ANNUAL LETTER | 2025

# Ares Management Corporation

## Dear Fellow Ares Shareholders,

We are pleased to report that 2025 was a year of excellent progress for Ares, including the achievement of several important milestones. We closed 2025 with a record of more than $620 billion[1] in assets under management. We also established new firm records for fundraising and investment deployment, with more than $100 billion in each during 2025. Collectively, our results demonstrate the growing scale and increasing diversification of our global investment platform and our investors' continued confidence in our investment approach and demonstrated fund performance.

Of strategic significance, we completed the acquisition of GCP International and made substantial progress integrating GCP into Ares. In addition to strengthening our global industrial real estate presence in Europe and the Americas, the GCP acquisition provided a strategic industrial investing platform in Japan and an emerging global data center development business. Ares is now the third largest global owner and operator of logistics properties, and we have consolidated our global logistics platform under a single brand, Marq Logistics. Overall, the GCP integration is going very well, and we expect to see increasing contributions from these new businesses in 2026 and beyond.

We expanded our investment capabilities by adding to our investment talent and geographic footprint. During the year, we added 470 investment professionals from the GCP acquisition and organically added another 78 investment professionals. We opened offices in Miami and Milan and added offices in another 13 new metropolitan areas from the GCP acquisition. We ended the year with over 1,650 investment professionals and 4,250 total employees across more than 55 global offices. We believe that our deep origination networks and local insights are a differentiated competitive advantage.

Our expansion also included the successful introduction of new investment products for both individual and institutional investors. For example, we raised our first ever data center development fund totaling $2.4 billion, and we believe our large portfolio of seed projects places us in a strong position for further fundraising in the growing data center sector. We also successfully introduced new products in credit secondaries, core infrastructure and sports, media and entertainment. These new products represent just a small portion of the more than 38 investment products we offered to investors last year. We also formalized and expanded our Capital Solutions Group to improve capital markets and financing execution and capture new revenue opportunities in the coming quarters and years.

In December 2025, Ares was honored to be included in the S&P 500 stock index, a notable milestone for our company. The selection of Ares for this prestigious index reflects our evolution over nearly three decades from a small private partnership into a global leader in private market investing. Our growth is a testament to the strong support we have received from our investors, portfolio companies, partners, and employees. It also underscores the broader maturation and expansion of the alternative investment management industry.

These achievements were delivered while remaining faithful to our core disciplines of rigorous investment selection and due diligence, investor alignment, proactive portfolio management, and capital stewardship. We also remained steadfast in our commitment to our core values of being collaborative, respectful, entrepreneurial, self-aware and trustworthy.

Going forward, our objectives remain simple and unchanged: perform for our investors by deploying and managing our investors' capital with great foresight and discipline, scale our businesses where we hold structural and competitive advantages and expand individual and institutional investor access to our products that meet their investment objectives. With more than $150 billion in available capital matched with our asset-light balance sheet approach, we believe we are very well positioned for growth in the year ahead. We enter the coming year with high conviction that we can continue to generate differentiated risk-adjusted investment returns for our investors and increasing value for our ARES shareholders while maintaining our strict underwriting standards and highly selective investment approach.

We want to thank our investors for entrusting us with their capital, our employees for their commitment and dedication to the platform and our shareholders and credit partners for their continued support of our company.

With gratitude,

**Michael Arougheti**
Co-Founder, Chief Executive Officer

**Antony Ressler**
Co-Founder, Executive Chairman

## 2025 Key Financial Metrics

**$623B**
AUM[1]

**$385B**
FPAUM

**$113B**
Fundraising

**$146B**
Deployment

**$3,863M**
Management Fees

**$1,775M**
Fee Related Earnings

**$1,848M**
Realized Income

**96%**
FRE as % of Realized Income

**$884M**
GAAP Net Income

# 2026 Priorities

As both institutional and individual investors continue to increase allocations to private market alternatives, we believe we are very well positioned to capitalize on a number of growth initiatives and strategic priorities in 2026 and beyond. Seven principal areas of focus for the year ahead are:

## 1 Scale our digital infrastructure business by leveraging our differentiated capabilities and integrated approach

We are seeing strong demand by hyperscalers for more cloud and AI-driven capacity, which underpins a multi-year data center opportunity. We expect to leverage our vertically integrated infrastructure development team and our attractive portfolio of data center development projects to meaningfully grow our digital infrastructure AUM and provide the opportunity to enhance our profitability.

