

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to  
Commission File No. 001-36429



**ARES MANAGEMENT CORPORATION**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**80-0962035**  
(I.R.S. Employer  
Identification Number)

**2000 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067**  
(Address of principal executive office) (Zip Code)

**(310) 201-4100**  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.01 per share	ARES	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company  Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common shares held by non-affiliates of the registrant on June 30, 2023, based on the closing price on that date of \$96.35 on the New York Stock Exchange, was approximately \$16,519,398,894. As of February 20, 2024 there were 189,877,592 of the registrant's shares of Class A common stock outstanding, 3,489,911 of the registrant's shares of non-voting common stock outstanding, 1,000 shares of the registrant's Class B common stock outstanding, and 116,232,034 of the registrant's Class C common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Form 10-K incorporates by reference information from the registrant's definitive proxy statement related to the 2024 annual meeting of stockholders.

**TABLE OF CONTENTS**

	<u>Page</u>
<b><u>PART I</u></b>	
<a href="#">Item 1. Business</a>	<a href="#">9</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">38</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">100</a>
<a href="#">Item 1C. Cybersecurity</a>	<a href="#">100</a>
<a href="#">Item 2. Properties</a>	<a href="#">101</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">101</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">101</a>
<b><u>PART II</u></b>	
<a href="#">Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">102</a>
<a href="#">Item 6. [Reserved]</a>	<a href="#">104</a>
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">104</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">161</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">163</a>
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">163</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">163</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">166</a>
<a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.</a>	<a href="#">166</a>
<b><u>PART III</u></b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">166</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">166</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters</a>	<a href="#">166</a>
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	<a href="#">166</a>
<a href="#">Item 14. Principal Accounting Fees and Services</a>	<a href="#">166</a>
<b><u>PART IV</u></b>	
<a href="#">Item 15. Exhibits, Financial Statement Schedules</a>	<a href="#">168</a>
<a href="#">Item 16. Form 10-K Summary</a>	<a href="#">172</a>
<a href="#">Signatures</a>	<a href="#">173</a>

### Cautionary Note Regarding Forward-Looking Statements

This report 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 this Annual Report on Form 10-K for the year ended December 31, 2023, 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 report and in our other periodic filings. 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.

References in this Annual Report on Form 10-K to the “Ares Operating Group” refer to Ares Holdings L.P. (“Ares Holdings”). References in this Annual Report on Form 10-K to an “Ares Operating Group Unit” or an “AOG Unit” refers to a partnership unit in the Ares Operating Group entity.

The use of any defined term in this report to mean more than one entities, persons, securities or other items collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms “Ares,” “we” and “our” in this report to refer to Ares Management Corporation and its subsidiaries, each subsidiary of Ares Management Corporation is a standalone legal entity that is separate and distinct from Ares Management Corporation and any of its other subsidiaries.

Under generally accepted accounting principles in the United States (“U.S.”) (“GAAP”), we are required to consolidate (i) entities other than limited partnerships and entities similar to limited partnerships in which we hold a majority voting interest or have majority ownership and control over the operational, financial and investing decisions of that entity, including Ares-affiliates and affiliated funds and co-investment vehicles, for which we are presumed to have controlling financial interests, and (ii) entities that we concluded are variable interest entities (“VIEs”), including limited partnerships and collateralized loan obligations, for which we are deemed to be the primary beneficiary. When an entity is consolidated, we reflect the assets, liabilities, revenues, expenses and cash flows of the entity in our consolidated financial statements on a gross basis, subject to eliminations from consolidation, including the elimination of the management fees, carried interest, incentive fees and other fees that we earn from the entity. However, the presentation of performance related compensation and other expenses associated with generating such revenues is not affected by the consolidation process. In addition, as a result of the consolidation process, the net income attributable to third-party investors in consolidated entities is presented as net income attributable to non-controlling interests in Consolidated Funds within Consolidated Statements of Operations. We also consolidate joint ventures that we have established with third-party investors for strategic distribution and expansion purposes. The results of these entities are reflected on a gross basis in the consolidated financial statements, subject to eliminations from consolidation, and net income attributable to third-party investors in the consolidated joint ventures is presented within net income attributable to redeemable interest and non-controlling interests in AOG entities.

In this Annual Report on Form 10-K, in addition to presenting our results on a consolidated basis in accordance with GAAP, we present revenues, expenses and other results on a: (i) “segment basis,” which deconsolidates the consolidated funds and removes the proportional results attributable to third-party investors in the consolidated joint ventures, and therefore shows the results of our operating segments without giving effect to the consolidation of these entities; and (ii) “unconsolidated reporting basis,” which shows the results of our operating segments on a combined segment basis together with our Operations Management Group. In addition to our operating segments, we have an Operations Management Group (the “OMG”). The OMG consists of shared resource groups to support our operating segments by providing infrastructure and administrative support in the areas of accounting/finance, operations, information technology, legal, compliance, human resources, strategy and relationship management and distribution. The OMG includes Ares Wealth Management Solutions, LLC (“AWMS”) that facilitates the product development, distribution, marketing and client management activities for investment offerings in the

global wealth management channel. Additionally, the OMG provides services to certain of the Company's managed funds and vehicles, which reimburse the OMG for expenses either equal to the costs of services provided or as a percentage of invested capital. The OMG's revenues and expenses are not allocated to our operating segments but we consider the cost structure of the OMG when evaluating our financial performance. This information constitutes non-GAAP financial information within the meaning of Regulation G, as promulgated by the SEC. Our management uses this information to assess the performance of our operating segments and the OMG, and we believe that this information enhances the ability of shareholders to analyze our performance. For more information, see "Note 14. Segment Reporting," within our consolidated financial statements included in this Annual Report on Form 10-K.

## Glossary

When used in this report, unless the context otherwise requires:

- “American-style waterfall” generally refers to carried interest that the general partner is entitled to receive after a fund investment is realized and the investors in the fund have received distributions in excess of the capital contributed for that investment and all prior realized investments (including allocable expenses) plus a preferred return;
- “Ares”, the “Company”, “AMC”, “we”, “us” and “our” refer to Ares Management Corporation and its subsidiaries;
- “Ares Operating Group entities” or an “AOG Entity” refers to, collectively, Ares Holdings, L.P. (“Ares Holdings”) and any future entity designated by our board of directors in its sole discretion as an Ares Operating Group entity;
- “Ares Operating Group Unit” or an “AOG Unit” refers to, collectively, a partnership unit in the Ares Operating Group entities including Ares Holdings and any future entity designated by our board of directors in its sole discretion as an Ares Operating Group entity;
- “assets under management” or “AUM” generally 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 the CLOs we manage, our AUM is equal to initial principal of collateral adjusted for paydowns. AUM also includes the proceeds raised in the initial public offerings of special purpose acquisition companies (“SPACs”) sponsored by us, less any redemptions;
- “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” (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;
- “catch-up fees” refers to retroactive management fees that are episodic in nature and are calculated between the fee initiation date and the day prior to the period in which additional capital commitments are received and catch-up fees are measured, representing fees charged to new fund investors in subsequent closings of a fundraising period. Therefore, catch-up fees for each quarter during an annual period may not equal to the catch-up fees calculated for the same annual period;
- “CLOs” refers to “our funds” that are structured as collateralized loan obligations;
- “Consolidated Funds” refers collectively to certain Ares funds, co-investment vehicles, CLOs and SPACs that are required under GAAP to be consolidated in our consolidated financial statements;
- “Credit Facility” refers to the revolving credit facility of the Ares Operating Group;
- “effective management fee rate” represents the annualized fees divided by the average fee paying AUM for the period, excluding the impact of catch-up fees;
- “European-style waterfall” generally refers to carried interest that the general partner is entitled to receive after the investors in a fund have received distributions in an amount equal to all prior capital contributions plus a preferred return;

- “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 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, 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;
- “fee related performance revenues” refers to incentive fees from perpetual capital vehicles that are: (i) measured and eligible to be received on a recurring basis; and (ii) not dependent on realization events from the underlying investments. Certain vehicles are subject to hold back provisions that limit the amounts paid in a particular year. Such hold back amounts may be paid in subsequent years, subject to their extended performance conditions;
- “GAAP” refers to accounting principles generally accepted in the United States of America;
- “Holdco Members” refers to Michael Arougheti, David Kaplan, Antony Ressler, Bennett Rosenthal, Ryan Berry and R. Kipp deVeer;
- “Incentive eligible AUM” or “IEAUM” generally refers to the AUM of our funds and other entities from which carried interest and incentive fees may be generated, regardless of whether or not they are currently generating carried interest and incentive fees. 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 carried interest and incentive fees, excluding capital committed by us and our professionals (from which we generally do not earn carried interest and incentive fees), as well as proceeds raised in the initial public offerings of SPACs sponsored by us, less any redemptions. With respect to Ares Capital Corporation (NASDAQ: ARCC) (“ARCC”) and Ares Strategic Income Fund’s (“ASIF”) AUM, only Part II Fees may be generated from IEAUM;
- “Incentive generating AUM” or “IGAUM” refers to the AUM of our funds and other entities that are currently generating carried interest and incentive fees 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 carried interest and incentive fees, excluding capital committed by us and our professionals (from which we generally do not earn carried interest and incentive fees). ARCC and ASIF are only included in IGAUM when Part II Fees are being generated;
- “management fees” refers to fees we earn for advisory services provided to our funds, which are generally based on a defined percentage of fair value of assets, total commitments, invested capital, net asset value, net investment income, total assets or par value of the investment portfolios managed by us. Management fees include Part I Fees, a quarterly fee based on the net investment income of certain funds;
- “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;
- “net performance income” refers to performance income net of related compensation that is typically payable to our professionals;

- “our funds” refers to the funds, alternative asset companies, trusts, 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;
- “Part I Fees” refers to a quarterly fee on the net investment income of ARCC, CION Ares Diversified Credit Fund (“CADC”) and ASIF. Such fees 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;
- “Part II Fees” refers to fees from ARCC and ASIF that are paid in arrears as of the end of each calendar year when the respective cumulative aggregate realized capital gains exceed the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation, less the aggregate amount of respective Part II Fees paid in all prior years since inception;
- “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 incentive fees earned from funds with stated investment periods or carried interest;
- “perpetual capital” refers to the AUM of: (i) our publicly-traded vehicles, including ARCC, Ares Commercial Real Estate Corporation (NYSE: ACRE) (“ACRE”) and Ares Dynamic Credit Allocation Fund, Inc. (NYSE: ARDC) (“ARDC”); (ii) our non-traded vehicles, including our non-traded real estate investment trusts (“REITs”), Ares Private Markets Fund (“APMF”), ASIF and CADC; (iii) Aspida Holdings Ltd. (together with its subsidiaries, “Aspida”); and (iv) certain other commingled funds and managed accounts that have an indefinite term, are not in liquidation, and for which there is no immediate requirement to return invested capital to investors upon the realization of investments. Perpetual Capital - Managed Accounts refers to managed accounts for single investors primarily in illiquid strategies that meet the perpetual capital criteria. Perpetual Capital - Private Commingled Funds refers to commingled funds that meet the perpetual capital criteria, not including our publicly-traded vehicles or non-traded vehicles. Perpetual capital may be withdrawn by investors under certain conditions, including through an election to redeem an investor’s fund investment or to terminate the investment management agreement, which in certain cases may be terminated on 30 days’ prior written notice. In addition, the investment management or advisory agreements of certain of our publicly-traded and non-traded vehicles have one year terms, which are subject to annual renewal by such vehicles;
- “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: (i) operating results of our Consolidated Funds; (ii) depreciation and amortization expense; (iii) the effects of changes arising from corporate actions; and (iv) unrealized gains and losses related to carried interest, incentive fees and investment performance; and adjusts for 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 activities, underwriting costs and expenses incurred in connection with corporate reorganization. Placement fee adjustment represents the net portion of either expense deferral or amortization of upfront fees to placement agents that is presented to match the timing of expense recognition with the period over which management fees are expected to be earned from the associated fund for segment purposes but have been expensed in advance in accordance with GAAP. For periods in which the amortization of upfront fees for segment purposes is higher than the GAAP expense, the placement fee adjustment is presented as a reduction to RI;
- “SEC” refers to the Securities and Exchange Commission;

- “2024 Senior Notes” refers to senior notes issued by a wholly owned subsidiary of Ares Holdings in October 2014 with a maturity in October 2024;
- “2028 Senior Notes” refers to senior notes issued by the Company in November 2023 with a maturity in November 2028;
- “2030 Senior Notes” refers to senior notes issued by a wholly owned subsidiary of Ares Holdings in June 2020 with a maturity in June 2030;
- “2051 Subordinated Notes” refers to subordinated notes issued by a wholly owned subsidiary of Ares Holdings in June 2021 with a maturity in June 2051; and
- “2052 Senior Notes” refers to senior notes issued by a wholly owned subsidiary of Ares Holdings in January 2022 with a maturity in February 2052.

Many of the terms used in this report, including AUM, FPAUM, FRE and RI, may not be comparable to similarly titled measures used by other companies. In addition, our definitions of AUM and FPAUM are not based on any definition of AUM or FPAUM that is set forth in the agreements governing the funds that we manage and may differ from definitions of AUM or FPAUM set forth in other agreements to which we are a party or definitions used by the SEC or other regulatory bodies. Further, FRE and RI are not measures of performance calculated in accordance with GAAP. We use FRE and RI as measures of operating performance, not as measures of liquidity. FRE and RI should not be considered in isolation or as substitutes for operating income, net income, operating cash flows, or other income or cash flow statement data prepared in accordance with GAAP. The use of FRE and RI without consideration of related GAAP measures is not adequate due to the adjustments described above. Our management compensates for these limitations by using FRE and RI as supplemental measures to our GAAP results. We present these measures to provide a more complete understanding of our performance as our management measures it.

Amounts and percentages throughout this report may reflect rounding adjustments and consequently totals may not appear to sum.



## PART I

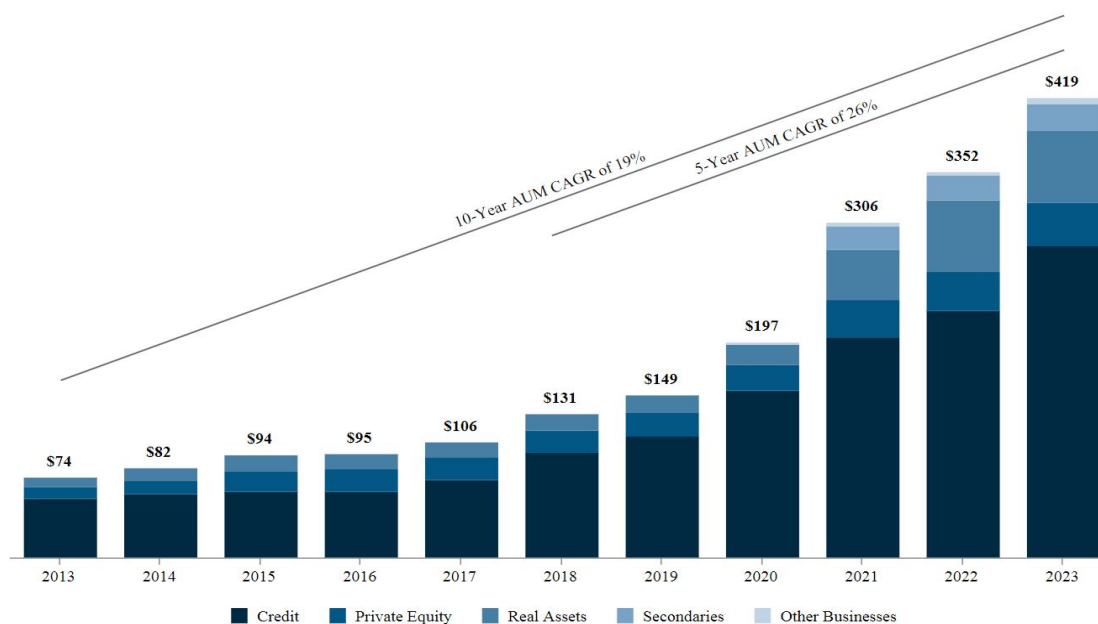
### Item 1. Business

#### BUSINESS

##### Overview

Ares is a leading global alternative investment manager with \$418.8 billion of assets under management and over 2,850 employees in over 35 offices in more than 15 countries. We offer our investors a range of investment strategies and seek to deliver attractive performance to an investor base that includes over 2,300 direct institutional relationships and a significant retail investor base across our publicly-traded funds, sub-advised accounts and non-traded vehicles. Since our inception in 1997, we have adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns through market cycles. Ares believes each of its distinct but complementary investment groups in Credit, Private Equity, Real Assets and Secondaries is a market leader based on assets under management and investment performance. We believe we create value for our stakeholders not only through our investment performance, but also by expanding our product offering, enhancing our distribution channels, increasing our global presence, investing in our non-investment functions, securing strategic partnerships and completing strategic acquisitions and portfolio purchases.

