Our broad platform, flexible strategies, robust sourcing model and research advantages enable us to capitalize on long-term value creation opportunities across market cycles.

Market-Tested, Investor-Focused Approach:

Since inception in 1997, our central focus has been to provide consistent, attractive investment returns to our fund investors. Over time, as we have delivered compelling investment results, we have attracted new investors and additional allocations from existing investors, helping us grow and create value for our stakeholders. In 2015, we had a record fundraising year, raising gross new capital of more than $23 billion and growing assets under management by $11.8 billion, or approximately 15%. Due in large part to our investors' confidence, today we are a leading global alternative asset manager, with approximately $94 billion of assets under management and more than 870 employees across 15 principal and originating offices globally.

As the search for better investment returns intensifies, investors increasingly seek to concentrate their allocations with firms they can trust to provide comprehensive investment solutions and effectively manage risk. We believe our broad investment platform, including Credit, Private Equity and Real Estate, is well positioned to meet the increased global demand for alternative investment products. We attribute our continuing success across market cycles to the breadth of our platform, the strength of our investment approach, collaborative culture and flexible strategies that enable us to generate compelling risk-adjusted returns for our clients.

The Ares Edge

Power of the Ares Platform

Using our platform's significant scale and global reach, we leverage our relationships, sector knowledge and industry insights across our portfolios and investment groups to source, evaluate and generate strong risk adjusted returns for investors.

Committed and Collaborative Culture

Over our 19-year history, we have evolved to meet our clients' individual needs by fostering an integrated, cross-platform culture of teamwork where we share ideas, expertise and best practices across the firm.

Trusted Partner with Flexible Solutions

Our comprehensive product offerings span multiple asset classes and provide a full spectrum of flexible investment solutions. We can invest in all levels of a company's capital structure and invest dynamically across market environments to optimize returns and better manage risk.

Value Creation and Growth

We are business builders who create value by investing in quality companies, real estate and energy assets. We view our strong growth as a testament to our investors' confidence in our capabilities and demonstrated investment performance.

ARES

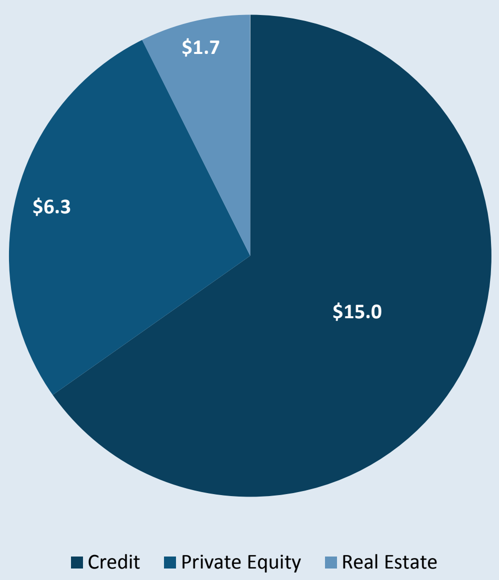
Strong Results Across Our Platform:

Despite volatile market conditions throughout 2015, we had a strong year across our core areas of fundraising, investing and fund performance.

Fundraising:

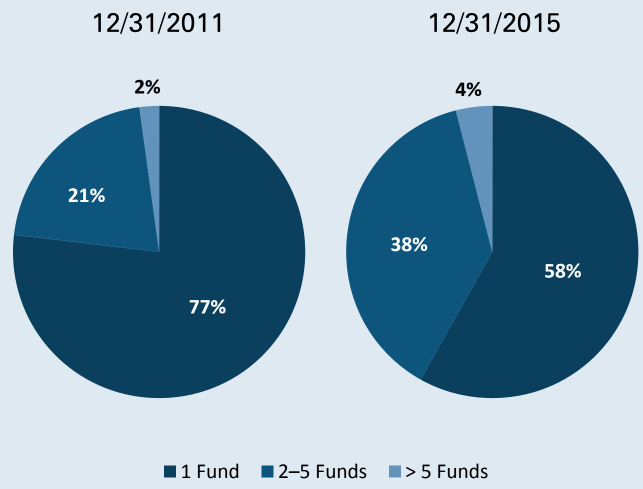
We achieved clear fundraising success in 2015 across all three of our investment platforms. Key highlights include $15.0 billion raised in our liquid and illiquid credit strategies, $6.3 billion in our private equity strategies and $1.7 billion in our real estate strategies.

