	(17,765)
Realized Income	**581,956**	**503,486**	**395,396**	**325,440**	**300,328**
Unconsolidated performance income - realized	(547,216)	(402,518)	(357,207)	(317,787)	(292,998)
Unconsolidated performance related compensation - realized	415,668	290,382	251,597	242,330	198,264
Unconsolidated net investment income - realized	(25,958)	(67,691)	(34,474)	(32,993)	(33,244)
Fee Related Earnings	**$424,450**	**$323,659**	**$255,312**	**$216,990**	**$172,350**

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 reflects 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. FY-19 includes a $20.0 million non-cash impairment charge on certain intangible assets
2. For 2020 and 2019, equity compensation expense was attributable to the following: (i) IPO awards and other non-recurring awards of $33.9 million and $37.0 million, respectively; (ii) annual bonus awards of $39.1 million and $27.7 million, respectively; and (iii) annual discretionary awards of $50.0 million and $33.0 million, respectively.
3. FY-20 includes a $10.2 million non-cash unrealized guarantee expense that will reduce RI to the extent it is realized. FY-18 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'd)

$ in thousands	Year Ended December 31, 2020
Performance income and net investment income reconciliation:	
Carried interest allocation	$505,608
Incentive fees	37,902
Carried interest allocation and incentive fees	**543,510**
Performance income - realized earned from Consolidated Funds	141
Performance income (loss) - reclass [(1)]	(3,726)
Unconsolidated performance (income) loss - unrealized	7,554
Performance (income) loss - unrealized earned from Consolidated Funds	—
Performance income - realized of non-controlling interests in consolidated subsidiaries	(263)
Performance income – realized	**$547,216**
Total consolidated other income	**$65,918**
Net investment income from Consolidated Funds	(85,047)
Performance (income) loss - reclass [(1)]	3,726
Principal investment income	4,044
Change in value of contingent consideration	70
Other expense (income), net[(2)]	10,207
Offering costs	—
Other expense (income) of non-controlling interests in consolidated subsidiaries	556
Investment (income) loss - unrealized	40,405
Interest and other investment (income) loss - unrealized	(13,921)
Total realized net investment income	**$25,958**

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 gains (losses) on investments in Ares' Consolidated Statements of Operations.
2. FY-20 includes a $10.2 million non-cash unrealized guarantee expense that will reduce RI to the extent it is realized.

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Landmark GAAP to Non-GAAP Reconciliation

$ in Millions	Year Ended December 31, 2020[1]
Net Income	**$42**
Adjustments:	
Amortization of intangibles	6
Deprecation expense	1
Equity Compensation expense	0
Non-recurring cash retention bonus program	17
Net investment (income) expense	0
Other (income) expense	(0)
Income tax expense	1
Fee Related Earnings	**$67**

1. Reflects the sellers' unaudited estimates of Landmark's results of operations for the year ended December 31, 2020 based on information currently available to them and is subject to completion of Landmark's audit procedures for the year ended December 31, 2020. Such figures are presented under Ares' reporting framework. No assurance can be given that the Landmark acquisition will be consummated on the contemplated terms/timeline or at all.

Overview of Landmark Endnotes

Past performance is not necessarily indicative of future results and reflects realized and unrealized investments. No assurance can be made that unrealized values will be realized as indicated. Any investment involves significant risk, including the loss of principal. Actual outcomes and results may differ materially from the returns presented herein. Returns are unaudited. As with all unaudited returns, they are subject to uncertainties and variations and may not be predictive of final results. Performance of individual capital accounts may vary from the composite results.

Performance returns for the Private Equity Secondary, Real Estate Secondary, and Infrastructure Secondary strategies are represented by the combined performance of the underlying funds in each strategy. Returns include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Gross returns takes into account the cumulative invested capital, cumulative cash distributions, other realized proceeds and unrealized gains or losses of the portfolio companies, excluding any bridge financings, before giving effect to deductions for management fees, carried interest and other expenses, the application of which would reduce such gross rates of return.

The net return is an annualized since inception net internal rate of return that is calculated by combining the cash flows to and from the underlying funds in each strategy and the applicable residual fund values at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and are calculated after giving effect to management fees, administrative expenses, carried interest, and credit facility interest expenses, as applicable. There may be funds in each strategy that utilize a credit facility during the investment period and for general cash management purposes. Net returns would likely have been lower had capital been called from its limited partners instead of utilizing the credit facility.

Net IRR do not exclude limited partners that pay reduced management fees and, therefore, the management fee rate used in calculating Net IRR is a blended rate of full fee and reduced fee limited partners; the Net IRR of a limited partner that does not benefit from a fee discount would be lower. Net IRRs are fund-level IRRs and take into consideration the timing of contributions and distributions to and from the funds. The funds may utilize a credit facility for general cash management purposes. The Net IRRs would generally be lower had the applicable fund called capital from limited partners instead of utilizing the credit facility. The net returns reflect reinvestment of certain gains and other proceeds to the full extent permitted under the applicable governing documents.

All of the information included in this presentation regarding Landmark is based on information provided by the sellers in connection with Ares due diligence related to the pending acquisition.