Our AUM has grown to \$418.8 billion as of December 31, 2023 from \$74.0 billion a decade earlier. As shown in the chart below, over the past five and 10 years, our assets under management have achieved a compound annual growth rate (“CAGR”) of 26% and 19%, respectively (\$ in billions):



We have an established track record of delivering strong risk-adjusted returns through market cycles. We believe our consistent and strong performance in a broad range of alternative investments has been shaped by several distinguishing features of our platform:

- ***Comprehensive Multi-Asset Class Expertise and Flexible Capital:*** Our proficiency at evaluating every level of the capital structure, from senior debt to common equity, across companies, structured assets, real estate projects, and infrastructure and energy assets enables us to effectively assess relative value. This proficiency is complemented by our flexibility in deploying capital in a range of structures and different market environments to maximize risk-adjusted returns.

- **Differentiated Market Intelligence:** Our proprietary research on over 55 industries and insights from a broad, global investment portfolio enable us to more effectively diligence and structure our products and investments.
- **Consistent Investment Approach:** We believe our rigorous, credit-oriented investment approach across each of our investment groups is a key contributor to our strong investment performance and ability to expand our product offering.
- **Robust Sourcing Model:** Our investment professionals' local market presence and ability to effectively cross-source for other investment groups generates a robust pipeline of high-quality investment opportunities across our platform.
- **Talented and Committed Professionals:** We attract, develop and retain highly accomplished professionals who not only demonstrate deep and broad investment and non-investment expertise but also have a strong sense of commitment to our firm.
- **Collaborative Culture:** We share ideas, relationships and information across our investment groups, which enables us to more effectively source, evaluate and manage investments. We also leverage the OMG to help drive the efficiencies across the platforms and support our investment process.

### **Integrated Investment Platform and Process**

We operate our firm as an integrated investment platform with a collaborative culture that emphasizes sharing of knowledge and expertise. We believe the exchange of information enhances our ability to analyze investments, deploy capital and improve the performance of our funds and portfolio companies. We have established deep and sophisticated independent research capabilities in over 55 industries and insights from active investments in over 1,800 companies, over 1,400 alternative credit investments, over 505 properties, over 65 infrastructure assets and over 900 limited partnership interests.

Our investment process leverages the power of the Ares platform and an extensive network of professionals across our investment areas to identify and source attractive risk adjusted return opportunities while emphasizing capital preservation. We utilize our collective market and company knowledge, proprietary internal industry and company research, third-party information and financial modeling to drive fundamental credit analysis and investment selection. We are able to invest up and down a company's capital structure, which we believe helps us capitalize on out-performance opportunities and assess relative value for a particular investment. The investment committees of our investment groups review and evaluate investment opportunities in a framework that includes a qualitative and quantitative assessment of the key risks of each investment. We do not have a centralized investment committee and instead our investment committees are structured with overlapping membership from different investment groups to ensure consistency of approach, shared investment experience and collaboration across our platform. Our extensive network of investment professionals includes local and other individuals based in our markets with the knowledge, experience and relationships that enable them to identify and take advantage of a wide range of investment opportunities. In addition, our investment vehicles have investment policies and procedures that generally contain requirements and limitations, such as concentrations of securities, industries, and geographies in which such investment vehicles will invest, as well as other limitations required by law.

- **Credit:** Our experienced team takes a value-oriented approach which, among other factors, considers industry and market analysis, technical analysis, fundamental credit analysis and in-house research to identify investments that offer attractive value in comparison to the perceived credit risk profile. We use our longstanding relationships, considerable scale, research, industry knowledge, structuring expertise and often our self-origination capabilities to invest actively across capital structures with a focus on selecting the best risk-adjusted returns for our investors, while also seeking to provide our borrowers a valued capital solution. Each investment decision involves an intensive due diligence process that is generally focused on evaluating the target company and its current and future prospects, its management team and industry, its ability to withstand adverse conditions and its capital structure, sponsorship and structural protection, among others. Credit now includes the APAC credit platform. In connection with a merger agreement, we rebranded Ares SSG Capital Holdings Limited and its operating subsidiaries ("SSG" and subsequently rebranded as "Ares SSG") as Ares Asia and the Ares SSG credit business as Asia credit, which was subsequently rebranded as APAC credit. APAC credit makes credit and special situations investments through its local originating presence across Asia-Pacific ("APAC") on behalf of its institutional client base.
- **Private Equity:** Our private equity professionals have demonstrated the ability to deploy capital across various market environments at attractive rates of return through control and non-control transactions. At the center of our investment process is a systematic approach that emphasizes rigorous due diligence at company and market levels in addition to assessing attractive relative value. We seek to be a private equity partner of choice and believe our partnership

mentality well-positions our investments for long-term success, whereby management teams gain access to our expertise and extensive internal and external networks from diligence to exit. In addition to focusing on generating strong returns for our investors, we are simultaneously focused on driving positive change by helping to promote diversity, inclusivity and social responsibility in the companies in which we invest, which we believe benefits the businesses as a whole in addition to its employees, communities and stakeholders. In addition, we completed the acquisition of the investment management business and related operating entities collectively doing business as Crescent Point Capital on October 2, 2023 (the “Crescent Point Acquisition”), a leading Asia-focused private equity firm. The acquired business is presented within the Private Equity Group as APAC private equity.

- **Real Assets:** With our experienced team, along with our expansive network of relationships, our Real Assets Group manages equity and debt strategies across real estate and infrastructure investments. Across our real estate equity and debt investment strategies, our team differentiates itself through its cycle-tested leadership, demonstrated performance across market cycles, access to real-time property market and corporate trends, and proven ability to create value through a disciplined investment process. Our real estate activities are managed by dedicated equity and debt teams in the U.S. and Europe, along with our vertically-integrated operating platform. These individuals collaborate frequently within and across strategies to enhance sourcing, exchange information to inform underwriting and leverage relationships to drive pricing power. Our real estate equity and debt teams have the flexibility to invest across the risk-return spectrum through core/core-plus, value-add and opportunistic investment strategies.

The infrastructure strategy focuses on debt and equity in essential infrastructure assets and companies with stable cash flow profiles through long-term contracts and high barriers to entry, and may demonstrate a lower correlation to public markets and potential for inflation projection. Across our infrastructure opportunities and debt investment strategies, we have a long-tenured global team utilizing deep local sourcing capabilities and extensive sector experience to originate and manage diverse, high-quality investments in private infrastructure assets across the globe. We have dedicated direct infrastructure opportunities and debt teams that collaborate to share market insights, support underwriting and enhance origination. Our infrastructure opportunities strategy focuses on value-add equity with a flexible mandate in climate infrastructure. Our infrastructure debt strategy targets global assets and businesses with defensive characteristics across the digital, transport, energy and utility sectors. Leveraging the established long-standing relationships, the strategy seeks to generate exclusive deal flow and high-quality investment opportunities.

- **Secondaries:** Our team invests in secondary markets across a range of alternative asset class strategies, including private equity, real estate, infrastructure and credit. Our secondary funds acquire interests across a range of partnership vehicles, including funds, multi-asset portfolios and single asset joint ventures. These strategies involve the acquisition of interests from investors in existing funds as well as recapitalizing and restructuring the funds, including transactions that can address pending fund maturity, strategy change or the need for additional equity capital.
- Our other businesses include: (i) Ares Insurance Solutions (“AIS”); and (ii) activities from our company sponsored special purpose vehicles that are formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination.

We also recognize the importance of considering environmental, social and governance (“ESG”) factors in our investment process and have adopted a Responsible Investment Program for the conduct of our business. We work collaboratively with our various underwriting, asset management, legal and compliance teams to appropriately integrate relevant ESG considerations into our investment process.

In addition, as part of our growth strategy, we may from time to time engage in discussions with counterparties with respect to various potential strategic transactions, including investments in, and acquisitions of, other companies or assets. We may incur significant expenses for the evaluation, due diligence investigation and negotiation of potential strategic transactions.

### **Breadth, Depth and Tenure of our Senior Management**

Ares was built upon the fundamental principle that each of our distinct but complementary investment groups benefits from being part of our broader platform. We believe that our strong performance, consistent growth and high talent retention through economic cycles is due largely to the effective application of this principle across our broad organization of over 2,850 employees. The management of our operating businesses is currently overseen by our Executive Management Committee which meets frequently to discuss strategy and operational matters, and includes as representatives our Holdco Members and other senior leadership from our investment groups and business operations team. We also have a Partners Committee comprised of senior leadership from across the firm that meets periodically to discuss our business, including investment and operating performance, fundraising, market conditions, strategic initiatives and other firm matters. Each of our investment

groups is led by its own deep leadership team of highly accomplished investment professionals, who average approximately 25 years of investment experience in managing, advising, underwriting and restructuring companies. While primarily focused on managing strategies within their own investment group, these senior professionals are integrated within our platform through economic, cultural and structural measures. Our senior professionals have the opportunity to participate in the incentive programs of multiple investment groups to reward collaboration across our investment activities. This collaboration takes place on a daily basis and is formally promoted through internal systems and widely attended weekly or monthly meetings.

## Human Capital

We believe that our people and our culture are the most critical strategic drivers of our success as a firm. Creating a welcoming and inclusive work environment with opportunities for growth and development is essential to attracting and retaining a high-performance team, which in turn is necessary to drive differentiated outcomes. We believe that our unique culture, which centers upon values of collaboration, responsibility, entrepreneurialism, self-awareness and trustworthiness makes Ares a preferred place for top talent at all levels to build a long-term career within the alternative asset management industry. To foster this culture, we invest heavily in our human capital efforts, including:

**Talent Management:** As of December 31, 2023, we had over 2,850 full-time employees, comprised of approximately 1,000 professionals in our investment groups and over 1,850 operations management professionals, located in over 35 offices in more than 15 countries. We provide a comprehensive set of programs, policies and benefits to enable team members to thrive, grow and contribute to their highest potential.

- **Governance and Policies:** Ares is committed to providing a work environment in which all individuals are treated with respect and dignity. While our culture is the foundation of our work environment, our equal opportunity employment, diversity, anti-harassment and anti-discrimination policies reinforce a professional atmosphere.
- **Recruiting and Onboarding:** We pursue several strategic paths to hire top talent, including campus and lateral recruiting efforts, and focus on diversity. We prioritize making all new team members feel welcome and seek to set them up for success through onboarding training, ongoing touchpoints, and connecting them with our employee resource groups (“ERGs”), which are grassroots, employee-led, executive-sponsored groups and open to all team members.
- **Internship Training Program:** Ares offers a formal internship program for students between their junior and senior years of college with the possibility of conversion to a full-time position in our analyst program upon graduation. Available roles span our investment and operations management teams.
- **Mentoring, Training and Employee Engagement:** We provide formal and informal mentoring, learning and development, and employee engagement opportunities. We host frequent townhall meetings hosted by senior leadership and events to foster belonging. We also conduct anonymous firmwide surveys at least annually to evaluate employee morale, productivity and overall well-being.
- **Education Sponsorship Program:** Employees are encouraged to participate in degree programs, business-related seminars, workshops, ad-hoc academic courses, continued education seminars to maintain job-related licenses and other outside training courses to facilitate professional development, the cost of which is reimbursed to the employee by Ares.
- **Internal Training and Development Programs:** We continue to foster an environment that cultivates company and employee growth through educational programs focused on professional development, mandated training and other learning opportunities that are offered in person or online. Our team is focused on the training and development of our employees and has invested in a learning management system to facilitate this initiative.
- **Performance Management:** We take a continuous feedback approach to performance management, encouraging leaders and team members to participate in goal setting and ongoing feedback discussions throughout the year. Our formal, firm-wide annual review process includes a self-assessment, a 360-degree feedback component, calibration and round table discussions, and year-end evaluations provided by managers to employees. In addition to the annual review, we also conduct mid-year performance reviews that are less formal and serve to evaluate progress against goals and as an opportunity to discuss specific career development objectives that were identified in the annual assessment. Training is provided for each phase of our performance assessment process.

- **Retention, Rewards and Recognition:** We provide competitive compensation and benefits to: (i) attract and retain talent; (ii) align the incentives of our employees with our investors and stakeholders; and (iii) support our employees across many aspects of their lives. We also have programs that seek to recognize significant team member contributions at the firm level.

**Environmental, Social and Governance:** We believe that ESG is integral to driving long-term success for our business. We pursue a strategy that is designed to address ESG issues most relevant to our business, starting with a corporate sustainability program focused on our corporate operations and then scaling through a responsible investment program that focuses on our investment platform.

- In order to continuously improve our ESG integration processes, we have defined three tiers of roles and responsibilities for oversight and implementation: (i) Oversight Responsibility; (ii) Defining Implementation; and (iii) Driving Implementation. The Oversight Responsibility tier is led by our Global Head of ESG and consists of our most-senior managers and decision-making bodies, including our Executive Management Committee and board of directors. Next, our ESG team is responsible for Defining Implementation steps and processes in partnership with ESG champions embedded within each business line to adapt the Ares firm-wide approach to strategy-specific implementation steps. We focus on Driving Implementation through all levels of investment professionals and management to promote the integration and scalability of our approach.
- Where appropriate, we aim to engage with industry organizations to help shape emerging areas of ESG practice. For example, Ares is the Chair of the UN Principles for Responsible Investing (“UNPRI”) Private Debt Advisory Committee, which aims to define and promote best practices for ESG integration within the direct lending market. Ares is also a public supporter of the Financial Stability Board Taskforce on Climate-related Financial Disclosures (“TCFD”). We believe the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities within financial markets. In addition, we engage with the ESG Data Convergence Initiative, Partnership for Carbon Accounting Financials and Initiative Climat International to improve consistency and transparency in our ESG and climate disclosures.
- As part of our efforts to manage the risks and opportunities associated with the energy transition, we seek to engage our portfolio companies on greenhouse gas emissions measurement and support them in their emissions reduction strategies. We are committed to measuring and reporting on our greenhouse gas emissions. We aim to minimize our own corporate footprint through initiatives to reduce operational emissions and by addressing residual, harder-to-abate emissions with tools such as renewable energy certificates and the purchase of carbon credits we believe to be high-quality.

**Diversity, Equity and Inclusion:** We invest heavily in diversity, equity and inclusion (“DEI”) as a strategic pillar that integrates with all talent processes and global business practices. Our human resources function, our global DEI Council and team led by our Chief Diversity, Equity, and Inclusion Officer and business leaders across the Ares platform work in partnership to implement a strategic framework to attract, engage, develop and advance diverse talent within an inclusive and welcoming environment, as well as to support DEI best practices across our investment portfolios and through our broader involvement in our communities.

- **People and Culture:** As part of our ongoing effort to foster an inclusive culture built on apprenticeship, we support the growth and advancement of talent through various mentorship and professional development programs. In line with our continued commitment to seek to provide an environment where all team members experience a genuine sense of belonging, we hold educational trainings and employee engagement events, often in partnership with our eight ERGs that help to drive our DEI strategy and enhance the employee experience for underrepresented groups, allies and diverse talent more broadly. To create more transparency, we also aim to conduct periodic reviews with business leadership to assess our people, progress, metrics and strategies to enable the long-term success of diverse talent at Ares. In addition, as part of our commitment to equitable pay for all employees, we monitor and assess total compensation to help ensure we have alignment with role responsibilities and contributions.
- **Business Processes and Investment Platform:** We seek to embed DEI best practices into our business and investment diligence processes as both a reflection of our values and to drive innovation and returns. We have identified DEI champions within each investment group to develop bespoke strategies focused on representation, DEI governance, equitable access, and employee engagement and equity ownership, which we intend to integrate into our business plans each year. In addition, we are focused on supporting vendor and supplier diversity in our procurement practices. In 2022, we also introduced sustainability-linked pricing to our Credit Facility, tying a portion of our borrowing costs

to certain ESG and DEI-related targets. Due to the achievement of the ESG-related targets in 2023, our base rate and unused commitment fee on our Credit Facility have been reduced from July 2023 through June 2024. We also partner with select Ares private equity portfolio companies to understand the current state of their DEI efforts, as well as to share best practices and establish mutually agreed strategies for driving DEI improvements in parallel with our internal efforts.

- **Communities:** We partner with organizations to foster diversity within our communities and promote corporate citizenship through charity and volunteerism, much of which targets historically underrepresented and economically disadvantaged populations. We also participate in DEI-focused industry groups in an effort to identify and advance best practices more broadly within alternative asset management. In partnership with our ERGs, we donated to various community organizations that support diverse communities.

**Health and Wellness:** We believe that healthy team members are more productive, and we invest heavily in benefits and initiatives to support our working families. In addition to medical, dental, vision, life insurance, disability insurance and retirement benefits, we provide generous primary and non-primary caregiver leave, domestic partner health and life insurance, adoption and reproductive assistance, family care resources (including back-up care benefits and baby baskets for new parents) and mental health benefits. We also provide employees with access to a medical advisory team and concierge service at no cost to help them navigate complex health situations and concerns. We also host several wellness-related events throughout the year on topics such as nutrition and stress management.