## 2 Expand our product offerings in Japan

Building on the GCP acquisition and our established real estate platform in Japan, we see opportunities to broaden our presence in the Japanese market, including expanding our private credit and infrastructure capabilities. We also anticipate expanding our wealth-oriented products for Japanese individual investors.*

## 3 Leverage advancements in technology to enhance our capabilities, improve decision making, and expand our margins

We are actively investing in artificial intelligence and other technology solutions to enhance our back-office efficiency, sales effectiveness, and investment decision-making. We have artificial intelligence projects currently in production with a focus on consolidating data, improving data analytics (enhancing decision cycles, improving portfolio monitoring, optimizing sales efforts), and materially increasing the productivity of back-office support systems.

## 4 Deepen real assets vertical integration through Marq Logistics and Ada Infrastructure

We expect to further expand vertical integration across real estate and infrastructure through our recently branded Marq Logistics (industrial real estate) and Ada Infrastructure (data center) platforms. Opportunities include integrating property origination, development, operations, and financing capabilities. This approach increases our ability to control value creation through the full investment lifecycle, improves risk mitigation, and provides the potential for enhanced returns for our investors.

## 5 Broaden wealth distribution and product access

We ended 2025 with eight semi-liquid products in the wealth channel with at least one Ares product on more than 80 global platforms. We are committed to expanding our platform across new partners, channels, geographies and product extensions while being equally focused on deepening engagement with our existing relationships. Nearly half of our global distribution partners currently offer just one Ares product, highlighting the substantial opportunity to broaden our footprint within established partnerships and unlock incremental growth.

## 6 Expand private investment grade capabilities

The private investment grade market represents a significant opportunity for us to further scale our relationships within the insurance industry and expand the investment capabilities across our credit platform. Currently, we have significant private investment grade capabilities embedded within our alternative credit strategy, but we envision broader opportunities in private IG across corporate direct lending, infrastructure debt and real estate debt.

## 7 Continue to expand our capital markets capabilities across the platform

In 2025, we restructured and expanded our capital markets professionals into a new Capital Solutions business in order to improve execution on financing and capital markets activities. This enables us to capture a greater portion of potential transaction fees across our platform. We expect this to be a small portion of our revenue growth in 2026, but we anticipate larger growth in this business in 2027 and beyond.

## Footnote

1) AUM amounts include vehicles managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC and a SEC-registered investment adviser ("IHAM").
* Subject to regulatory and market considerations

## Forward-Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which reflect our current views with respect to, among other things, future events, operations and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "predicts," "intends," "plans," "estimates," "anticipates," "foresees" or negative versions of those words, other comparable words or other statements that do not relate to historical or factual matters. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity. Some of these factors are described in our most recent Annual Report on Form 10-K under the headings "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1A. Risk Factors." These factors should not be construed as exhaustive and should be read in conjunction with the risk factors and other cautionary statements that are included in this letter and in our other periodic filings with the United States Securities and Exchange Commission, which are accessible on their website at **www.sec.gov** and pursuant to which such factors may be updated from time to time. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these forward-looking statements. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Therefore, you should not place undue reliance on these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

## Additional Disclosures

The information contained in this letter is summary information that is intended to be considered in the context of Ares Management Corporation (NYSE: ARES) ("Ares") SEC filings and other public announcements that Ares may make, by press release or otherwise, from time to time. These materials contain information about Ares, its affiliated funds and certain of their respective personnel and affiliates, information about their respective historical performance and general information about the market. You should not view information related to the past performance of Ares and its affiliated funds or information about the market, as indicative of future results, the achievement of which cannot be assured. Certain Ares Funds may be offered through our affiliate, Ares Management Capital Markets LLC ("AMCM"), a broker-dealer registered with the SEC, and a member of FINRA and SIPC. 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 letter 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 these materials should be construed as a recommendation to invest in any securities that may be issued by Ares or as legal, accounting or tax advice. None of Ares, its affiliated funds or any affiliate of Ares or its 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 the past or future performance. Certain information set forth herein includes estimates, projections and targets and involves significant elements of subjective judgment and analysis. Further, such information, unless otherwise stated, is before giving effect to management and incentive fees and deductions for taxes. No representations are made as to the accuracy of such estimates, 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.