Glossary

ARCC Part I Fees	ARCC Part I Fees refers to a quarterly performance income on the net investment income of Ares Capital Corporation (NASDAQ: ARCC) ("ARCC"). Such fees from ARCC are classified as management fees as they are predictable and recurring in nature, not subject to contingent repayment and generally cash-settled each quarter, unless subject to a payment deferral.
ARCC Part II Fees	ARCC Part II Fees refers to fees that are paid in arrears as of the end of each calendar year when the cumulative aggregate realized capital gains exceed the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation, less the aggregate amount of ARCC Part II Fees paid in all prior years since inception.
Ares Operating Group Entities	Ares Operating Group Entities refers to, collectively, Ares Holdings L.P., Ares Offshore Holdings L.P. and Ares Investments L.P.
Ares Operating Group Unit	Ares Operating Group Unit or an "AOG Unit" refers to, collectively, a partnership unit in each of the Ares Operating Group entities.
Assets Under Management	Assets Under Management or "AUM" refers to the assets we manage. For our funds other than CLOs, our AUM represents the sum of the net asset value ("NAV") 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). NAV refers to the fair value of the assets of a fund less the fair value of the liabilities of the fund. For our funds that are CLOs, our AUM is equal to initial principal amounts adjusted for paydowns.
AUM Not Yet Paying Fees	AUM Not Yet Paying Fees (also referred to as "shadow AUM") refers to AUM that is not currently paying fees and is eligible to earn management fees upon deployment.
Available Capital	Available Capital (also referred to as "dry powder") 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.
Class B Membership Interests	Class B Membership Interests refers to the interests that were retained by the former owners of Crestline Denali Capital LLC and represent the financial interests in the subordinated notes of the related CLOs.
Consolidated Funds	Consolidated Funds refers collectively to certain Ares-affiliated funds, related co-investment entities and certain CLOs that are required under GAAP to be consolidated in our consolidated financial statements.
Fee Paying AUM	Fee Paying AUM or "FPAUM" refers to the AUM from which we directly earn management fees. FPAUM is equal to the sum of all the individual fee bases of our funds that directly contribute to our management fees. For our funds other than CLOs, our FPAUM represents the amount of limited partner capital commitments for certain closed-end funds within the reinvestment period, the amount of limited partner invested capital for the aforementioned closed-end funds beyond the reinvestment period and the portfolio value, gross asset value or NAV. For our funds that are CLOs, our FPAUM is equal to the gross amount of aggregate collateral balance, at par, adjusted for defaulted or discounted collateral.

Glossary (cont'd)

Fee Related Earnings	Fee Related Earnings or "FRE", a non-GAAP measure, is used to assess core operating performance by determining whether recurring revenue, primarily consisting of management fees, is sufficient to cover operating expenses and to generate profits. FRE differs from income before taxes computed in accordance with GAAP as it excludes performance income, performance related compensation, investment income from our Consolidated Funds and non-consolidated funds and certain other items that we believe are not indicative of our core operating performance.
Gross Invested Capital	Gross Invested Capital refers to the aggregate amount of capital invested by our funds during a given period, and includes investments made by our draw-down funds and permanent capital vehicles (and affiliated funds) and new capital raised and invested by our open-ended managed accounts, sub-advised accounts and CLOs, but excludes capital that is reinvested (after receiving repayments of capital) by our open-ended managed accounts, sub-advised accounts and CLOs.
Incentive Eligible AUM	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 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.
Incentive Generating AUM	Incentive Generating AUM or "IGAUM" refers to the AUM of our funds that are currently generating performance income on a realized or unrealized basis. 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 ARCC Part II Fees are being generated.
Net Inflows of Capital	Net Inflows 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 new debt and equity issuances by our publicly traded vehicles minus redemptions from our open-ended funds, managed accounts and sub-advised accounts.
Operations Management Group	In addition to our operating 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 reportable segments but we consider the cost structure of the OMG when evaluating our financial performance. Our management uses this information to assess the performance of our reportable segments and OMG, and we believe that this information enhances the ability of shareholders to analyze our performance.
Our Funds	Our Funds refers to the funds, alternative asset companies, co-investment vehicles and other entities and accounts that are managed or co-managed by the Ares Operating Group, and which are structured to pay fees. It also includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC and an SEC-registered investment adviser.

Glossary (cont'd)

Performance Income	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 either an incentive fee or carried interest.
Permanent Capital	Permanent Capital refers to capital of our funds that do not have redemption provisions or a requirement to return capital to investors upon exiting the investments made with such capital, except as required by applicable law. Such funds currently consist of 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. In addition, permanent capital includes certain insurance related assets that are owned or related to Aspida Life Re Ltd ("Aspida").
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 losses, 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 income before taxes by excluding (a) operating results of our Consolidated Funds, (b) depreciation and amortization expense, (c) the effects of changes arising from corporate actions, (d) unrealized gains and losses related to performance income and investment performance and (e) 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.
Total Fee Revenue	Total Fee Revenue refers to the total of segment management fees, other fees and realized net performance income.

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