**Flexibility:** We believe that our culture benefits from people collaborating in-person in our offices, while also recognizing the value of flexibility. We are committed to providing flexibility to our employees, and in 2023, we continued to offer business group flexibility frameworks as well as our summer “Work From Anywhere” program, which allows people to work virtually for up to a maximum of three weeks. We will continue to offer a flexible working structure in 2024, while evaluating the ongoing effectiveness and determining what works best for our organization.

**Philanthropy:** We strive to be a force for good and to be a leader in our approach to giving and engagement. Our core values are to be collaborative, responsible, entrepreneurial, self-aware and trustworthy. These core values motivate us to seek innovative yet practical solutions to some of society’s most pressing concerns. Empathy and compassion guide our approach to “doing good” such that our charitable efforts aim to help improve people’s quality of life. Philanthropy at Ares includes:

- **Ares Charitable Foundation (the “Ares Foundation”):** A 501(c)(3) qualifying organization sponsored by the firm, the Ares Foundation envisions a world in which people benefit from equitable access to knowledge, resources and opportunities so that they can achieve their full potential. Launched in 2021, the Ares Foundation’s mission is to help accelerate equality of economic opportunity by supporting nonprofit organizations and initiatives that provide career preparation and reskilling, encourage entrepreneurship and deepen individuals’ understanding of personal finance.

We fund and work alongside high-quality nonprofit organizations to devise inspired solutions to critical societal issues. Our employee-directed grants support initiatives that, for example, help low-income women in Singapore transition out of poverty, examine barriers to young people’s workforce entry in the U.K. and catalyze intergenerational entrepreneurship in the U.S. Our signature initiatives seek to address pervasive challenges through large-scale funding commitments that reflect our desire to improve the lives of current and future generations. Our commitments include Climate-Resilient Employees for a Sustainable Tomorrow (“CREST”), a five-year \$25.0 million commitment that aims to close the gap between the demand for a skilled workforce for green jobs and the number of people ready for these opportunities in the U.S. and India, and AltFinance, a 10-year \$30.0 million commitment to help equip Historically Black College and University students for careers in alternative investment management.

Ares is committed to donating a portion of our annualized carried interest allocations and incentive fees from certain funds to the Ares Foundation, which helps further align the firms’ investment and charitable activities. Moreover, the Ares Foundation benefits from the generosity of Ares employees who are able to donate cash, equity or a portion of the realized proceeds from carried interest in certain funds.

- **Pathfinder and Other Funds:** In addition, Ares has committed to donate a minimum of 10% of the carried interest generated from Ares Pathfinder Fund, L.P. (“Pathfinder I”) and Ares Pathfinder Fund II, L.P. (“Pathfinder II”) and 5% of the incentive fees generated from an open-ended core alternative credit fund to global health and education charities, contributed by the firm and our team members. We believe that Pathfinder I is the first institutional private investment fund to utilize a predefined structure to make a substantial commitment to charitable activities.

- ***Ares in Motion (“AIM”)***: Our signature platform for employee engagement has empowered our team members to support local communities and nonprofit organizations since 2012. AIM engages employees in grassroots volunteerism, encourages their service with nonprofit boards and other pro bono opportunities, and amplifies their personal donations with charitable matches. Furthermore, employees who volunteer as AIM Champions enjoy opportunities to organize and lead volunteer activities in the U.S., Europe and Asia-Pacific to benefit the communities in which they live and work.

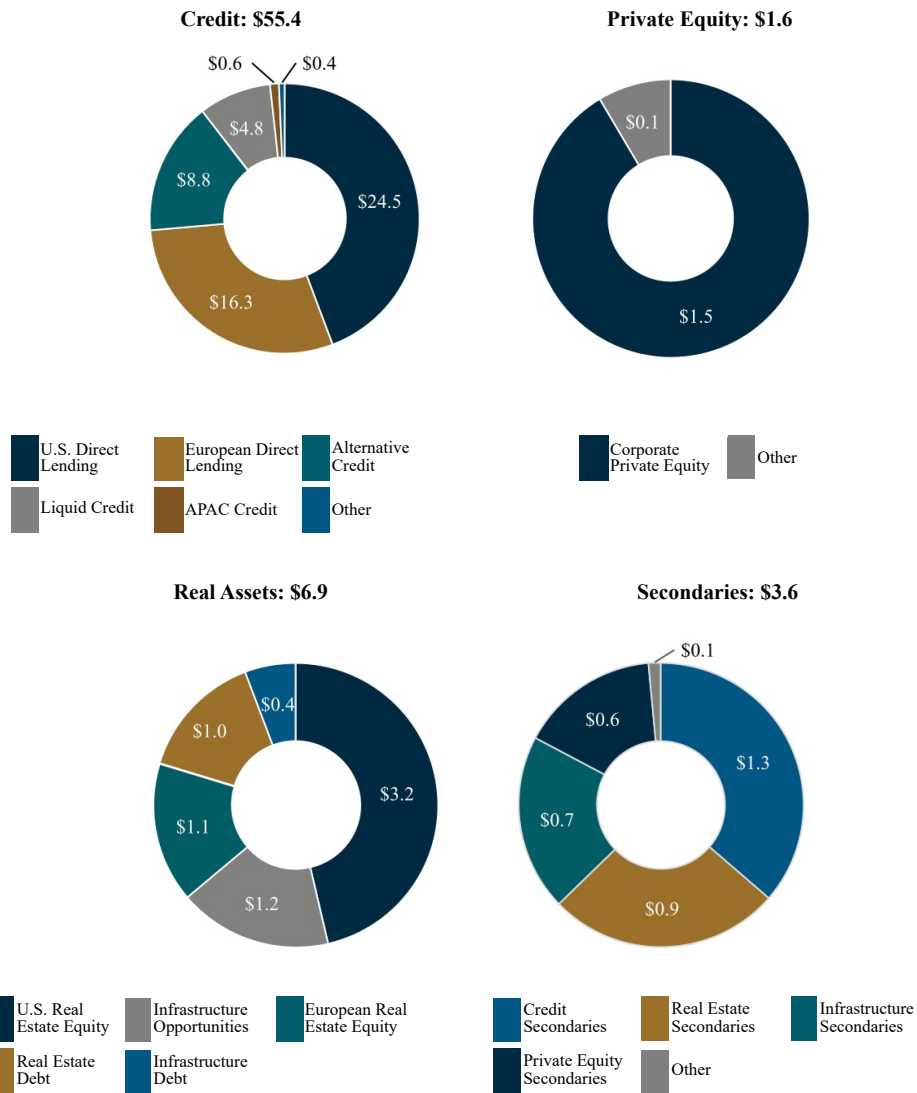
Our annual Summer of Service engages Ares employees around the world in both service-and skills-based “give back” opportunities. In addition, our nonprofit board training and placement program provides a way for team members to make a difference in their communities beyond firm-sponsored volunteer activities. AIM also helps bring our team members into thoughtful dialogue with nonprofit leaders through virtual fireside chat events so that employees can learn more about their organizations, understand the purpose and significance of their work, and glean valuable insights to apply professionally and personally.

Furthermore, we leverage AIM to sponsor and match team members’ support of charitable causes like crisis relief, social justice, mental health and DEI. In addition, we offer matching funds to augment team members’ sponsorship of nonprofits’ mission-driven events. The firm also sponsors these kinds of events through our business lines, and offers opportunities for employees to participate in these funded activities.

**2023 Highlights**

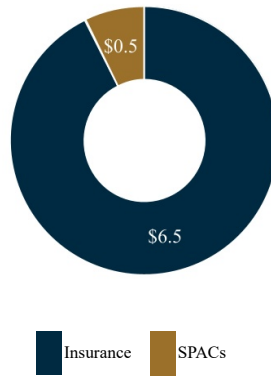
**Fundraising**

In 2023, we raised \$74.5 billion in gross new capital commitments for more than 125 different investment vehicles. Of the \$74.5 billion, \$65.9 billion was raised directly from over 625 institutional investors (over 325 existing and approximately 300 new to Ares) and \$8.6 billion was raised through intermediaries. The charts below summarize our gross new capital commitments by investment group and strategy (\$ in billions):

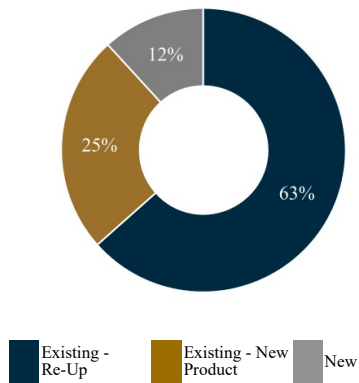




**Other Businesses: \$7.0**



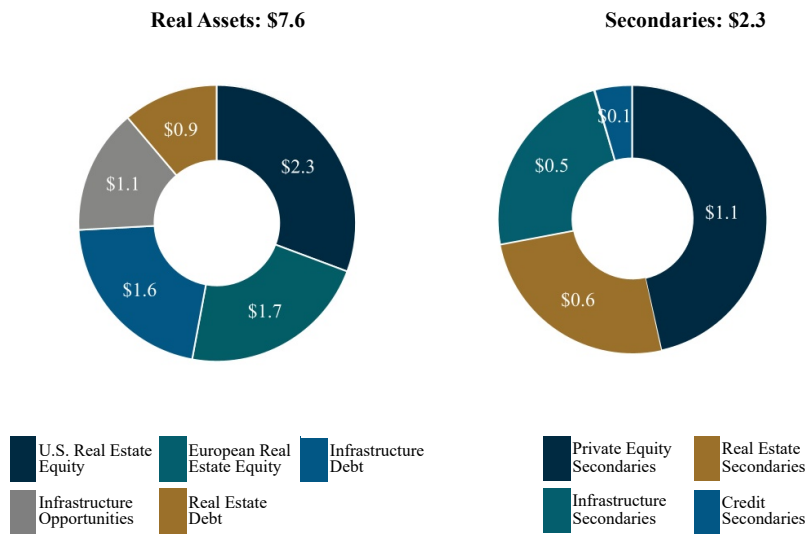
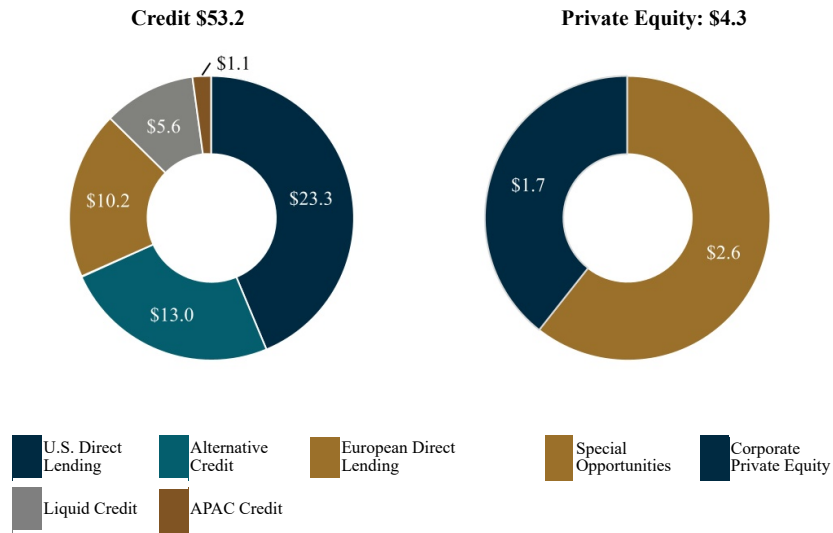
The chart below summarizes gross new capital raised from existing and new direct institutional investors for the year ended December 31, 2023:



In 2023, 88% of our fundraising from direct institutional investors was from existing investors that either committed to a new product or re-upped their commitment to a subsequent fund vintage within the same product. We believe the fundraising from existing investors demonstrates our investors' satisfaction with our performance, disciplined management of their capital and diverse product offering.

**Capital Deployment**

In 2023, we invested \$68.1 billion across our diverse global platform as shown in the following charts (\$ in billions):

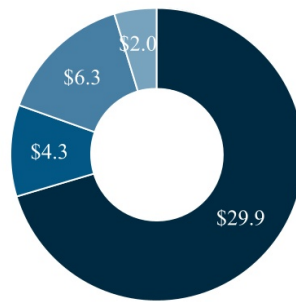


**Other Businesses: \$0.7**



Insurance

Of the \$68.1 billion invested, \$42.5 billion was tied to our drawdown funds. Our capital deployment in drawdown funds was comprised of the following (\$ in billions):



Credit   Private Equity   Real Assets   Secondaries

**Investment Groups**

Each of our investment groups employs a disciplined, credit-oriented investment philosophy and is managed by a seasoned leadership team of senior professionals with extensive experience investing in, advising and underwriting assets held by our funds.



	<b>Credit</b>	<b>Private Equity</b>	<b>Real Assets</b>	<b>Secondaries</b>	<b>Other Businesses</b>
	A leading participant in the non-investment grade corporate credit markets	One of the most consistent private equity managers in the U.S. with a growing international presence	A leading participant in equity and debt investment strategies for real estate and infrastructure assets and a growing direct lender	Includes investments in secondary markets across private equity, real estate, infrastructure and credit asset class strategies	Includes an emerging solutions provider to insurance clients in the U.S. and our sponsored SPACs
<b>AUM</b>	<b>\$284.8 billion<sup>(1)</sup></b>	<b>\$39.1 billion</b>	<b>\$65.4 billion</b>	<b>\$24.7 billion</b>	<b>\$4.8 billion</b>
<b>Investment Strategies</b>	Liquid Credit Alternative Credit U.S. Direct Lending European Direct Lending APAC Credit	Corporate Private Equity Special Opportunities APAC Private Equity	U.S. Real Estate Equity European Real Estate Equity Real Estate Debt Infrastructure Opportunities Infrastructure Debt	Private Equity Secondaries Real Estate Secondaries Infrastructure Secondaries Credit Secondaries	Insurance SPACs
<b>Investment Funds</b>	~270 funds	~65 funds	~65 funds	~75 funds	~3 funds
<b>Investment Personnel</b>	~460 professionals	~115 professionals	~310 professionals	~85 professionals	~15 professionals
<b>Local Market Presence</b>	U.S., Europe & Asia-Pacific	U.S., Europe & Asia-Pacific	U.S. & Europe	U.S., Europe & Asia-Pacific	North America
<b>Current Portfolio</b>	~1,700 companies ~1,400 alternative credit investments	~75 companies	~505 properties ~65 infrastructure assets	~900 limited partnership interests	<b>\$56.9 billion<sup>(2)</sup></b> of managed insurance investments across our platform

(1) As of December 31, 2023, AUM amounts include vehicles managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC and an SEC-registered investment adviser (“IHAM”).

(2) \$56.9 billion in AUM represents investments by insurance companies in various Ares’ funds, SMAs and co-investments versus one discrete insurance platform.

## Credit Group

Our Credit Group is one of the largest managers of credit strategies across the non-investment grade credit universe, with \$284.8 billion of AUM and over 270 funds as of December 31, 2023. The Credit Group provides solutions for investors seeking to access a wide range of credit assets, including liquid credit, alternative credit and direct lending products. The Credit Group capitalizes on opportunities across traded and non-traded corporate and consumer debt across the U.S. and European markets, providing investors access to directly originated fixed and floating rate credit assets along with the ability to capitalize on illiquidity premiums across the credit spectrum. Our U.S. and European direct lending strategies are among the largest in their respective markets.

The Credit Group offers the following credit strategies across the liquid and illiquid spectrum:

**Liquid Credit:** Our liquid credit investment solutions help traditional fixed income investors access the syndicated loan and high yield bond markets in North America and Europe and capitalize on opportunities across multi-asset credit. The syndicated loans strategy focuses on evaluating individual credit opportunities related primarily to non-investment grade senior secured loans and primarily targets first lien senior secured loans, with a secondary focus on second lien senior secured loans and subordinated and other unsecured loans. The high yield bond strategy seeks to deliver a diversified portfolio of liquid, traded non-investment grade corporate bonds, including secured, unsecured and subordinated debt instruments. Multi-asset credit is a “go anywhere” strategy designed to offer investors a flexible solution to global credit investing by allowing us to tactically allocate between multiple asset classes in various market conditions. As of December 31, 2023, our liquid credit team managed \$47.3 billion of AUM in over 110 funds and separately managed accounts (“SMAs”).

**Alternative Credit:** Our alternative credit strategy seeks to capitalize on asset-focused investment opportunities that fall outside of traditional, well-defined markets such as corporate debt, real estate and private equity. As of December 31, 2023, our dedicated team of over 65 professionals managed \$33.9 billion of AUM in over 25 private funds and SMAs for a global investor base. Our alternative credit strategy emphasizes downside protection and capital preservation through a focus on investments that tend to share the following key attributes: asset security, covenants, cash flow velocity and other features designed to capture value and minimize risk to principal. Our investment approach is designed to capture and create value by leveraging our firm’s platform insights to assess risk and relative value.