$23 Billion in Gross Capital Raised in 2015 ($bn)

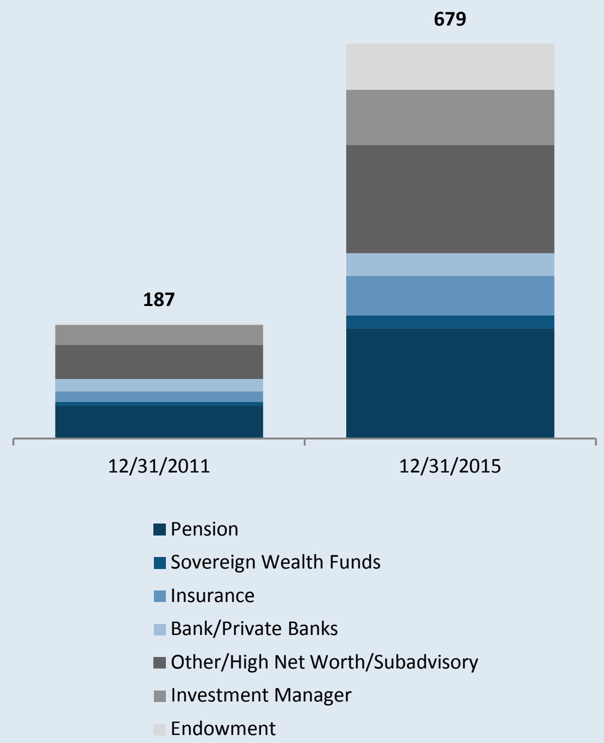


Our global investor base continues to entrust us with new capital, with more than 75% of the direct institutional capital raised coming from existing investors. Over the past several years, many existing investors have expanded their commitments to additional Ares funds across our Credit, Private Equity and Real Estate Groups. For example, the percentage of our investors committed to more than one Ares fund has increased from 23% in 2011 to 42% at the end of 2015. Over that same period, the number of our direct institutional investors has also increased 263%, from 187 in 2011 to 679 in 2015. We believe our fundraising success and the growing breadth of our investor relationships validate our overall value proposition.

Growth in Investors Committed to More than One Ares Fund



Significant Increase in Direct Institutional Investors



Note: Investor type in descending order ranked by AUM.

Excellence in Investing:

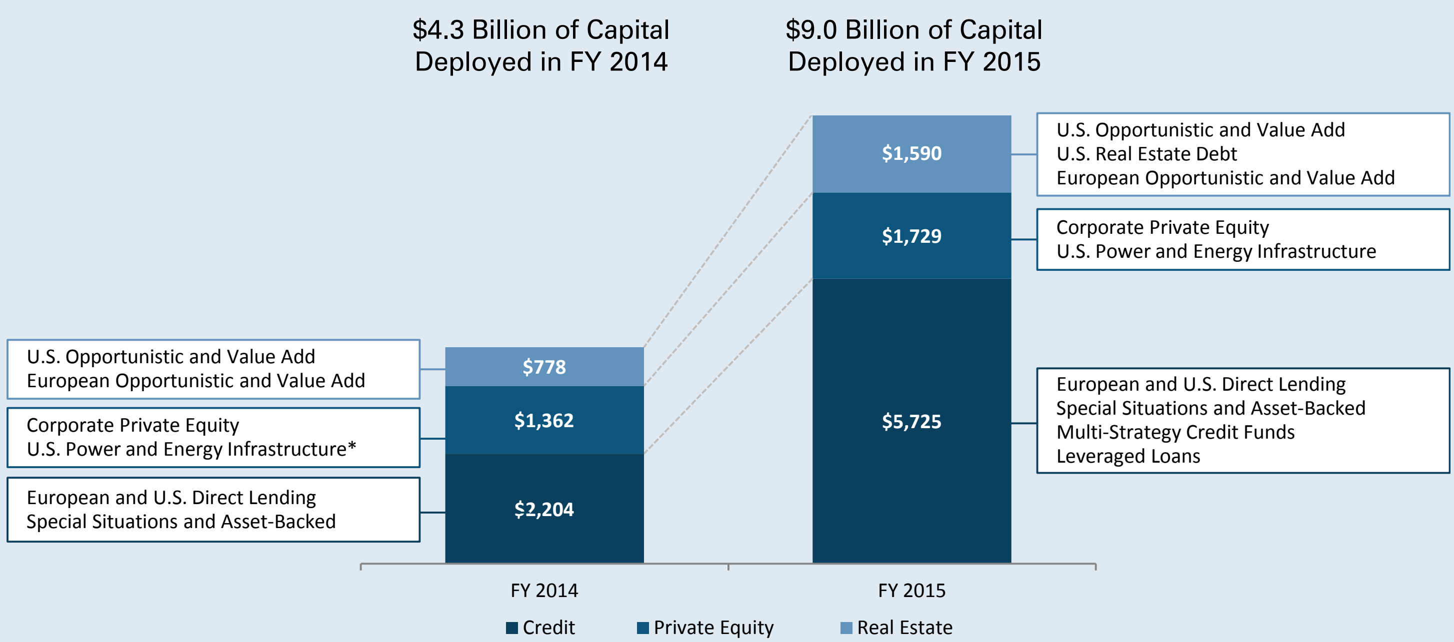
We continue to capitalize on attractive investment opportunities across our diverse global platform. During 2015, we deployed $20.5 billion in gross capital, of which $9.0 billion was invested from our drawdown funds compared to $4.3 billion in 2014. Highlights from our investment activities in our drawdown funds for 2015 include:

