Our collaborative culture, flexible approach and robust sourcing capabilities continue to be the hallmarks of our investment success.

Since our inception in 1997, our approach has been to focus first and foremost on the investing and operational needs of our investors. It is our long-held view that if we perform well for our investors, we will continue to attract new client assets and experience strong growth. We are pleased to report that 2014 was another year of significant growth as we increased our assets under management by $12 billion, or approximately 16%.

Today, Ares is a leading global alternative asset manager with more than 800 employees and 15 offices around the world with approximately $86 billion of assets under management across our four complementary investment groups in Tradable Credit, Direct Lending, Private Equity and Real Estate. With the increased global demand for higher returning and non-correlated investments, we believe our expanded investment platform is well positioned for success to meet this demand for alternative investment solutions.

The following highlight certain of our accomplishments for this past calendar year.

Fundraising

Each of our four investment groups experienced considerable success in 2014, together raising over $16 billion in new gross commitments across our platform. By continuing to deliver compelling results, we expanded the breadth of our direct institutional investor base by over 50 investors resulting in over 625 direct institutional relationships across 25 countries at year-end. Further, we continue to have solid cross-marketing success, with nearly 40% of our investors currently committing to multiple funds. Through our publicly traded entities, we have over 400 institutional and 240,000 retail investors.

Product Offering Expansion

We have added high-caliber investment teams in both Commercial Finance and Power and Energy to complement our existing spectrum of alternative investment strategies. Consistent with our historical experience of growing both organically and through acquisitions into adjacent and complementary asset

ARES

classes, Commercial Finance is a natural extension of our leading direct lending platform into specialty asset-based lending, while our Power and Energy private equity team further expands the scale of our firm's capabilities in the energy and energy infrastructure sectors.

Capital Deployment

We invested approximately $14 billion of capital across our four investment groups in North America, Europe and Asia. We continued to find attractive investment opportunities across our businesses by employing the same strategies that have served us well throughout our history, particularly during periods of elevated asset pricing and strong liquidity. We remained highly selective, utilizing our global direct origination and informational advantages across the platform, while leveraging our flexible capital approach to invest up and down the capital structure.

Management Fees & Fee-Related Earnings

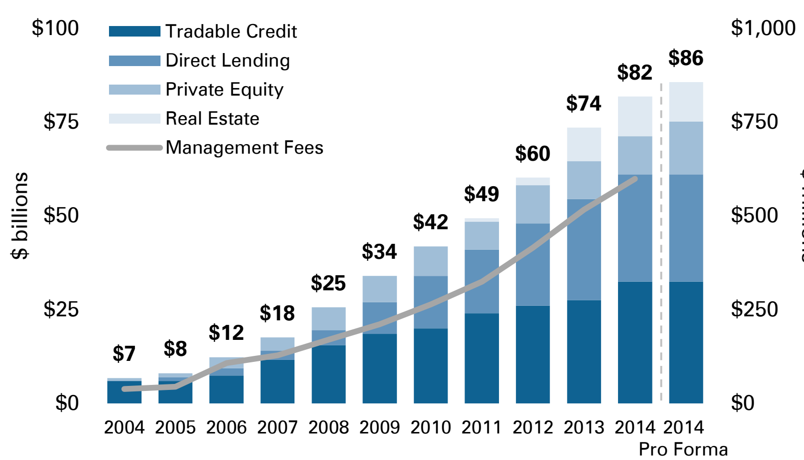
2014 full-year management fees and fee-related earnings increased year-over-year by 19% and 7%, respectively. Our ability to consistently raise assets and meaningfully grow our business through market cycles has resulted in strong management fee and fee-related earnings growth for our unitholders. Management fees continue to be the primary driver of our results (representing 89% of our 2014 total fee revenue), which we believe leads to a more predictable and stable distribution for our unitholders.

Balance Sheet Strength

Our balance sheet is well-positioned to support continued growth, having raised over $450 million from our IPO and our subsequent 10-year senior notes offering. At year end, we had a modest amount of net debt and access to a $1 billion revolving credit facility. We continue to invest our capital in new fund investments and opportunistically seek strategic and accretive initiatives to benefit our firm. Our investment portfolio, which includes nearly $600 million of capital invested across 47 funds, generated a total gross return of 17% during 2014.