**Direct Lending:** Our direct lending strategy is one of the largest self-originating direct lenders to the U.S. and European markets, with \$191.4 billion of AUM in over 90 funds and investment vehicles as of December 31, 2023. We manage various types of direct lending vehicles within our U.S. and European direct lending teams including commingled funds, SMAs for large institutional investors seeking tailored investment solutions and joint venture lending programs. As of December 31, 2023, we managed over 55 SMAs across our direct lending strategy.

Our direct lending team has a multi-channel origination strategy designed to address a broad set of investment opportunities in the middle market. We focus on being the lead or sole lender to our portfolio companies which we believe allows us to exert greater influence over deal terms, capital structure, documentation, fees and pricing, while securing our position as a preferred source of financing for our transaction partners. The team maintains a flexible investment strategy with the capability to invest in first lien senior secured loans (including “unitranche” loans which are loans that combine senior and subordinated debt, generally in a first lien position), second lien senior secured loans, subordinated debt, preferred equity and non-control equity co-investments in private middle market companies.

**U.S. Direct Lending:** Our leading U.S. team is comprised of over 180 investment professionals that cover more than 650 financial sponsors and provide a wide range of financing solutions to middle market companies that typically range from \$10 million to over \$500 million in earnings before interest, tax, depreciation and amortization (“EBITDA”). As of December 31, 2023, our U.S. direct lending team and its affiliates managed \$123.1 billion of AUM in approximately 55 funds and investment vehicles. Our U.S. team manages corporate lending activities through our inaugural vehicle and publicly-traded business development company (“BDC”), ARCC, our non-traded BDC, ASIF, as well as private commingled funds and SMAs. Primary areas of focus for our U.S. direct lending teams include:

- **Ares Capital Corporation:** ARCC is a leading specialty finance company focused on providing direct loans to and making other investments in private middle market companies in the U.S. ARCC has elected to be regulated as a BDC and was the largest publicly-traded BDC by market capitalization in the U.S. as of December 31, 2023.
- **Ares Strategic Income Fund:** ASIF is a closed-end investment company focused primarily on providing direct loans to private middle market companies in the U.S., and to a lesser extent, broadly syndicated loans and

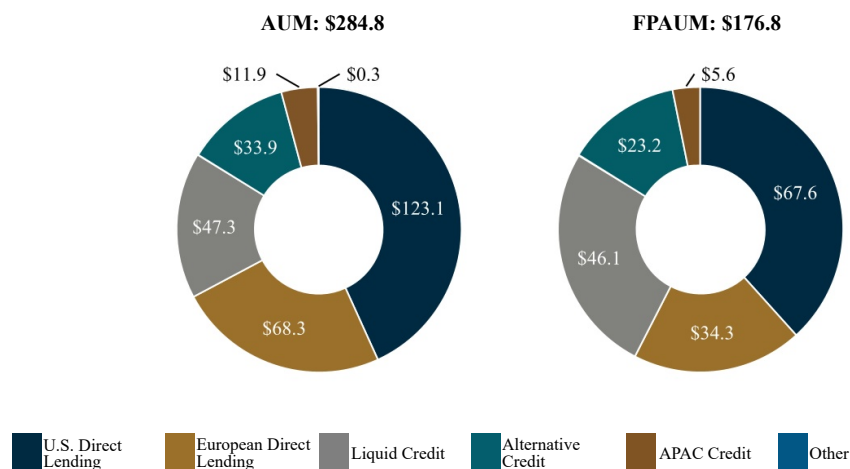
other more liquid credit opportunities, including in publicly-traded debt instruments. ASIF has elected to be regulated as a BDC.

- *U.S. Commingled Funds and SMAs:* Outside of ARCC, U.S. direct lending also generates fees from other funds, including the following fund families: Ares Private Credit Solutions, which focus on junior debt investments in upper middle market companies; Ares Senior Direct Lending Fund, which focus on first lien senior secured loans to North American middle market companies; Ares Commercial Finance, which focuses on asset-based and cash flow loans to middle market and specialty finance companies; and SMAs for large institutional investors.

*European Direct Lending:* Our European direct lending team is comprised of over 90 investment professionals with the ability to invest across the capital structure and across several geographies in Europe. The team covers over 395 financial sponsors, offers self-originated, flexible and scaled debt capital to predominantly middle market and large capitalization companies with EBITDA typically ranging from €10 million to over €300 million. As of December 31, 2023, our European direct lending team managed \$68.3 billion of AUM in over 35 funds, including commingled funds and SMAs.

*APAC Credit:* Our APAC credit team manages credit, private equity and special situations investments in the APAC region. Our APAC special situations strategy focuses on primary and secondary special situations, primarily targeting restructuring-related situations, deep value acquisitions and distressed financing. Our APAC private credit strategy targets privately sourced loans in high quality businesses across the region. The team consists of approximately 70 investment professionals. APAC credit benefits from having an on-the-ground presence in offices across the APAC region and a comprehensive range of local market licenses and entities to provide our clients with an extensive regional investment platform. APAC credit primarily employs a direct origination model and aims to provide flexible capital solutions to its investee companies and compelling risk-reward investment opportunities to our investors. As of December 31, 2023, APAC credit had \$11.9 billion of AUM in over 15 funds and related co-investment vehicles.

The following charts present the Credit Group’s AUM and FPAUM as of December 31, 2023 by investment strategy (\$ in billions):



**Private Equity Group**

Our Private Equity Group has achieved compelling investment returns for its limited partners and, as of December 31, 2023, managed \$39.1 billion of AUM in over 65 funds. The group broadly categorizes its investment strategies into corporate private equity, special opportunities and APAC private equity. Our private equity professionals have demonstrated ability to deploy capital across market environments, which allows them to stay both active and disciplined in their assessment of the best relative value opportunities. The group manages funds focused primarily on investing in North America, Europe and Asia-Pacific.

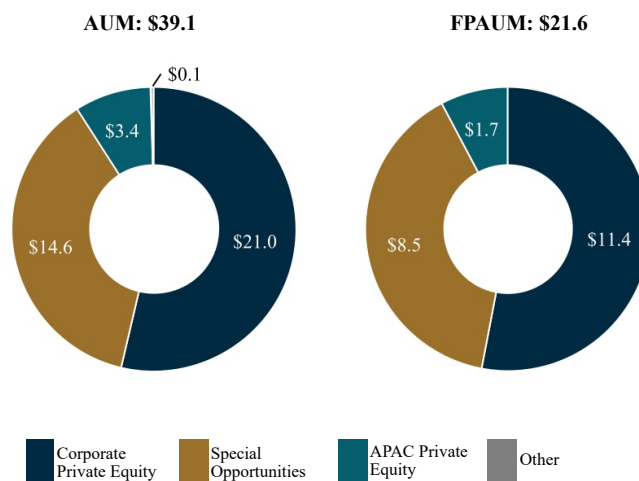
**Corporate Private Equity:** Our team consists of over 55 investment professionals based primarily in Los Angeles and London. Our private equity funds are leaders in the North American and European middle market, where they focus on growth buyouts, with the ability to flex into distressed investing during periods of market volatility and dislocation. We seek to invest in high-quality middle market companies in the core industries of healthcare, services, industrials and consumer across North America and Europe, where we can utilize the team’s extensive growth-oriented investing experience, dedicated value creation system and ability to flex into distressed to target attractive returns across market environments. This differentiated strategy, together with the broad resources of the Ares platform, widens our universe of potential investment opportunities and allows us to remain active across various market environments and to be highly selective in making investments by identifying the most attractive relative value opportunities.

**Special Opportunities:** Our special opportunities team consists of over 25 investment professionals and employs an “all weather” flexible capital strategy to finance debt and non-control equity solutions in healthy, stressed and distressed middle market companies undergoing transformational change. Our team partners with companies in North America and Europe to enhance enterprise values, filling the void between for-control private equity and traditional private debt. The strategy seeks to consistently invest in a range of private, special-situation opportunities and flex into distressed public market debt when attractive. We believe the special opportunities team benefits from: (i) advantaged sourcing; (ii) private equity integration, with an ability to leverage the deep industry experience of the corporate private equity professionals; (iii) an extensive network and information edge; and (iv) an experienced team utilizing a consistent and repeatable investment process.

In February 2024, we announced that our special opportunities strategy, historically reported as a component of our Private Equity Group, will be integrated into the Credit Group to align management of this strategy and will form the foundation for a new opportunistic credit strategy. The change will be presented in our results beginning in 2024. Adjusted for this change, as of December 31, 2023, the Credit Group managed \$299.4 billion in AUM with approximately 490 investment professionals and the Private Equity Group managed \$24.5 billion in AUM with approximately 85 investment professionals, with both groups continuing to manage investments across the U.S., Europe and Asia-Pacific.

**APAC Private Equity:** The APAC private equity strategy was established in connection with the Crescent Point Acquisition, investing in industry leading consumer companies in seven core sectors that we believe benefit disproportionately from higher disposable income levels. The strategy focuses on primarily pursuing structured growth equity investments in control, joint control and minority ownership formats. Our APAC private equity team consists of over 25 investment professionals and focuses on investing in companies that give us exposure to increasing consumer spending and urbanization in our target markets. In times of economic dislocation, we also seek to invest opportunistically where the focus is on dislocations and catalysts that lead to high-quality assets becoming available for purchase at deeply discounted prices. While we look for deep value opportunities in consumer-driven companies, our deep value approach often includes asset-oriented opportunities.

The following charts present the Private Equity Group’s AUM and FPAUM as of December 31, 2023 by investment strategy (\$ in billions):



**Real Assets Group**

Our Real Assets Group manages comprehensive public and private equity and debt strategies with \$65.4 billion of AUM in over 65 investment vehicles as of December 31, 2023. With our experienced team, along with our expansive network of relationships, our Real Assets Group capitalizes on opportunities in equity and debt investing across real estate and infrastructure investment strategies.

**Real Estate:** Our real estate equity investments focus on implementing hands-on value creation initiatives to mismanaged and capital-starved assets, platform-level investments, as well as new developments, ultimately selling stabilized assets back into the market. Our real estate debt strategies utilize diverse sources of capital to directly originate and manage commercial mortgage loans on properties that range from stabilized to those requiring hands-on value creation. Our real estate platform has achieved significant scale over time through both organic fundraising efforts as well as various acquisitions. Today, we provide investors access to our real estate investment capabilities through several vehicles: closed-end U.S. and European diversified equity funds, an open-end U.S. industrial-focused equity fund, open-end U.S. and European debt funds, equity and debt SMAs, our non-traded REITs, Ares Real Estate Income Trust, Inc. (“AREIT”) and Ares Industrial Real Estate Income Trust, Inc. (“AIREIT”), and our publicly-traded commercial mortgage REIT, ACRE. The group’s activities are managed by dedicated equity and debt teams in the U.S. and Europe.

**Real Estate Equity:** Our real estate equity team, with over 220 investment professionals, has extensive real estate private equity experience in the U.S. and Europe. Our team primarily acquires standing assets and improves them through renovating, repositioning and retenanting and selectively developing assets in supply-constrained markets. As of December 31, 2023, our real estate equity team managed \$38.6 billion of AUM in over 40 investment vehicles. Primary areas of focus for our real estate equity teams include:

- **Real Estate Core/Core-Plus:** Our U.S. core/core-plus real estate strategy focuses on the acquisition of assets with strong long-term cash flow potential and durable tenancy diversified across end-user industries and



geographies. We deploy capital across all major property types, with a strong focus on industrial and multifamily assets located in top-tier primary and regional distribution markets across the U.S.

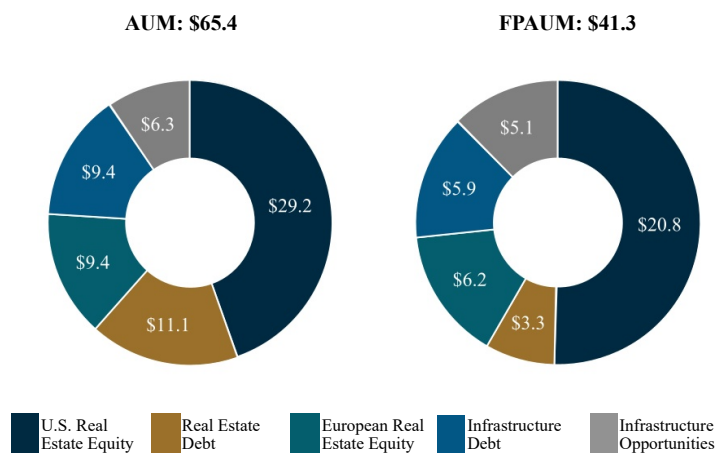
- *Real Estate Value-Add:* Our U.S. and European value-add real estate strategy focuses on undermanaged and underfunded income-producing assets across various property sectors in the U.S. and Europe. The strategy seeks to create value and generate stable and growing distributions to investors by buying properties at attractive valuations, implementing asset management initiatives to increase income and identifying multiple exit strategies upfront.
- *Real Estate Opportunistic:* Our U.S. and European opportunistic real estate strategy capitalizes on increased investor demand for developed and stabilized assets by focusing on the repositioning of assets, capitalization of distressed and special situations, and development of core-quality assets across all major property types, as well as select and adjacent sectors, throughout the U.S. and Europe.

*Real Estate Debt:* Our real estate debt team, with over 35 professionals, primarily focuses on directly originating a wide range of financing opportunities in the U.S. and Europe. As of December 31, 2023, our real estate debt team managed \$11.1 billion of AUM globally through open-end funds, SMAs and ACRE. By investing through multiple investment vehicles, our real estate debt team has the ability to provide flexible financing across the capital structure. While our real estate debt strategies focus predominantly on directly originated transactions, we also selectively pursue secondary market acquisitions and syndicated transactions.

**Infrastructure:** Our long-tenured global infrastructure team utilizes deep local sourcing capabilities and extensive sector experience to seek to originate and manage diverse, high-quality investments in private infrastructure assets across the globe and, as of December 31, 2023, managed \$15.7 billion of AUM in over 15 investment vehicles.

- *Infrastructure Opportunities:* Our infrastructure opportunities team consists of over 30 investment professionals and managed \$6.3 billion of AUM in more than ten investment vehicles as of December 31, 2023. We utilize a broad origination strategy, flexible investment approach, and leverage industry relationships and the Ares platform to seek attractive risk-adjusted returns across the climate infrastructure market. We believe our experience as value-add investors, flexible approach, and broad infrastructure experience positions us well to take advantage of the transitioning infrastructure industry.
- *Infrastructure Debt:* Our global infrastructure debt team consists of over 20 investment professionals and sources assets and businesses across regions with defensive characteristics across the digital, transport, energy and utility sectors. As of December 31, 2023, our global infrastructure debt team managed \$9.4 billion of AUM in more than five investment vehicles. We employ a direct origination and tailored structuring approach to provide borrowers with flexible financing solutions. We aim to deliver attractive risk adjusted returns focused on cash yield by targeting infrastructure debt investments with defensive characteristics that have the potential to perform across different market cycles. Our structuring experience helps enhance cash yield and reduce downside risks in a core asset class.

The following charts present the Real Assets Group's AUM and FPAUM as of December 31, 2023 by investment strategy (\$ in billions):



**Secondaries Group**

Our Secondaries Group invests in secondary markets across a range of alternative asset class strategies, including private equity, real estate, infrastructure and credit, with \$24.7 billion of AUM in over 75 funds as of December 31, 2023. The team has extensive experience investing across the secondaries market primarily in North America. We have established ourselves among the most active secondary investors engaged in recapitalizing and restructuring existing limited partnership interests in funds with a focus on transactions that can address pending fund maturity, strategy change or the need for additional equity capital.

**Private Equity Secondaries:** Our private equity secondaries team has an established track record of providing customized private equity transaction solutions to institutional limited partners and general partners. As of December 31, 2023, our private equity secondaries team of more than 35 investment professionals managed \$13.1 billion of AUM in approximately 35 funds and open-end accounts. Our private equity secondaries team acquires interests across a range of partnership vehicles, including private equity funds, multi-asset portfolios, as well as single asset joint ventures. The private equity secondaries strategy seeks to achieve attractive secondary cash flow and diversification characteristics by investing across the spectrum of private equity secondaries transactions, including through APMF, a closed-end interval fund. We continue to maintain a differentiated investment strategy that utilizes our skills in fundamental manager and portfolio analysis, our quantitative research capabilities and the support and insights from the wider Ares platform with the aim to generate strong risk-adjusted returns.