Credit: While we continued to invest in syndicated loans and middle market direct loans in funds with recyclable capital, our greatest investment activity within our drawdown funds was primarily in the illiquid alternatives sector. We capitalized on our ability to directly originate comprehensive and flexible debt capital solutions for middle market companies in the wake of continuing bank retrenchment both in Europe and the U.S. We also enhanced our commercial finance capabilities through the acquisition of an asset-based lending portfolio from First Capital Holdings, Inc. and expansion of the team focused on originating and monitoring our asset-based lending activities. Similarly, we also increased our activity in selected asset-backed investments, where, again, bank retrenchment has created financing gaps.

Private Equity: In our corporate private equity strategy, we continued to target investments in strong franchise businesses with attractive growth opportunities and dominant market shares. 2015 platform investments included Valet Waste, a leading national provider of value-added amenity services to the multifamily housing industry, and American Tire Distributors, the largest replacement tire distributor in the U.S. In our U.S. power and energy infrastructure private equity strategy, increased regulation, as well as the abundant supply and continued low cost of natural gas, continues to force competing forms of power generation – namely coal and nuclear – into retirement. This trend is favorable for the construction of new, efficient natural gas-fired electric power plants, such as our investment in the St. Joseph Energy Center in Indiana, to address the growing demand for electric power and the need for additional reliability across the power grid. In addition, the severe dislocation in the oil and gas market has provided attractive buying opportunities for high quality assets in the midstream sector, a prime example being our acquisition of the Van Hook Gathering System in North Dakota's Bakken shale formation.

Real Estate: In our real estate strategies, we continued to find attractive opportunistic and value-add equity investments in major markets in the U.S. and Europe, as well as significant real estate debt investment opportunities in the U.S. Within our U.S. opportunistic strategy, we closed on two significant hospitality investments, a Pendry-branded hotel in the Gaslamp Quarter of San Diego and the Gaylord Rockies Resort and Convention Center development outside of Denver. We believe these

Capital Deployment in our Drawdown Funds



*For comparison purposes, includes 2014 deployment for the Energy Investors Funds acquisition, which closed on January 1, 2015.

hospitality investments represent quality risk-adjusted opportunities that have been prudently structured. Our U.S. value-add investment activity focused primarily on multifamily, grocery-anchored retail and niche hospitality sectors, where we believe positive market dynamics are supportive. In Europe, our investment activity was most pronounced in the region's core markets (in particular, the U.K. and Germany), with more selective investments in France, Spain, Benelux and the Nordic countries. We actively invested in retail parks and outlet centers in the U.K. and France, where we saw opportunities based on tenant consolidation trends and the strong performance of upscale centers in Europe over the past 15 years. We also saw attractive opportunities to acquire medium-to-large-sized pan-European portfolios of assets from managers that were restructuring, leveraging our ability to capitalize on complex multi-jurisdictional transactions. In our U.S. real estate debt business, borrowers increasingly looked to us in 2015 for customized, stable sources of financing. We continued investing in attractive risk-adjusted return opportunities in mortgage loans to owner-operators and sponsors of commercial real estate properties.

Looking ahead, we remain focused on leveraging the power of our broad and expanding platform to invest in high-quality franchise assets where we have a sourcing or research edge, and where we can purchase assets at prices that allow us to create and realize value. If market volatility persists in 2016, we believe it will create buying opportunities for managers like us, who have flexible mandates and strong relationships and can identify and capitalize on attractively-valued assets.