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 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.

An investment in Ares will be discrete from an investment in any funds or other investment programs managed by Ares and the results or performance of such other investment programs is not indicative of the results or performance that will be achieved by Ares or such investment programs. Moreover, neither the realized returns nor the unrealized values attributable to one Ares fund are directly applicable to an investment in any other Ares fund. 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.

Management uses certain non-GAAP financial performance measures 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 Ares 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. Please refer to these Additional Disclosures for explanations of these non-GAAP measures and reconciliations to the most directly comparable GAAP measures. Amounts and percentages may reflect rounding adjustments and consequently totals may not appear to sum.

Some funds managed by Ares or its affiliates may be unregistered private investment partnerships, funds or pools that may invest and trade in many different markets, strategies and instruments and are not subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. Fees vary and may potentially be high. In addition, in light of the various investment strategies of such other investment partnerships, funds and/or pools, it is noted that such other investment programs may have portfolio investments inconsistent with those of the strategy or investment vehicle proposed herein.

The statements contained in this letter are made as of December 31, 2025, unless another time is specified in relation to them, and access to this letter at any given time shall not give rise to any interpretation that there has been no change in the facts set forth in this letter since that date.

## Additional Disclosures (continued)

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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 collateralized loan obligations (“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 net asset value. For the CLOs we manage, our FPAUM is equal to the gross amount of aggregate collateral balance, at par, adjusted for defaulted or discounted collateral.

Fee Related Earnings or “FRE”, a non-GAAP measure that is a component of Realized Income, is used to assess core operating performance by determining whether recurring revenue, primarily consisting of management fees and fee related performance revenues, is sufficient to cover operating expenses and to generate profits. FRE differs from income before taxes computed in accordance with GAAP as FRE excludes net performance income, investment income from our funds and adjusts for certain other items that we believe are not indicative of our core operating performance. Fee related performance revenues, together with fee related performance compensation, is presented within FRE because it represents incentive fees from perpetual capital vehicles that are measured and eligible to be received on a recurring basis and are not dependent on realization events from the underlying investments.

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

| $ in thousands | Year ended December 31, 2025 |
|---|---|
| **Realized Income and Fee Related Earnings:** | |
| **Income before taxes** | **$1,286,893** |
| **Adjustments:** | |
| Amortization of intangibles | 195,740 |
| Depreciation expense | 46,185 |
| Equity compensation expense | 506,365 |
| Acquisition-related equity compensation expense[1] | 234,184 |
| Acquisition-related compensation expense[2] | 105,202 |
| Acquisition, merger and transaction-related expense | 65,363 |
| Placement fee adjustment | (3,891) |
| Change in value of contingent consideration[3] | 301,120 |
| Other (income) expense, net | 2,080 |
| Income before taxes of non-controlling interests in consolidated subsidiaries | (15,112) |
| Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations | (260,032) |
| Total performance (income) loss—unrealized | (762,534) |
| Total performance related compensation—unrealized | 594,661 |
| Total net investment income—unrealized | (447,916) |
| **Realized Income** | **1,848,308** |
| Total performance income—realized | (526,284) |
| Total performance related compensation—realized | 357,273 |
| Total net investment loss—realized | 96,003 |
| **Fee Related Earnings** | **$1,775,300** |

Note: This table is a reconciliation of income before taxes on a GAAP basis to Realized Income and FRE on an unconsolidated basis, which reflects the results of the reportable segments on a combined basis together with the Operations Management Group (“OMG”). The OMG’s revenues and expenses are not allocated to our reportable segments but management considers the cost structure of the OMG when evaluating our financial performance. Management uses this information to assess the performance of our reportable segments and OMG and believes that this information enhances the ability of stockholders to analyze our performance.

1) Represents equity compensation expense associated with certain acquisitions for a portion of the purchase price that is required to be recorded as employee compensation.
2) Represents bonus payments, a portion of contingent liabilities (earnouts) and other costs recorded in connection with various acquisitions that are recorded as compensation expense.
3) The change in value of contingent consideration primarily reflects progress toward achieving the earnouts established in connection with the acquisition of GCP International.