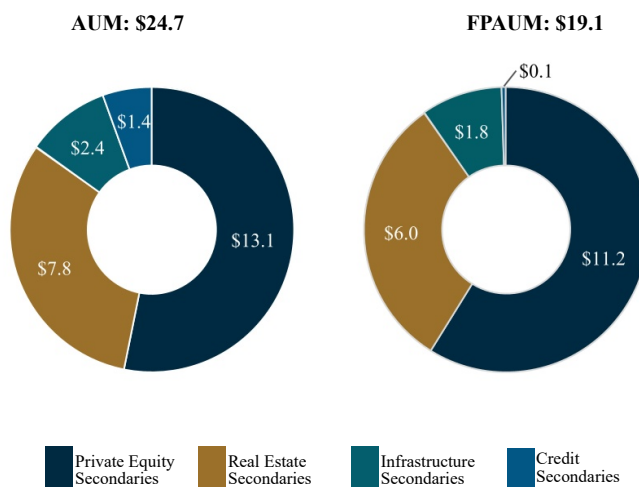
**Real Estate Secondaries:** Our real estate secondaries team has a track record of innovation through customized transaction solutions tailored to meet the needs of limited partners and general partners. As of December 31, 2023, our real estate secondaries team of more than 25 investment professionals managed \$7.8 billion of AUM in approximately 30 funds and related co-investment vehicles. Our real estate secondaries team acquires interests across a range of partnership vehicles, including private real estate funds, multi-asset portfolios and single property joint ventures. Our team seeks broad diversification by property sector and geography and to drive investment results through underwriting, transaction structuring and portfolio construction.

**Infrastructure Secondaries:** Our infrastructure secondaries team has a strong track record of providing customized infrastructure transaction solutions tailored to meet the needs of limited partners and general partners. As of December 31, 2023, our infrastructure secondaries team of more than ten investment professionals managed \$2.4 billion of AUM in ten funds and related co-investment vehicles. The infrastructure secondaries strategy seeks to accelerate the benefits of traditional infrastructure by providing diversified low risk exposure through preferred structure, traditional limited partnership and general partner led continuation vehicle transactions. Our team focuses on achieving diversification through building a portfolio that provides inflation protection and exposure to uncorrelated assets.

**Credit Secondaries:** Our credit secondaries strategy seeks to create a highly diversified portfolio of primarily senior secured private credit interests across North America and Europe, acquired directly or indirectly through secondary market

transactions. As of December 31, 2023, our credit secondaries team of ten investment professionals managed \$1.4 billion of AUM in four funds and related co-investment vehicles.

The following charts present the Secondaries Group's AUM and FPAUM as of December 31, 2023 by investment strategy (\$ in billions):



### Other Businesses

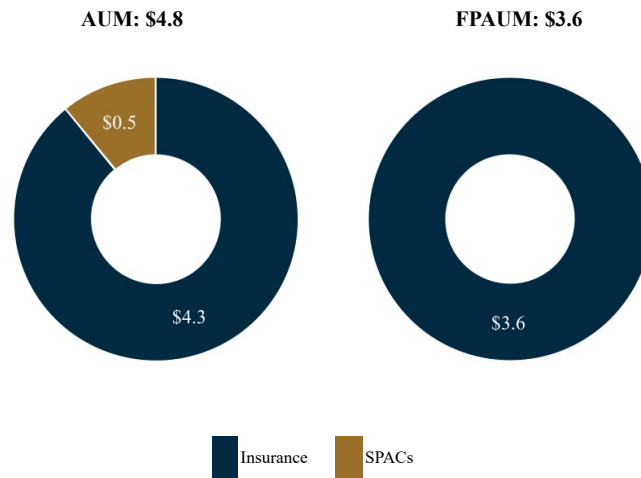
Certain operating segments and growth opportunities have not reached the scale and magnitude to be presented individually; therefore, we present the results for these businesses collectively. These strategies seek to expand our reach in new global markets and include AIS and our SPACs.

**Ares Insurance Solutions:** AIS is Ares' dedicated, in-house team that provides solutions to insurance clients including asset management, capital solutions and corporate development. AIS strives to provide insurers with attractive risk and capital adjusted return profiles that fit within regulatory, rating agency and other counterparty guidelines. Leveraging approximately 1,000 investment professionals across the firm's investment groups, AIS creates tailored investment solutions that meet the unique objectives of our insurance clients. AIS is overseen by an experienced management team with direct insurance industry experience in many areas directly applicable to AIS and our insurance company clients. Members of the Ares team have previously held senior positions at leading insurers. AIS acts as the dedicated investment manager, capital solutions and corporate development partner to Aspida Life Insurance Company ("Aspida Life") and Aspida Life Re Ltd. ("Aspida Re"). Aspida Life and Aspida Re are insurance companies that focus on the U.S. life and annuity insurance and reinsurance markets. AIS manages \$12.5 billion of AUM as of December 31, 2023, of which \$8.2 billion is sub-advised by Ares vehicles and included within other strategies.

**Ares Acquisition Corporation:** Ares Acquisition Corporation (formerly NYSE: AAC) ("AAC I") was a SPAC sponsored by Ares and formed in 2020 for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination. AAC I did not complete a business combination within the time period required by its amended and restated memorandum and articles of association, and in the fourth quarter of 2023, the remaining outstanding Class A ordinary shares of AAC I were redeemed in full and AAC I ceased all operations other than legal dissolution.

**Ares Acquisition Corporation II:** Ares Acquisition Corporation II (NYSE: AACT) ("AAC II") is a SPAC sponsored by Ares and formed in 2021 for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination. AAC II is seeking to pursue an initial business combination target in any industry or sector in North America, Europe or Asia.

The following charts present Other Businesses AUM and FPAUM as of December 31, 2023 by investment strategy (\$ in billions):



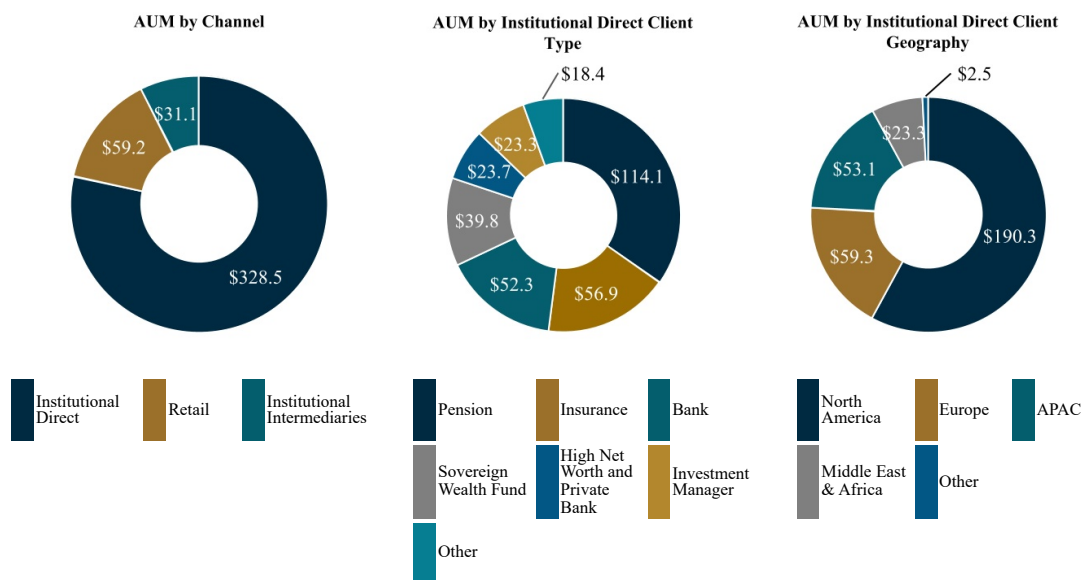
### Product Offering

To meet investors' growing demand for alternative investments, we manage investments in an increasingly comprehensive range of funds across a spectrum of compelling and complementary strategies. We have demonstrated an ability to consistently generate attractive and differentiated investment returns across these investment strategies and through various market environments. We believe the breadth of our product offering, our expertise in various investment strategies and our proficiency in attracting and satisfying our growing institutional and retail client base has enabled and will continue to enable us to increase our AUM across each of our investment groups.

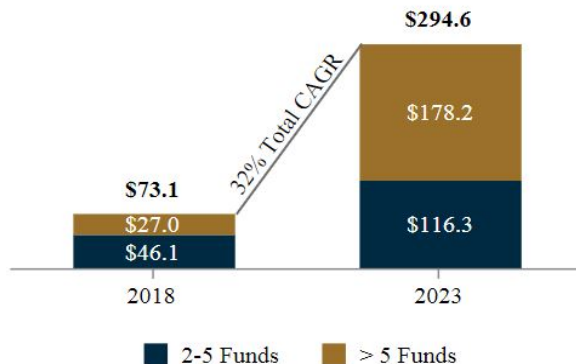
### Investor Base and Fundraising

Our diverse investor base includes direct institutional relationships and a significant number of retail investors. Our high-quality institutional investor base includes corporate and public pension funds, insurance companies, sovereign wealth funds, banks, investment managers, endowments and foundations. We have grown the number of these relationships from over 900 in 2018 to over 2,300 in 2023.

As of December 31, 2023, \$328.5 billion, or 78% of our \$418.8 billion of AUM, was attributable to our direct institutional relationships. As of December 31, 2023, our total AUM was divided by channel, and further our institutional direct AUM by client type and geographic origin as follows (\$ in billions):



The following chart presents the AUM of investors committed to more than one of our funds as of December 31, 2023 compared to December 31, 2018 (\$ in billions):



We believe that the AUM of multi-fund investors demonstrates our investors' satisfaction with our performance, disciplined management of their capital and diverse product offering. Their loyalty has facilitated the growth of our existing businesses and we believe improves our ability to raise new funds and successor funds in existing strategies in the future.

Institutional investors continue to demonstrate interest in SMAs, which include contractual arrangements and single investor vehicles and funds, because these accounts can provide investors with greater levels of transparency, liquidity and control over their investments as compared to more traditional commingled funds. As of December 31, 2023, \$91.1 billion, or 28%, of our direct institutional AUM was managed through SMAs. Our retail vehicles and their affiliates, including ARCC, ACRE, ARDC, ASIF, APMF, CADC, AREIT and AIREIT account for \$53.8 billion, or 13%, of our AUM. We have over 945 institutional investors and hundreds of thousands of retail investor accounts across our retail vehicles.

We believe that client relationships are fundamental to our business and that our performance across our investment groups coupled with our focus on client service has resulted in strong relationships with our investors. Our dedicated and extensive in-house relationship management team, comprised of over 135 professionals located in North America, Europe, APAC and the Middle East, is dedicated to raising capital globally across all of our funds, servicing existing fund investors and tailoring offerings to meet their needs, developing products to complement our existing offerings, and deepening existing relationships to expand them across our platform. We also have strategic initiatives focused on expanding our presence in Latin America and Australia. Our senior relationship management team maintains an active and transparent dialogue with an expansive list of investors. This team is supported by product managers and investor relations professionals with deep experience in each of our complementary investment groups that are dedicated to servicing our existing and prospective investors.

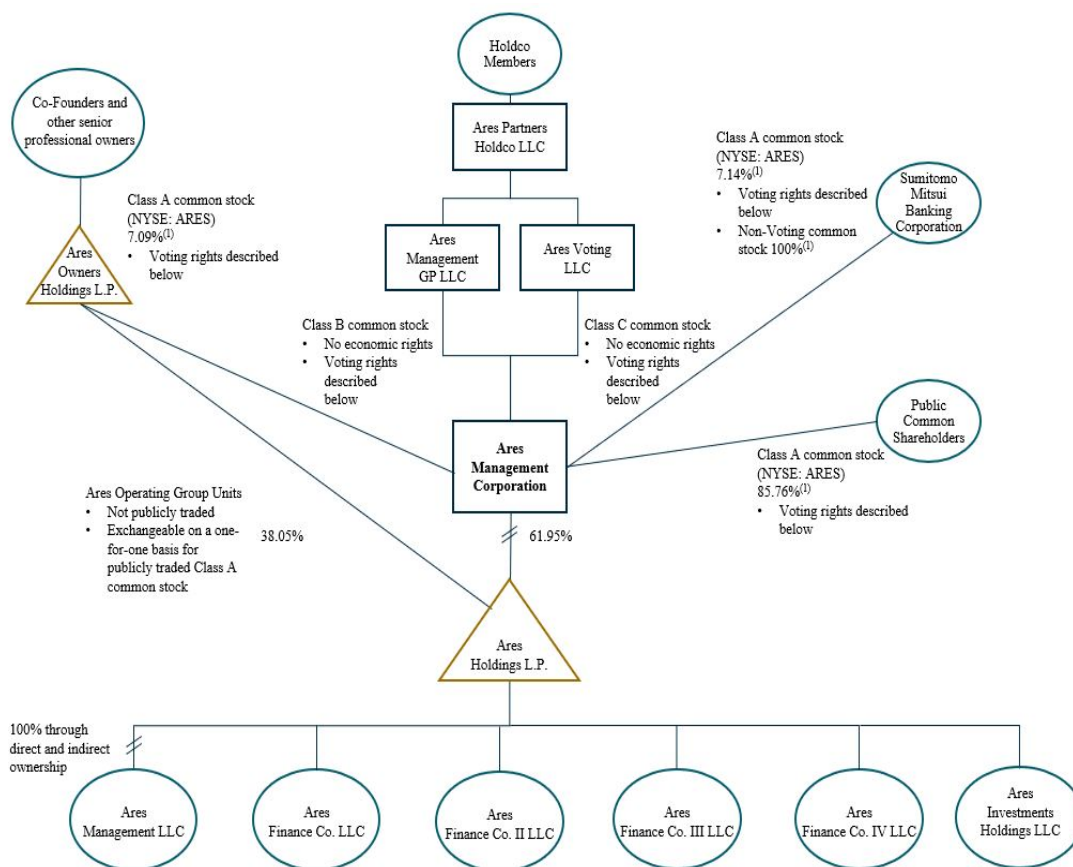
In addition to our expansive relationships with institutional investors, we have further diversified our investor base with our retail distribution channel. AWMS, our wholly owned subsidiary, facilitates the product development, distribution, marketing and client management activities for investment offerings in the global wealth management channel with over 125 professionals.

### **Operations Management Group**

The OMG consists of shared resource groups to support our operating segments by providing infrastructure and administrative support in the areas of accounting/finance, operations, information technology, legal, compliance, human resources, strategy and relationship management and distribution. Our clients seek to partner with investment management firms that not only have compelling investment track records across multiple investment products but also possess seasoned infrastructure support functions. As such, significant investments have been made to develop the OMG. The OMG also includes AWMS. We have successfully launched new business lines, integrated acquired businesses into the operations and created scale within the OMG to support a much larger platform in the future.

**Organizational Structure**

The simplified diagram below (which omits certain intermediate holding companies) depicts our legal organizational structure. Ownership information in the diagram below is presented as of December 31, 2023. Ares Management Corporation (“AMC”) is a holding company and through subsidiaries is the general partner of the Ares Operating Group entity and operates and controls the business and affairs of the Ares Operating Group. AMC consolidates the financial results of the Ares Operating Group, its consolidated subsidiaries and certain consolidated funds.



(1) Assuming the full exchange of AOG Units for shares of our Class A common stock, as of December 31, 2023, Ares Owners Holdings L.P. would hold 42.36%, Sumitomo Mitsui Banking Corporation (“SMBC”) would hold 5.48% and the public would hold 52.16% of AMC. Inclusive of Class A common stock held directly by Ares employees and assuming the full exchange of AOG Units for shares of our Class A common stock, Ares employee ownership would represent 45.90% of all outstanding shares.

### *Holding Company Structure*

Our common stockholders are entitled to vote on all matters on which stockholders of a corporation are generally entitled to vote under the Delaware General Corporation Law (the “DGCL”), including the election of our board of directors. Holders of shares of our Class A common stock are entitled to one vote per share of our Class A common stock. On any date on which the Ares Ownership Condition (as defined in the Certificate of Incorporation) is satisfied, holders of shares of our Class B common stock are, in the aggregate, entitled to a number of votes equal to (x) four times the aggregate number of votes attributable to our Class A common stock minus (y) the aggregate number of votes attributable to our Class C common stock. On any date on which the Ares Ownership Condition is not satisfied, holders of shares of our Class B common stock are not entitled to vote on any matter submitted to a vote of our stockholders. The holder of shares of our Class C common stock is generally entitled to a number of votes equal to the number of AOG Units (as defined in the Certificate of Incorporation) held of record by each Ares Operating Group Limited Partner (as defined in the Certificate of Incorporation) other than the Company and its subsidiaries. Ares Management GP LLC is the sole holder of shares of our Class B common stock and Ares Voting LLC is the sole holder of shares of our Class C common stock. Our Class B common stock and our Class C common stock are non-economic and holders thereof shall not be entitled to: (i) dividends from the Company or (ii) receive any assets of the Company in the event of any dissolution, liquidation or winding up of the Company. Ares Management GP LLC and Ares Voting LLC are both wholly owned by Ares Partners Holdco LLC. As a result, the Company is a “controlled company” within the meaning of the corporate governance standards of the New York Stock Exchange (“NYSE”) and qualifies for exceptions from certain corporate governance rules of the NYSE. The Company also has non-voting common stock solely held by SMBC, which has the same economic rights as the Class A common stock.