Fund Performance:

We continue to be recognized as an industry leader, delivering strong investment performance across our three complementary investment groups:

Gross Performance Returns Since Inception:*

Credit: Our liquid credit strategies (bank loans, high yield and credit opportunities) have delivered composite gross annualized returns and benchmark outperformance of 5% (+49 bps vs. Credit Suisse Leveraged Loan Index), 7% (+104 bps vs. BofA Merrill Lynch US High Yield Master II Constrained Index) and 9% (+365 bps vs. HFRI Fund Weighted Composite Index), respectively. Our illiquid credit strategies have all generated double-digit gross returns, including composite gross annualized returns for special situations and asset-backed investments of 13% and 15%, respectively, and asset-level realized gross IRRs for European and U.S. direct lending of 12% and 13%, respectively.

Private Equity: Our corporate private equity funds and U.S. power and infrastructure funds have generated 23% and 16% aggregate gross returns across funds, respectively.

Real Estate: In Real Estate, our value-add and opportunistic equity strategies in the U.S. and Europe have delivered 15% and 16% gross returns, respectively. Our real estate debt strategy, represented by the performance of Ares Commercial Real Estate Corporation (NYSE: ACRE), has delivered a 6% unleveraged effective yield.

***NET PERFORMANCE RETURNS**. **Credit**: **5%** for U.S. bank loan funds, **7%** for U.S. high yield funds, **7%** for credit opportunities funds, **7%** for special situations funds and **10%** for asset-backed funds. **Private Equity**: **16%** for corporate private equity funds and **11%** for EIF U.S. power and infrastructure funds. **Real Estate**: **11%** for U.S. equity and **10%** for Europe equity.

Performance returns are as of December 31, 2015, and gross returns are rounded to the nearest whole number. For detail on the composites and aggregates used to represent returns across our strategies, as well as return calculation methodologies, please see our Investor Presentation dated April 2016 on the Events and Presentations page of the Investor Resources section of our website, www.aresmgmt.com.

Market Recognition:

Certain of our Credit Group funds (Ares Institutional Loan Fund and our composites for U.S. bank loans, U.S. high yield and global high yield debt) continue to hold top quartile rankings from *Lipper Marketplace*.* Additionally, we are a leading global CLO manager, as *Creditflux* ranked Ares the #2 CLO Manager in the U.S.* Our flagship U.S. direct lending fund, Ares Capital Corporation (NASDAQ: ARCC), continues to be the largest business development company by both market capitalization and total assets. ARCC's direct lending activities led Ares to be recognized by *Private Equity International* as the Lender of the Year in North America for the second year in a row.

Preqin has awarded top fund or consistency rankings for our corporate private equity strategies in past years. Our Private Equity Group's power and infrastructure strategy was ranked as the most consistent performing U.S. unlisted infrastructure fund manager in the *Preqin* 2016 Global Infrastructure Report.

Certain funds in both U.S. and European real estate private equity hold top quartile investment performance rankings.** Ares was additionally rated by *PERE* as a Top 15 Real Estate Manager Based on 2010-2015 Equity Raised.

2015 Financial Results:

As shown below, we continue to generate strong growth across our key financial metrics. During 2015, we grew our assets under management to $94 billion, a growth of approximately 15% since 2014. Our full-year management fees and fee-related earnings also increased year-over-year by 9% and 20%, respectively, reaching $651 million and $177 million. Management fees continue to be the primary driver of our results, representing 90% of our 2015 total fee revenue.(1) For the full year, we distributed $0.84 per common unit to our common unitholders.

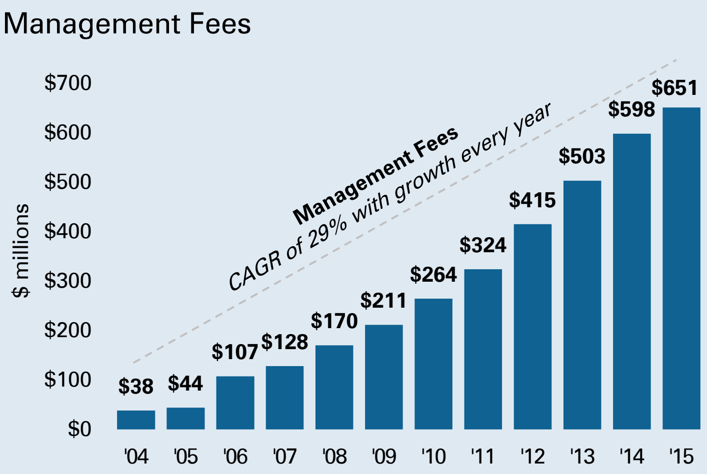
Formation of Full-Spectrum Credit Group:

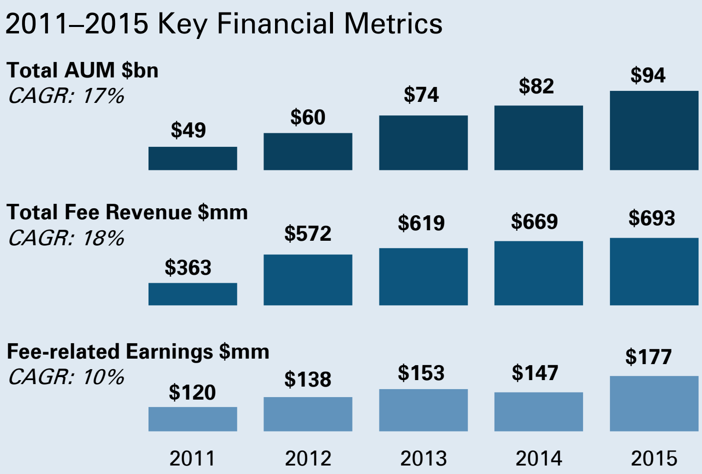
To most effectively manage our broad array of credit products, we combined our Tradable Credit and Direct Lending Groups in early 2016 to form the Ares Credit Group. With total combined AUM of $62.2 billion as of December 31, 2015, the Ares Credit Group offers comprehensive market-leading investment solutions across a range of liquid and illiquid non-investment grade corporate credit strategies. Over nearly two decades, we have built a deep and experienced team of approximately 200 investment professionals engaged in origination, research, syndication and trading across the U.S. and Europe. Operating as a collective business unit will further enhance the already strong teamwork across our portfolio management and research teams. The ability to execute our credit strategies as an integrated group, with coverage of more than 1,000 companies across 50 sectors and 500+ global financial sponsor relationships, is a critical differentiator that we believe will enable us to continue delivering attractive results.

The Ares Credit Group offers a unique value proposition for our investors, portfolio companies and sponsors, as well as investment and commercial banks. We believe we continue to be exceptionally well positioned to capitalize on attractive opportunities in the credit markets, such as the financing gap being created by growing constraints on traditional bank capital. During 2016, we expect to launch new funds where we can dynamically allocate between liquid and illiquid strategies.

***As of December 31, 2015 **As of June 30, 2015**

2015 Key Financial Metrics(1)





(1) As of December 31, 2015. Management fee figures included in this letter include ARCC Part I Fees. For the twelve months ended December 31, 2015, ARCC Part I Fees were $121.5 million.

The Year Ahead

We remain committed to generating strong investment returns for our investors and growing meaningful equity value for our unitholders.

Our goals continue to be to offer our fund investors quality investment solutions and performance returns, as well as to provide our unitholders with an attractive level of distributions primarily based on growing fee-related earnings. We expect strong investor demand for alternative assets to continue, both from global equity investors seeking less volatility generally through our private equity products, as well as global fixed-income investors seeking higher returns generally through our tradable and self-originated credit products.

We view market volatility as an opportunity for long term value creation and are well-positioned to deploy capital opportunistically. Our diversified investment strategies and dynamic allocation capabilities give us the flexibility to take advantage of investment opportunities across different market environments. With our significant dry powder ($22.4 billion as of December 31, 2015), the attractive deployment environment and our fundraising pipeline, we see promising potential for long-term growth in our AUM, management fees and fee-related earnings. We will continue to invest in our technology, core infrastructure and risk management capabilities to support our organic and inorganic growth, all with the aim of improving our margins as we scale our business over time. Also, expect us to continue to provide attractive investment solutions, expand our geographies and develop new distribution channels.

Over the past 19 years, we have built a very successful business that is based on our ability to generate consistent and compelling investment returns for our clients. We have developed a deep talent pool and unique culture, with committed professionals who collaborate across our platform to source, invest and manage highly selective assets. Our team's market research and proprietary sourcing capabilities often provide us with an informational advantage that we use to identify and manage investments across a wide array of opportunities. Using this Ares edge, we seek attractive value across the capital structure in quality franchise assets at opportune times in the market, while balancing our downside risk. This is fundamentally the business model that we have built at Ares, and it continues to serve us well. We thank our investors for their continued support and confidence in our abilities, our Board for their leadership and our employees for their deep commitment to Ares Management and its stakeholders.

Tony Ressler
Chairman, Chief Executive Officer

Michael Arougheti
President

Legal Notice

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. These non-GAAP financial measures are discussed more fully in, and the reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included under, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Ares' Annual Report on Form 10-K (the "Form 10-K") and are accessible on the SEC's website at www.sec.gov.

Management fee figures included in this letter include ARCC Part I Fees. Please refer to the Form 10-K for more information regarding ARCC Part I Fees.