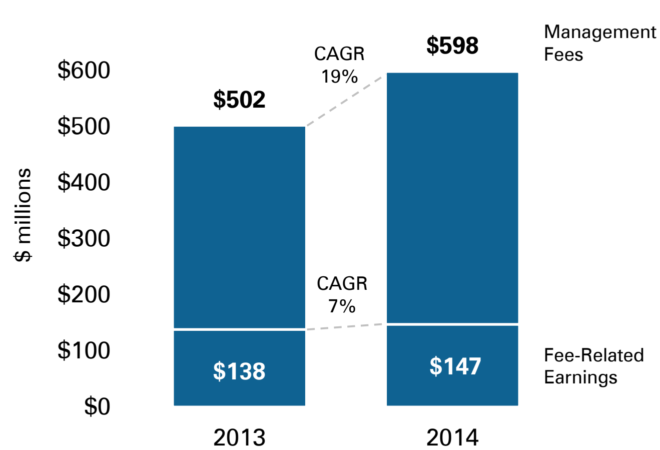
2014 Key Financial Metrics

Assets under Management



2014 AUM is pro forma to include the acquisition of EIF, which closed on January 1, 2015.

Management Fees and Fee-Related Earnings Growth

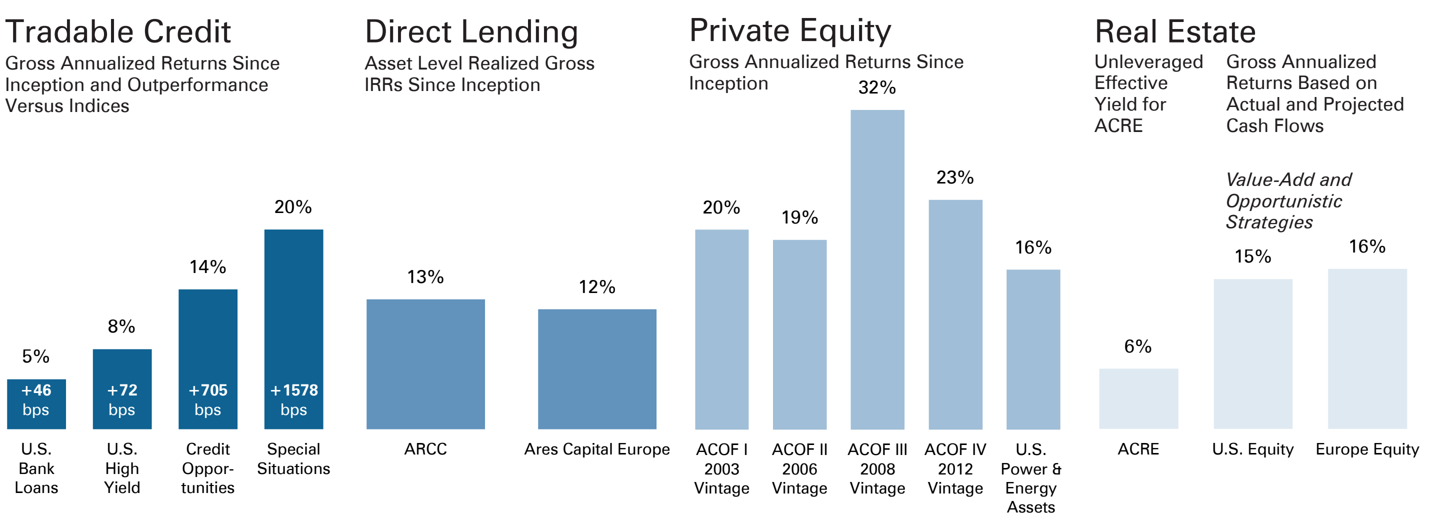


Investment Performance

We continued to deliver strong performance for our investors and creative solutions for our clients without taking excessive risk.

- Our Tradable Credit Group, which remains a top 10 bank loan manager based on reported trading volume in the primary and secondary markets, continues to hold multiple top quartile rankings by Lipper Marketplace across our long-only and alternative credit investment strategies
- Our flagship U.S. direct lending fund, Ares Capital Corporation ("ARCC"), the largest business development company by total assets and market capitalization, celebrated its 10-year anniversary and was voted 2014 BDC of the Year by *Private Debt Investor*
- Our direct lending team in Europe was awarded 2014 Lender of the Year by M&A DealMaker's Awards
- Our Private Equity Group was ranked #15 out of more than 300 private equity firms on The 2014 HEC-DowJones Private Equity Performance Ranking
- Certain funds in both U.S. and European real estate private equity hold top quartile investment performance rankings

Investment Performance



Performance returns as of December 31, 2014. There can be no assurance that unrealized values will be achieved. Past performance is not indicative of future results. *Tradable Credit:* Annualized returns over the same period, net of fees, were 4.8% for U.S. Bank Loan funds, 7.8% for U.S. High Yield funds, 11.2% for Credit Opportunities funds and 15.3% for Special Situations funds. *Private Equity:* Annualized net IRRs for the period are 14% for ACOF I, 14% for ACOF II, 24% for ACOF III, and 8% for ACOF IV. Net numbers are after giving effect to management and incentive fees and other expenses and exclude commitments by the General Partner and Schedule I investors who do not pay management fees. Net IRRs do not take into consideration the timing of contributions and distributions to and from the funds. Net IRR is 12% for U.S. Power & Energy Assets and is calculated based on the actual cash inflows and outflows, plus the Fund's net asset value as of December 31, 2014. *Real Estate:* Realized and unrealized net IRRs for the period are 11% for U.S. Equity and 12% for Europe Equity. Net amounts are after giving effect to management and incentive fees and other expenses. The performance, awards/ratings noted herein relate only to selected funds and may not be representative of any given client's experience and should not be viewed as indicative of Ares' or its funds' future performance.

The Year Ahead

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

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 remain well-positioned to deploy capital opportunistically. Our diversified investment strategies give us the ability to be flexible, allowing us to take advantage of investment opportunities across different market environments. With more than $18 billion of dry powder available for investment at year-end (including over $9 billion not yet earning fees until deployed) coupled with our strong pipeline of future fundraising opportunities, we see promising potential to increase our AUM, management fees and fee-related earnings. We expect gradual improvement in our operating margins as we focus on efficiencies gained by leveraging our existing investment teams to deploy our available capital. Our goal continues to be to offer our unitholders a relatively consistent level of distributions built around our high composition of growing fee-related earnings and supplemented by our performance-related earnings.

We would like to thank our investors for their continued support and confidence in our abilities, our Board for their leadership, and our employees for their collaboration and deep commitment to Ares Management.

Sincerely,

Tony Ressler
Chairman, Chief Executive Officer

Michael Arougheti
President

Legal Notice

This letter contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or Ares' future performance or financial condition. These statements are based on certain assumptions about future events or conditions and involve a number of risks and uncertainties. These statements are not guarantees of future performance, condition or results. 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 SEC. Ares undertakes no duty to update any forward-looking statements made herein.

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.