Accordingly, AMC and any direct subsidiaries of AMC that are treated as corporations for U.S. federal income tax purposes and that are the holders of AOG Units are subject to U.S. federal, state and local income taxes in respect of their interests in the Ares Operating Group. The Ares Operating Group entity is treated as a partnership for U.S. federal income tax purposes. An entity that is treated as a partnership for U.S. federal income tax purposes generally incurs no U.S. federal income tax liability at the entity level. Instead, each partner is required to take into account its allocable share of items of income, gain, loss, deduction and credit of the partnership in computing its U.S. federal, state and local income tax liability each taxable year, whether or not cash distributions are made.

AMC holds through subsidiaries a number of AOG Units equal to the number of shares of Class A common stock that AMC has issued. The AOG Units held by AMC and its subsidiaries are economically identical in all respects to the AOG Units that are not held by AMC and its subsidiaries. Accordingly, AMC receives the distributive share of income of the Ares Operating Group from its equity interest in the Ares Operating Group.

### **Structure and Operation of our Funds**

We conduct the management of our funds and other similar private vehicles primarily through organizing a limited partnership or other limited liability structure in which entities organized by us accept commitments and/or funds for investment from institutional investors and other investors. Such commitments are generally drawn down from investors on an as needed basis to fund investments over a specified term. Our Credit Group funds also include structured funds in which the investor’s capital is fully funded upon or soon after the subscription for interests in the fund. The CLOs that we manage are structured investment vehicles that are generally private limited liability companies. Our drawdown funds are generally organized as limited partnerships or limited liability companies. However, there are non-U.S. funds that are structured as corporate or non-partnership entities under applicable law. We also advise a number of investors through SMA relationships structured as contractual arrangements or single investor vehicles. In the case of our SMAs that are not structured as single investor vehicles, the investor, rather than us, generally controls custody of the investments with respect to which we advise. We also manage closed-end interval funds (APMF and CADC) that allow for periodic redemptions of the various share classes, four publicly-traded corporations (AAC II, ACRE, ARCC and ARDC), two non-traded REITs (AIREIT and AREIT) and a non-traded BDC (ASIF). ACRE, ARDC and ARCC 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 (including distribution requirements that must be met to maintain regulated investment company (“RIC”) or REIT status). However, ACRE’s charter includes certain limitations relating to the ownership or purported transfer of its common stock in violation of the REIT ownership requirements. In addition, Class A ordinary shares issued by AAC II are redeemable for cash by the public shareholders in the event that AAC II does not complete a business combination or tender offer associated with stockholder approval provisions.

Our funds are generally advised by Ares Management LLC, which is registered under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”), a wholly owned subsidiary thereof or subsidiary controlled by AMC. Responsibility for the day-to-day operations of each investment vehicle is typically delegated to the Ares entity serving as investment adviser pursuant to an investment advisory, management or similar agreement. Generally, the material terms of our



investment advisory agreements relate to the scope of services to be rendered by the investment adviser to the applicable vehicle, the calculation of management fees to be borne by investors in our investment vehicles and certain rights of termination with respect to our investment advisory agreements. With the exception of certain of the publicly-traded investment vehicles, the investment vehicles themselves do not generally register as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance on applicable exemptions thereunder.

The governing agreements of many of our funds provide that, subject to certain conditions, third-party investors in those funds have the right to terminate the investment period or the fund without cause. The governing agreements of some of our funds provide that, subject to certain conditions, third-party investors have the right to remove the general partner. In addition, the governing agreements of certain of our funds provide that upon the occurrence of certain events, the investment period will be suspended or the investors have the right to vote to terminate the investment period in accordance with specified procedures. Such events may include certain “key persons” in our funds that engage in bad acts or depart the firm.

### **Fee Structure**

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Components of Consolidated Results of Operations” for an overview of our fee structure, including management fee, incentive fee and carried interest arrangements with our funds.

### **Capital Invested In and Through Our Funds**

To further align our interests with those of investors in our funds, we have invested the firm’s capital and that of our professionals in the funds we sponsor and manage. General partner capital commitments to our funds are determined separately with respect to our funds and, generally, are less than 5% of the total commitments of any particular fund. We determine the general partner capital commitments based on a variety of factors, including regulatory requirements, investor requirements, estimates regarding liquidity over the estimated time period during which commitments will be funded, estimates regarding the amounts of capital that may be appropriate for other opportunities or other funds we may be in the process of raising or are considering raising, prevailing industry standards with respect to sponsor commitments and our general working capital requirements. Our general partner capital commitments are typically funded with cash and not with carried interest or deferral of management fees. We generally offer a portion of the general partner commitments to our eligible professionals in accordance with the Investment Company Act. Ares employees had capital commitments of \$2.4 billion in Ares-managed funds as of December 31, 2023. For more information, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and Uses of Liquidity.”

### **Regulatory and Compliance Matters**

Our businesses, as well as the financial services industry, generally are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the U.S. and foreign jurisdictions in which we operate relating to, among other things, antitrust laws, anti-money laundering laws, anti-bribery laws relating to foreign officials, tax laws and data privacy laws with respect to client and other information, and some of our funds invest in businesses that operate in highly regulated industries. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Any failure to comply with these rules and regulations could expose us to liability and/or reputational damage. Additional legislation, increasing global regulatory oversight of fundraising activities, changes in rules promulgated by self-regulatory organizations or exchanges or changes in the laws or rules, or interpretation or enforcement of existing laws and rules, either in the U.S. or elsewhere, may directly affect our mode of operation and profitability. See “Item 1A. Risk Factors—Risks Related to Regulation.”

Rigorous legal and compliance analysis of our businesses and investments is important to our culture. We strive to maintain a culture of compliance through the use of policies and procedures such as oversight compliance, codes of ethics, compliance systems, communication of compliance guidance and employee education and training. All employees must annually certify their understanding of, compliance with and adherence to key global Ares policies, procedures and code of ethics. We maintain a compliance group, supervised by our Chief Compliance Officer, that is responsible for monitoring our compliance with the regulatory and legal requirements to which we are subject and managing our compliance policies and procedures. Our compliance policies and procedures seek to address a variety of regulatory and compliance risks such as the handling of material non-public information, position reporting, personal securities trading, valuation of investments on a fund-specific basis, document retention, potential conflicts of interest and the allocation of investment opportunities.

Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation (“GDPR”), a European Union (“EU”) regulation designed to protect privacy rights of individuals residing in the European Economic Area (the “EEA”), the GDPR as it forms part of the laws of England and Wales, Scotland and Northern Ireland by virtue of Section 3 of the European Union Withdrawal Act 2018 (as amended) and the Data Protection Act 2018 (collectively, “U.K. GDPR”) with respect to individuals residing in the United Kingdom (the “U.K.”), and various state and federal privacy laws applicable to individuals residing in the U.S., including the California Consumer Privacy Act (the “CCPA”), as amended by the California Privacy Rights Act. Other comprehensive privacy laws have been enacted or passed in numerous U.S. states, including Colorado, Connecticut, Delaware, Indiana, Iowa, Montana, New Jersey, Oregon, Tennessee, Texas, Utah and Virginia. Various global privacy laws also apply to our business, including those in Australia, the Cayman Islands, Hong Kong, India, Korea, Japan, Dubai and Singapore. These privacy laws are quickly evolving and may conflict with one another. Any failure to comply with such laws or regulations could result in substantial fines, penalties and/or sanctions, litigation, as well as reputational harm. Moreover, to the extent that these laws and regulations or the enforcement of the same become more stringent, or if new laws or regulations or enacted, our financial performance or plans for growth may be adversely impacted.

#### *U.S.*

The SEC oversees the activities of our subsidiaries that are registered investment advisers under the Investment Advisers Act. The Financial Industry Regulatory Authority (“FINRA”) and the SEC oversee the activities of our wholly owned subsidiaries, AWMS and Ares Management Capital Markets LLC (formerly known as Ares Investor Services LLC) (“AMCM”), as registered broker-dealers. In addition, we regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the Investment Company Act, the Commodity Exchange Act and the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”). These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties who we do not control.

Additionally, the SEC and various self-regulatory organizations have in recent years increased their regulatory activities in respect of investment management firms. See “Item 1A. Risk Factors—Risks Related to Regulation—Extensive regulation affects our activities, increases the cost of doing business and creates the potential for significant liabilities and penalties that could adversely affect our businesses and results of operations.” Since September 2019, the SEC has required broker-dealers, or natural persons who are associated persons of broker-dealers, to act in the best interest of a retail customer when making a recommendation of any securities transaction or investment strategy involving securities, without placing the financial or other interest of the broker, dealer or natural person who is an associated person of a broker-dealer making the recommendation ahead of the interest of the retail customer (“Regulation Best Interest”). Regulation Best Interest requires broker-dealers to evaluate available alternatives, including those that may have lower expenses and/or lower investment risk than our investment funds. The term “retail customer” is defined as a natural person who uses such a recommendation primarily for personal, family or household purposes, without reference to investor sophistication or net worth. The “best interest” standard is satisfied through compliance with certain disclosure, duty of care, conflict of interest mitigation and compliance obligations. Under Regulation Best Interest, high cost, high risk and complex products may be subject to greater scrutiny by broker-dealers and their salespersons. The full impact of Regulation Best Interest and state fiduciary standards on broker-dealers cannot be determined at this time. However, it may negatively impact whether broker-dealers and their associated persons are willing to recommend investment products, including our funds, to retail customers, which may adversely impact our ability to distribute our products to certain investors. As such, Regulation Best Interest may reduce the ability of our funds to raise capital, which would adversely affect our business and results of operations. In addition, the U.S. Department of Labor as well as several states have proposed regulations or taken other actions pertaining to conduct standards for investment advisers and broker-dealers that may result in additional regulatory requirements related to our business.

#### *Funds and Portfolio Companies of our Funds*

All of our funds are advised by SEC registered investment advisers (or wholly owned subsidiaries thereof). Registered investment advisers are subject to more stringent requirements and regulations under the Investment Advisers Act than unregistered investment advisers. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, managing conflicts of interest and general anti-fraud prohibitions. In addition, the SEC requires investment advisers registered or required to register with the SEC under the Investment Advisers Act that advise one or more private funds and have at least \$150 million in private fund assets under management to periodically file reports on Form PF. We have filed, and will continue to file, quarterly reports on Form PF, which has resulted in increased administrative costs and a significant amount of attention and time to be spent by our personnel. The SEC adopted changes to Form PF in 2023, which, among other requirements, requires current reporting upon the occurrence of certain fund-level events. In 2024, the SEC and the Commodity Futures Trading Commission (the “CFTC”) adopted joint amendments to Form PF that will require additional basic information about advisers and the private funds they advise, including identifying information, assets under management,

withdrawal and redemption rights, gross asset value and net asset value, inflows and outflows, base currency, borrowings and types of creditors, fair value hierarchy, beneficial ownership and fund performance, as well as additional specific information regarding funds that must report as hedge funds on the form. These amendments will likely increase related administrative costs and burdens.

ARCC and ASIF are registered investment companies that have each elected to be treated as a business development company under the Investment Company Act. APMF, ARDC and CADC are registered investment companies under the Investment Company Act. Each of the registered investment companies has elected, for U.S. federal tax purposes, to be treated as a RIC under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). To maintain its RIC status under the Code, a RIC must timely distribute an amount equal to at least 90% of its investment company taxable income (as defined by the Code, which generally includes net ordinary income and net short term capital gains) to its stockholders. In addition, a RIC generally will be required to pay an excise tax equal to 4% on certain undistributed taxable income unless it distributes in a timely manner an amount at least equal to the sum of: (i) 98% of its ordinary income recognized during a calendar year; (ii) 98.2% of its capital gain net income, as defined by the Code, recognized during the one-year period ending on October 31 of the calendar year; and (iii) any income recognized, but not distributed, in preceding years. The taxable income on which a RIC pays excise tax is generally distributed to its stockholders in the next tax year. Depending on the level of taxable income earned in a tax year, a RIC may choose to carry forward such taxable income for distribution in the following year, and pay any applicable excise tax. In addition, as business development companies, ARCC and ASIF must not acquire any assets other than “qualifying assets” specified in the Investment Company Act unless, at the time the acquisition is made, at least 70% of ARCC and ASIF’s respective total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” ARCC and ASIF are also generally prohibited from issuing and selling its common stock at a price below net asset value per share and from incurring indebtedness (including for this purpose, preferred stock), if ARCC and ASIF’s respective asset coverage, as calculated pursuant to the Investment Company Act, equals less than 150% after such incurrence.

ACRE, AREIT and AIREIT have each elected and qualified to be taxed as a real estate investment trust, or REIT, under the Code. To maintain its qualification as a REIT, each must distribute at least 90% of its taxable income to its stockholders and meet, on a continuing basis, certain other complex requirements under the Code.

AWMS and AMCM, our wholly owned subsidiaries, are registered as broker-dealers with the SEC, maintain licenses in many states, and are members of FINRA. As a broker-dealer, each subsidiary is subject to regulation and oversight by the SEC and state securities regulators. In addition, FINRA promulgates and enforces rules governing the conduct of, and examines the activities of, its member firms. Due to the limited authority granted to each of our subsidiaries in its capacity as broker-dealers, they are not required to comply with certain regulations covering trade practices among broker-dealers and the use and safekeeping of customers’ funds and securities. As registered broker-dealers and members of a self-regulatory organization, AWMS and AMCM are, however, subject to the SEC’s uniform net capital rule. Rule 15c3-1 of the Exchange Act, which specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer’s assets be kept in relatively liquid form. See “Item 1A. Risk Factors—Risks Related to Our Businesses—Political and regulatory conditions, including the effects of negative publicity surrounding the financial industry in general and proposed legislation, could adversely affect our businesses.”

#### ***Other Jurisdictions***

Certain of our subsidiaries operate outside the U.S. In Luxembourg, Ares Management Luxembourg (“AM Lux”) is subject to authorization and regulation by the Commission de Surveillance du Secteur Financier (“CSSF”). In the U.K., Ares Management Limited (“AML”) and Ares Management U.K. Limited (“AMUKL”) are subject to regulation and authorization by the U.K. Financial Conduct Authority (the “FCA”). Ares European Loan Management LLP (“AELM”), which is not a subsidiary, but in which we are indirectly invested and which procures certain services from AML, is also subject to regulation by the FCA. In some circumstances, AML, AMUKL, AELM (the “U.K. Regulated Entities”) and other Ares entities are or may become subject to U.K. or EU laws, for instance in relation to marketing our funds to investors in the EEA.

The U.K. exited the EU on January 31, 2020. The withdrawal agreement which provided for a transitional period to allow for the terms of the U.K.’s future relationship with the EU to be negotiated, ended on December 31, 2020. EEA passporting rights are no longer available to the relevant U.K. entities following the end of the transitional period. Various EU laws were “on-shored” into domestic U.K. legislation and certain transitional regimes and deficiency-correction powers exist to ease the transition. The Trade and Cooperation Agreement (the “TCA”) between the U.K. and the EU formally came into force on May 1, 2021 and since its effectiveness, the TCA has governed certain matters between the U.K. and the EU. In addition, the Temporary Marketing Permission Regime (the “TMPR”) allows our alternative investment fund managers (“AIFMs”) to continue to market those funds in the U.K. that were in existence on December 31, 2020, on broadly the same terms as previously applied. Unless extended, the TMPR lasts until December 31, 2025. Any marketing of a new fund coming into

existence after December 31, 2020 must comply with the U.K.'s national private placement regime. Notwithstanding the TCA and the TMPR, there remains considerable uncertainty as to the nature of the U.K.'s future relationship with the EU, creating continuing uncertainty as to the full extent to which the businesses of the U.K. Regulated Entities and our businesses generally could be adversely affected by Brexit. See "Item 1A. Risk Factors—Risks Related to Regulation—The U.K.'s exit from the EU ("Brexit") could adversely affect our business and our operations." Despite the U.K.'s departure from the EU, new and existing EU legislation is expected to continue to impact our business in the U.K. (whether because its effect is preserved in the U.K. as a matter of domestic policy or because compliance with such legislation (whether in whole or part) is a necessary condition for market access into the EEA) and other EEA member states where we have operations. The U.K.'s departure has the potential to change the U.K. legislative and regulatory frameworks within which the U.K. Regulated Entities operate, which could adversely affect our businesses or cause a material increase in our tax liability.

AM Lux operates under the EU legislative frameworks. Notwithstanding the U.K.'s withdrawal from the EU, the U.K. Regulated Entities generally continue to be regulated under these frameworks to the extent they were preserved in U.K. law. In some circumstances other Ares entities are or may become subject to EU laws or the law of EEA member states, including with respect to marketing our funds to investors in the EEA.

AM Lux and AMUKL are both AIFMs. Their operations are primarily governed by Directive 2011/61/EU on Alternative Investment Fund Managers and other associated legislation, rules and guidance ("AIFMD"). The U.K. implemented AIFMD while it was still a member of the EU and similar requirements therefore continue to apply in the U.K. notwithstanding Brexit. The AIFMD imposes significant regulatory requirements on AIFMs established in the EEA. AIFMD regulates fund managers by, amongst other things, prescribing authorization conditions for an AIFM, restricting the activities that can be undertaken by an AIFM and prescribing the organizational requirements, operating conditions, and regulatory standards relating to such things as initial capital, remuneration, conflicts, risk management, leverage, liquidity management, delegation of duties, transparency and reporting requirements.

In the EU (but not the U.K.), AIFMD is expected to be amended in 2024. On November 10, 2023, the European Commission published a near-final amending directive, commonly referred to as "AIFMD II". Assuming AIFMD II is adopted promptly and published in the Official Journal without delay in 2024, most of the changes will become effective in 2026, subject to the grandfathering period for certain of the loan origination provisions and certain Annex IV disclosure requirements which will become effective a year later. It is not yet clear to what extent (if any) the U.K. will seek to reflect AIFMD II in its domestic rules implementing AIFMD.

AML and AELM are both investment firms within the meaning of Directive 2014/65/EU on Markets in Financial Instruments ("MiFID II"). Notwithstanding Brexit, the U.K.'s rules implementing MiFID II continue to have effect and the accompanying Markets in Financial Instruments Regulation 600/2014/EU ("MiFIR") has been on-shored into U.K. law in connection with this withdrawal. The operations of AML and AELM are primarily governed by U.K. laws and regulatory rules implementing MiFID II, MiFIR and other associated legislation, rules and guidance. AMUKL is subject to certain provisions of U.K.-retained MiFID II because it has top-up permissions to provide certain U.K.-retained MiFID investment services. AM Lux is subject to certain provisions of EU MiFID II because it has top-up permissions to provide certain MiFID investment services. The main business of AM Lux and the U.K. Regulated Entities is to provide asset management services to clients in Europe.

MiFID II and MiFIR extended the Markets and Financial Instruments Directive ("MiFID") requirements in a number of areas with more prescriptive and onerous obligations with respect to costs and charges disclosure, product design and governance, the receipt and payment of inducements, the receipt of and payment for investment research, suitability and appropriateness assessments, conflicts of interest, record-keeping, best execution, transaction and trade reporting, remuneration, training and competence and corporate governance. Certain aspects of MiFID II and MiFIR are subject to review and change in both the EU and the U.K.

Effective January 1, 2022, the U.K. introduced a prudential regulatory framework for U.K. investment firms (the "Investment Firm Prudential Regime" or "IFPR"). IFPR applies to AML and AELM as U.K. MiFID investment firms as well as to AMUKL, as a U.K. AIFM with MiFID "top-up" permissions. Under IFPR, among other requirements, AML, AMUKL and AELM are required to maintain more onerous policies regarding remuneration of staff, to set an appropriate ratio between the variable and fixed components of total remuneration and to meet requirements on the structure of variable remuneration. AML and AMUKL are considered to be part of the same "prudential consolidation group", and many of the requirements of IFPR (including but not limited to capital, liquidity and remuneration) apply at the consolidated group level. Under IFPR, each of AML, AMUKL and AELM have made public disclosures on their websites in relation to their: (i) own funds, own funds requirements and governance structures; (ii) risk management; and (iii) remuneration. The new public disclosure requirements mandate more detail, including quantitative information on remuneration paid to staff, split in between classes of employees, and confirmation of the highest severance payment awarded to an individual material risk taker. The requirements of this

regime may lead to additional operational and compliance complexity in the short to medium term and possibly higher regulatory capital requirements for the affected firms.

The U.K. has introduced an important and substantial regime, the Consumer Duty, designed to improve outcomes for retail investors, aspects of which became effective on July 31, 2023. Although Ares entities do not generally deal with consumers in the ordinary sense, the regime will apply to certain of our funds.

Our operations and our investment activities worldwide are subject to a variety of regulatory regimes that vary by country. These include operating subsidiaries of Ares Management Asia (Holdings) Limited, which are subject to regulation by various regulatory authorities, including the Securities and Futures Commission of Hong Kong and Monetary Authority of Singapore. In addition, as the ultimate parent of the controlling entity of Aspida Re, a Bermuda Class E insurance company, we are considered its “shareholder controller” (as defined in the Bermuda Insurance Act) by the Bermuda Monetary Authority (the “BMA”).

## **Competition**

The investment management industry is intensely competitive, and we expect it to remain so. We compete globally and on a regional, industry and asset basis.

We face competition both in the pursuit of fund investors and investment opportunities. Generally, our competition varies across business lines, geographies and financial markets. We compete for outside investors based on a variety of factors, including investment performance, investor perception of investment managers’ drive, focus and alignment of interest, quality of service provided to and duration of relationship with investors, breadth of our product offering, business reputation and the level of fees and expenses charged for services. We compete for investment opportunities both at our funds and for strategic acquisitions by us based on a variety of factors, including breadth of market coverage and relationships, access to capital, transaction execution skills, the range of products and services offered, innovation and price.

We face competition in our direct lending, trading, acquisitions and other investment activities primarily from traditional asset managers, business development companies, specialized funds, investment managers and other financial institutions, and we expect that competition will continue to increase. Many of these competitors in some of our businesses are substantially larger and have considerably greater financial, technical and marketing resources than are available to us. Many of these competitors have similar investment objectives to us, which may create additional competition for investment opportunities. Some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities. In addition, some of these competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make. Corporate buyers may be able to achieve synergistic cost savings with regard to an investment that may provide them with a competitive advantage in bidding for an investment. Lastly, institutional and individual investors are allocating increasing amounts of capital to alternative investment strategies. Several large institutional investors have announced a desire to consolidate their investments in a more limited number of managers. We expect that this will cause competition in our industry to intensify and could lead to a reduction in the size and duration of pricing inefficiencies that many of our funds seek to exploit.

Competition is also intense for the attraction and retention of qualified employees. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

For additional information concerning the competitive risks that we face, see “Item 1A. Risk Factors—Risks Related to Our Businesses—The investment management business is intensely competitive.”

## **Available Information**

Ares Management Corporation is a Delaware corporation. Our telephone number is (310) 201-4100 and our website address is <http://www.aresmgmt.com>. Information on our website is not a part of this report and is not incorporated by reference herein. We make available free of charge on our website or provide a link on our website to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. To access these filings, go to the “Investor Resources” section of our website and then click on “SEC Filings.” In addition, these reports and the other documents we file with the SEC are available at a website maintained by the SEC at <http://www.sec.gov>.

## Item 1A. Risk Factors

### Risk Factor Summary

Our businesses are subject to a number of inherent risks. We believe that the primary risks affecting our businesses and an investment in shares of our Class A common stock are:

- difficult market and political conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital;
- we operate in a complex regulatory and tax environment involving rules and regulations (both domestic and foreign), some of which are outdated relative to today's global financial activities and some of which are subject to political influence, which could restrict or require us to adjust our operations or the operations of our funds or portfolio companies and subject us to increased compliance costs and administrative burdens, as well as restrictions on our business activities;
- inflation has adversely affected and may continue to adversely affect our business, results of operations and financial condition of our funds and their portfolio companies;
- if we are unable to raise capital from investors or deploy capital into investments, or if any of our management fees are waived or reduced, or if we fail to realize investments and generate carried interest or incentive fees, our revenues and cash flows would be materially reduced;
- we are subject to risks related to our dependence on members of the Executive Management Committee, senior professionals and other key personnel as well as attracting, retaining and developing human capital in a highly competitive talent market;
- we may experience reputational harm if we fail to appropriately address conflicts of interest or if we, our employees, our funds or their portfolio companies fail (or are alleged to have failed) to comply with applicable regulations in an increasingly complex political and regulatory environment;
- we face intense competition in the investment management business for investment opportunities;
- our growth strategy contemplates acquisitions and entering new lines of business and expanding into new investment strategies, geographic markets and businesses, which subject us to numerous risks, expenses and uncertainties, including related to the integration of development opportunities, acquisitions or joint ventures;
- we derive a significant portion of our management fees from ARCC;
- economic U.S. and foreign sanction laws may prohibit us and our affiliates from transacting with certain countries, individuals and companies;
- our international operations subject us to numerous regulatory, operational and reputational risks and expenses;
- we are subject to operational risks and risks in using prime brokers, custodians, counterparties, administrators and other agents;
- the increasing demands of fund investors, including the potential for fee compression and changes to other terms, could materially adversely affect our future revenues;
- we and our third-party service providers may be subject to cybersecurity risks and our business could be adversely affected by changes to data protection laws and regulations;
- we may be subject to litigation and reputational risks and related liabilities or risks related to employee misconduct, fraud and other deceptive practices;
- increases in interest rates could negatively impact the values of certain assets or investments and the ability of our funds and their portfolio companies to access the debt markets on attractive terms, which could adversely impact investment and realization opportunities;
- the use of leverage by us and our funds exposes us to substantial risks, including related to the selection of a replacement for London Interbank Offered Rate ("LIBOR");

- asset valuation methodologies can be highly subjective and the value of assets may not be realized;
- our funds may perform poorly due to market conditions, political actions or environments, monetary and fiscal policy or other conditions beyond our control;
- third-party investors in our funds may not satisfy their contractual obligation to fund capital calls or may exercise redemption, termination or dissolution rights;
- we are subject to risks relating to our contractual rights and obligations under our funds' governing documents and investment management agreements;
- a downturn in the global credit markets could adversely affect our CLO investments;
- due to our and our funds' investments in certain market sectors, such as power, infrastructure and energy, real estate and insurance, we are subject to risks and regulations inherent to those industries;
- if we were deemed to be an "investment company" under the Investment Company Act, applicable restrictions could make it impractical for us to continue our businesses as contemplated;
- due to the Holdco Members ownership and control of our shares of common stock, holders of our Class A common stock will generally have no influence over matters on which holders of our common stock vote and limited ability to influence decisions regarding our business;
- we are subject to risks related to our categorization as a "controlled company" within the meaning of the NYSE listing standards;
- potential conflicts of interest may arise among the holders of Class B and Class C common stock and the holders of our Class A common stock;
- our holding company structure, Delaware law and contractual restrictions may limit our ability to pay dividends to the holders of our Class A and non-voting common stock;
- other anti-takeover provisions in our charter documents could delay or prevent a change in control; and
- we are subject to risks related to our tax receivable agreement (the "TRA").

#### **Risks Related to Our Businesses**

***Difficult market and political conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition.***

Our businesses are materially affected by conditions in the global financial markets and economic and political conditions throughout the world, such as interest rates, the availability and cost of credit, persistent inflation, changes in laws (including laws relating to our taxation, taxation of our investors and the possibility of changes to regulations applicable to alternative asset managers), trade policies, commodity prices, tariffs, currency exchange rates and controls and national and international political circumstances (including wars and other forms of conflict, civil unrest, terrorist acts, and security operations), general economic uncertainty and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, other adverse weather and climate conditions and pandemics. These factors are outside of our control and may affect the level and volatility of securities prices and the liquidity and value of investments, and we may not be able to or may choose not to manage our exposure to these conditions.

Global financial markets have experienced heightened volatility in recent periods, including as a result of economic and political events in or affecting the world's major economies, such as the conflict between Russia and Ukraine and more recently between Israel and Hamas and the ongoing instability in the Middle East region. Sanctions imposed by the U.S. and other countries in connection with hostilities between Russia and Ukraine and the tensions between China and Taiwan have caused additional financial market volatility and affected the global economy. Concerns over increasing inflation, economic recession, as well as interest rate volatility and fluctuations in oil and gas prices resulting from global production and demand levels, as well as geopolitical tension, have exacerbated market volatility. Market uncertainty and volatility have also been magnified as a result of the upcoming 2024 U.S. presidential and congressional elections and resulting uncertainties regarding actual and potential shifts in U.S. and foreign, trade, economic and other policies.

In addition, numerous structural dynamics and persistent market trends have exacerbated volatility and market uncertainty. Concerns over significant volatility in the commodities markets, sluggish economic expansion in foreign economies, including continued concerns over growth prospects in China and emerging markets, growing debt loads for certain countries, uncertainty about the consequences of the U.S. and other governments withdrawing monetary stimulus measures and speculation about a possible recession all highlight the fact that economic conditions remain unpredictable and volatile. U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit-rating downgrades and economic slowdowns or a recession in the U.S. In recent periods, geopolitical tensions, including between the U.S. and China, have escalated. Further escalation of such tensions and the related imposition of sanctions or other trade barriers may negatively impact the rate of global growth, particularly in China, where growth has slowed. Moreover, there is a risk of both sector-specific and broad-based volatility, corrections and/or downturns in the commodities, equity and credit markets. Any of the foregoing could have a significant impact on the markets in which we operate and a material adverse impact on our business prospects and financial condition.

A number of factors have had and may continue to have an adverse impact on credit markets in particular. The weakness and the uncertainty regarding the stability of the oil and gas markets resulted in a tightening of credit across multiple sectors. In addition, in an effort to combat inflation the Federal Reserve has increased the federal funds rate in 2023. Although the Federal Reserve left its benchmark rates steady in the fourth quarter of 2023, it has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures. Changes in and uncertainty surrounding interest rates may have a material effect on our business, particularly with respect to the cost and availability of financing for significant acquisition and disposition transactions. Moreover, while conditions in the U.S. economy have generally improved since the credit crisis, many other economies continue to experience weakness, tighter credit conditions and a decreased availability of foreign capital. Since credit represents a significant portion of our business and ongoing strategy, any of the foregoing could have a material adverse impact on our business prospects and financial condition.

These and other conditions in the global financial markets and the global economy may result in adverse consequences for us and our funds, each of which could adversely affect the business of such funds, restrict such funds' investment activities, impede such funds' ability to effectively achieve their investment objectives and result in lower returns than we anticipated at the time certain of our investments were made. More specifically, these economic conditions could adversely affect our operating results by causing:

- decreases in the market value of securities, debt instruments or investments held by some of our funds;
- illiquidity in the market, which could adversely affect transaction volumes and the pace of realization of our funds' investments or otherwise restrict the ability of our funds to realize value from their investments, thereby adversely affecting our ability to generate performance or other income;
- our assets under management to decrease, thereby lowering a portion of our management fees payable by our funds to the extent they are based on market values; and
- increases in costs or reduced availability of financial instruments that finance our funds.

During periods of difficult market conditions or slowdowns (which may be across one or more industries, sectors or geographies), companies in which we and our funds invest may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us and our funds. Negative financial results in our funds' portfolio companies may reduce the value of their portfolio companies, the net asset value of our funds and the investment returns for our funds, which could have a material adverse effect on our operating results and cash flow. In addition, such conditions would increase the risk of default with respect to credit-oriented or debt investments. Our funds may be adversely affected by reduced opportunities to exit and realize value from their investments, by lower than expected returns on investments made prior to the deterioration of the credit markets and by our inability to find suitable investments for the funds to effectively deploy capital, which could adversely affect our ability to raise new funds and thus adversely impact our prospects for future growth.

***Inflation has adversely affected and may continue to adversely affect our business, results of operations and financial condition of our funds and their portfolio companies.***

Certain of our funds and their portfolio companies are in industries that have been impacted by inflation. Although the U.S. inflation rate has decreased in the fourth quarter, it remains well above the historic levels over the past several decades. Such inflationary pressures have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our funds' portfolio companies' operations. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results. In addition, any



projected future decreases in the operating results of our funds' portfolio companies due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our fund investments could result in future realized or unrealized losses.

***Political and regulatory conditions, including the effects of negative publicity surrounding the financial industry in general and proposed legislation, could adversely affect our businesses.***

As a result of market disruptions and highly publicized financial scandals in recent years, regulators and investors have exhibited concerns over the integrity of the U.S. financial markets. The businesses that we operate both in and outside the U.S. will be subject to new or additional regulations. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the CFTC, FINRA or other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We may also be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

In recent periods there has been an increasing level of public discourse, debate and media coverage regarding the appropriate extent of regulation and oversight of the financial industry, including investment firms, as well as the tax treatment of certain investments and income generated from such investments. For further discussion regarding legislation affecting the taxation of carried interest, see “—We depend on the members of the Executive Management Committee, senior professionals and other key personnel, and our ability to retain them and attract additional qualified personnel is critical to our success and our growth prospects.” There is ongoing uncertainty regarding prospective changes in law and regulation affecting the U.S. private equity industry, including the possibility of significant revision to the Code and U.S. securities and financial laws, rules and regulations. See “—Risks Related to Taxation—Applicable U.S. and foreign tax law, regulations, or treaties, and changes in such tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could adversely affect our effective tax rate, tax liability, financial condition and results, ability to raise funds from certain foreign investors, increase our compliance or withholding tax costs and conflict with our contractual obligations” and “—Risks Related to Regulation—Extensive regulation affects our activities, increases the cost of doing business and creates the potential for significant liabilities and penalties that could adversely affect our businesses and results of operations.” The likelihood of occurrence and the effect of any such change is highly uncertain and could have an adverse impact on us, our funds and their portfolio companies.

***Changes in relevant tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities may adversely affect our effective tax rate, tax liability and financial condition and results.***

Any substantial changes in domestic or international corporate tax policies, regulations or guidance, enforcement activities or legislative initiatives may adversely affect our business, the amount of taxes we are required to pay and our financial condition and results of operations generally. Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner in which they apply to us and our funds is sometimes open to interpretation. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Although management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. For an overview of certain relevant U.S. tax laws and relevant foreign tax laws, see “—Risks Related to Taxation—Applicable U.S. and foreign tax law, regulations, or treaties, and changes in such tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could adversely affect our effective tax rate, tax liability, financial condition and results, ability to raise funds from certain foreign investors, increase our compliance or withholding tax costs and conflict with our contractual obligations.”

***Our business depends in large part on our ability to raise capital from investors. If we were unable to raise such capital, we would be unable to collect management fees or deploy such capital into investments, which would materially reduce our revenues and cash flow and adversely affect our financial condition.***

Our ability to raise capital from investors depends on a number of factors, including many that are outside our control. Investors may downsize their investment allocations to alternative asset managers to rebalance a disproportionate weighting of their overall investment portfolio among asset classes. If the value of an investor's portfolio decreases as a whole, the amount available to allocate to alternative investments could decline. Further, investors often evaluate the amount of distributions they have received from existing funds when considering commitments to new funds. Poor performance of our funds, or regulatory or tax constraints, could also make it more difficult for us to raise new capital. Our investors and potential investors continually assess our funds' performance independently and relative to market benchmarks and our competitors, which affects our ability to raise capital for existing and future funds. If economic and market conditions deteriorate or continue to be volatile, investors may delay making new commitments to funds and/or we may be unable to raise sufficient amounts of capital to support the

investment activities of future funds. We may not be able to find suitable investments for the funds to effectively deploy capital, which could reduce our revenues and cash flow and adversely affect our financial condition as well as our ability to raise new funds and our prospects for future growth. In addition, certain investors have implemented or may implement restrictions against investing in certain types of asset classes, such as fossil fuels, which would affect our ability to raise new funds focused on those asset classes. If we were unable to successfully raise capital, our revenue and cash flow would be reduced, and our financial condition would be adversely affected. Furthermore, while our senior professionals have committed substantial capital to our funds, commitments from new investors may depend on the commitments made by our senior professionals to new funds and there can be no assurance that there will be further commitments to our funds by these individuals, and any future investments by them in our funds or other alternative investment categories will likely depend on the performance of our funds, the performance of their overall investment portfolios and other investment opportunities available to them.

***The financial projections of our portfolio companies could prove inaccurate.***

Our funds generally establish the capital structure of portfolio companies on the basis of financial projections prepared by the management of such portfolio companies. These projected operating results will normally be based primarily on judgments of the management of the portfolio companies. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic conditions, which are not predictable, along with other factors may cause actual performance to fall short of the financial projections that were used to establish a given portfolio company's capital structure. Because of the leverage that we typically employ in our investments, this could cause a substantial decrease in the value of our equity holdings in the portfolio company. The inaccuracy of financial projections could result in actual performance differing from expectations.

***We depend on the members of the Executive Management Committee, senior professionals and other key personnel, and our ability to retain them and attract additional qualified personnel is critical to our success and our growth prospects.***

We depend on the diligence, skill, judgment, business contacts and personal reputations of the members of the Executive Management Committee, senior professionals and other key personnel. Our future success will depend upon our ability to retain our senior professionals and other key personnel and our ability to recruit additional qualified personnel. These individuals possess substantial experience and expertise in investing, are responsible for locating and executing our funds' investments, have significant relationships with the institutions that are the source of many of our funds' investment opportunities and, in certain cases, have strong relationships with our investors. Therefore, if any of our senior professionals or other key personnel join competitors or form competing companies, it could result in the loss of significant investment opportunities, limit our ability to raise capital from certain existing investors or result in the loss of certain existing investors. There is no guarantee that the non-competition and non-solicitation agreements to which certain of our senior professionals and other key personnel are subject, together with our other arrangements with them, will prevent them from leaving, joining our competitors or otherwise competing with us. Such agreements also expire after a certain period of time, at which point such senior personnel would be free to compete against us and solicit our clients and employees. In addition, there is no assurance that such agreements will be enforceable in all cases, particularly as U.S. states and/or federal agencies enact legislation or adopt rules aimed at effectively prohibiting non-competition agreements. In this respect, in January 2023, the U.S. Federal Trade Commission ("FTC") published a proposed rule that, if finally issued, would generally prohibit post-employment non-compete clauses (or other clauses with comparable effect) in agreements between employers and their employees. If issued, the proposed rule could adversely affect our ability to recruit and retain our professionals.

The departure or bad acts of any of our senior professionals, or a significant number of our other investment professionals, could have a material adverse effect on our ability to achieve our investment objectives, cause certain of our investors to withdraw capital they invest with us or elect not to commit additional capital to our funds or otherwise have a material adverse effect on our business and our prospects. Turnover and associated costs of rehiring, the loss of human capital through attrition and the reduced ability to attract talent could impair our ability to implement our growth strategy and maintain our standards of excellence. Further the departure of some or all of those individuals could also trigger certain "key person" provisions in the documentation governing certain of our funds, which would permit the investors in those funds to suspend or terminate such funds' investment periods or, in the case of certain funds, permit investors to withdraw their capital prior to expiration of the applicable lock-up date. We do not carry any "key person" insurance that would provide us with proceeds in the event of the death or disability of any of our senior professionals, and we do not have a policy that prohibits our senior professionals from traveling together. See "[Risks Related to Regulation—Employee misconduct could harm us by impairing our ability to attract and retain investors and subjecting us to significant legal liability, regulatory scrutiny and reputational harm.](#)"

We anticipate that it will be necessary for us to add investment professionals both to grow our businesses and to replace those who depart. Competition for qualified, motivated, and highly-skilled executives, professionals and other key personnel in investment management firms is significant, both in the U.S. and internationally, and we may not succeed in

recruiting additional personnel or we may fail to effectively replace current personnel who depart with qualified or effective successors. We seek to offer our personnel meaningful professional development opportunities and programs such as employee engagement, training and development opportunities and periodic review processes. We also seek to provide our personnel with competitive benefits and compensation packages. However, these efforts may not be sufficient to enable us to attract, retain and motivate qualified individuals to support our business and growth.

The tax treatment of carried interest has continued to be an area of focus for policymakers and government officials, which could result in a further regulatory action by federal or state governments. Congress and the current Presidential administration may consider legislation to further extend the holding period for carried interest to qualify for long-term capital gains treatment, have carried interest taxed as ordinary income rather than as capital gain, impose surcharges on carried interest or increase the capital gains tax rate. Tax authorities and legislators in other jurisdictions in which Ares has investments or employees could clarify, modify or challenge their treatment of carried interest. For example, the U.K. government has suggested, following a report by the Office of Tax Simplification on the U.K. Capital Gains Tax Regime, that it is keeping the regime under review. Such review could result in a change to the taxation of carried interest with respect to our U.K. investment professionals. If any of these potential changes were effectuated, the amount of taxes that our employees and other key personnel would be required to pay could increase materially and could impact our ability to recruit, retain and motivate employees and key personnel in the relevant jurisdictions or could require us in certain circumstances to consider alternative or modified incentive arrangements for such employees or key personnel. Our efforts to retain and attract investment professionals may also result in significant additional expenses, which could adversely affect our profitability or result in an increase in the portion of our carried interest and incentive fees that we grant to our investment professionals. Additionally, we expect expenses related to equity-based compensation to increase in the future as we grant equity-based awards to attract, retain and compensate employees.

***Our failure to appropriately address conflicts of interest could damage our reputation and adversely affect our businesses.***

As we expand the number and scope of our businesses, we increasingly confront potential conflicts of interest relating to our and our funds' investment activities. These conflicts are most likely to arise between or among our funds or between one or more funds across our Credit, Private Equity, Real Assets and Secondaries Groups, and other businesses including any SPACs and similar investment vehicles that we sponsor. These conflicts of interest include:

- we and certain of our funds may have overlapping investment objectives, including funds that have different fee structures, and potential conflicts may arise with respect to our decisions regarding how to allocate investment opportunities. For example, a decision to receive material non-public information about a company while pursuing an investment opportunity may give rise to a potential conflict of interest if it results in our having to restrict any fund or other part of our business from trading in the securities of such company;
- we may allocate an investment opportunity that is appropriate for Ares and/or multiple funds in a manner that excludes one or more funds or results in a disproportionate allocation based on factors or criteria that we determine, such as differences with respect to available capital, the size of a fund, minimum investment amounts and remaining life of a fund, differences in investment objectives or current investment strategies, such as objectives or strategies, differences in risk profile at the time an opportunity becomes available, the potential transaction and other costs of allocating an opportunity among various funds, potential conflicts of interest, including whether multiple funds have an existing investment in the security in question or the issuer of such security, the nature of the security or the transaction including the size of investment opportunity, minimum investment amounts and the source of the opportunity, current and anticipated market and general economic conditions, existing positions in an issuer/security, prior positions in an issuer/security and other considerations deemed relevant to us;
- our funds may acquire positions in a single portfolio company, for example, where the fund that made an initial investment no longer has capital available to invest;
- our funds may invest in different parts of the capital structure of a company in which one or more of our other funds invests. For example, one or more funds may invest in a controlling or other equity interest issued by a portfolio company in which a different fund holds debt securities. Additionally, in connection with an investment we may create multiple tranches of a capital structure and our funds may be allocated investments in these tranches on terms established by us. The interests of our funds may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of conflicts of interest. Further, a direct conflict of interest could arise between the security holders if such a company were to become distressed or develop insolvency concerns. Actions taken for one or more of our funds may be adverse to us or other of our funds;
- our affiliates or portfolio companies may be service providers or counterparties to our funds or portfolio companies and receive fees or other compensation for services that are not shared with our fund investors. In such instances, we

may be incentivized to cause our funds or portfolio companies to purchase such services from our affiliates or portfolio companies rather than an unaffiliated service provider despite the fact that a third-party service provider could potentially provide higher quality services or offer them at a lower cost;

- funds in one group could be restricted from selling their positions in such companies for extended periods because investment professionals in another group sit on the boards of such companies or because another part of the firm has received private information;
- certain funds in different groups may invest alongside each other in the same security. ARCC, ASIF and other registered closed-end management investment companies managed by us are permitted to co-invest in portfolio companies with each other and with affiliated funds pursuant to an SEC order (the “Co-Investment Exemptive Order”). The different investment objectives or terms of such funds may result in a potential conflict of interest, including in connection with the allocation of investments between the funds made pursuant to the Co-Investment Exemptive Order;
- conflicts of interest may exist in the valuation of our investments (which can affect fees and carried interest) and regarding decisions about the allocation of specific investment opportunities among us and our funds and the allocation of fees and costs among us, our funds and their portfolio companies; and
- fund investors may perceive conflicts of interest regarding investment decisions for funds in which our investment professionals, who have made and may continue to make significant personal investments, are personally invested.

Though we believe we have appropriate means and oversight to resolve these conflicts, our judgment on any particular allocation could be challenged. While we have developed general guidelines regarding when two or more funds can invest in different parts of the same company’s capital structure and created a process that we employ to handle such conflicts if they arise, our decision to permit the investments to occur in the first instance or our judgment on how to minimize the conflict could be challenged. If we fail to appropriately address any such conflicts, it could negatively impact our reputation and ability to raise additional funds and the willingness of counterparties to do business with us or result in potential litigation or regulatory action against us, which may adversely impact our business.

***Conflicts of interest may arise in our allocation of co-investment opportunities.***

As a general matter, our allocation of co-investment opportunities is entirely within our discretion and there can be no assurance that co-investments of any particular type or amount will be allocated to any of our funds or investors. There can be no assurance that co-investments will become available and we will take into account a variety of factors and considerations we deem relevant in our sole discretion in allocating co-investment opportunities, including, without limitation, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, our assessment of a potential co-investor’s ability to invest an amount of capital that fits the needs of the co-investment and its history of participating in Ares co-investments, the potential co-investor’s strategic value to the co-investment, our funds or future funds, the length and nature of our relationship with the potential co-investor, including whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Ares or any of its funds, our assessment of a potential co-investor’s ability to commit to a co-investment opportunity within the required timeframe of the particular transaction, the economic and other terms of such co-investment (e.g., whether management fees and/or carried interest would be payable to us and the extent thereof), and such other factors and considerations that we deem relevant in our sole discretion under the circumstances.

Certain funds in different groups may invest alongside each other in the same security. ARCC, ASIF and other registered closed-end management investment companies managed by us are permitted to co-invest in portfolio companies with each other and with affiliated funds pursuant to the Co-Investment Exemptive Order. The different investment objectives or terms of such funds may result in a potential conflict of interest, including in connection with the allocation of investments between the funds made pursuant to the Co-Investment Exemptive Order. In addition, conflicts of interest may exist in the valuation of our investments and regarding decisions about the allocation of specific investment opportunities among us and our funds and the allocation of fees and costs among us, our funds and their portfolio companies. We, from time to time, incur fees, costs, and expenses on behalf of more than one fund. To the extent such fees, costs, and expenses are incurred for the account or benefit of more than one fund, each such fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which such expense relates (subject to the terms of each fund’s governing documents) or in such other manner as we consider fair and equitable under the circumstances such as the relative fund size or capital available to be invested by such funds. Where a fund’s governing documents do not permit the payment of a particular expense, we will generally pay such fund’s allocable portion of such expense.

Potential conflicts will arise with respect to our decisions regarding how to allocate co-investment opportunities among our funds and investors and the terms of any such co-investments. Our fund documents typically do not mandate specific

allocations with respect to co-investments. The investment advisers of our funds may have an incentive to provide co-investment opportunities to certain investors in lieu of others. Co-investment arrangements may be structured through one or more of our investment vehicles, and in such circumstances, co-investors will generally bear the costs and expenses thereof (which may lead to conflicts of interest regarding the allocation of costs and expenses between such co-investors and investors in our other funds). The terms of any such existing and future co-investment vehicles may differ materially, and in some instances may be more favorable to us, than the terms of certain of our funds or prior co-investment vehicles, and such different terms may create an incentive for us to allocate a greater or lesser percentage of an investment opportunity to such funds or such co-investment vehicles, as the case may be. Such incentives will from time to time give rise to conflicts of interest. There can be no assurance that any conflicts of interest will be resolved in favor of any particular funds or investors (including any applicable co-investors) and such investment fund or investor (or the SEC) may challenge our treatment of such conflict, which could impose costs on our business and expose us to potential liability.

We may also decide to provide a co-investment opportunity to certain investors in lieu of allocating more of that investment to our funds, which may adversely impact our fundraising activity.

***The investment management business is intensely competitive.***

The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, business relationships, quality of service provided to investors, investor liquidity and willingness to invest, fund terms (including fees), brand recognition and business reputation. We compete with a number of private equity funds, specialized funds, hedge funds, corporate buyers, traditional asset managers, real estate development companies, commercial banks, investment banks, other investment managers and other financial institutions, as well as domestic and international pension funds and sovereign wealth funds, and we expect that competition will continue to increase.

Numerous factors increase our competitive risks, including, but not limited to:

- a number of our competitors in some of our businesses have greater financial, technical, marketing and other resources and more personnel than we do;
- some of our funds may not perform as well as competitors' funds or other available investment products;
- several of our competitors have raised significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities;
- some of our competitors may have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to our funds, particularly our funds that directly use leverage or rely on debt financing of their portfolio investments to generate superior investment returns;
- some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds than us, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make;
- some of our competitors may be subject to less regulation and, accordingly, may have more flexibility to undertake and execute certain businesses or investments than we do and/or bear less compliance expense than we do;
- some of our competitors may not have the same types of conflicts of interest as we do;
- some of our competitors may have more flexibility than us in raising certain types of funds under the investment management contracts they have negotiated with their investors;
- some of our competitors may have better expertise or be regarded by investors as having better expertise or reputation in a specific asset class or geographic region than we do;
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;
- our competitors have instituted or may institute low cost high speed financial applications and services based on artificial intelligence and new competitors may enter the asset management space using new investment platforms based on artificial intelligence; and

- other industry participants may, from time to time, seek to recruit our investment professionals and other employees away from us.

Developments in financial technology, such as a distributed ledger technology (or blockchain), have the potential to disrupt the financial industry and change the way financial institutions, including investment managers, do business, and could exacerbate these competitive pressures.

We may lose investment opportunities in the future if we do not match pricing, structures and terms offered by our competitors. Alternatively, we may experience decreased profitability, rates of return and increased risks of loss if we match pricing, structures and terms offered by our competitors.

In addition, the attractiveness of investments in our funds relative to other investment products could decrease depending on economic conditions. This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future funds, either of which would adversely impact our businesses, revenues, results of operations and cash flow.

Lastly, institutional and individual investors are allocating increasing amounts of capital to alternative investment strategies. Several large institutional investors have announced a desire to consolidate their investments in a more limited number of managers. We expect that this will cause competition in our industry to intensify and could lead to a reduction in the size and duration of pricing inefficiencies that many of our funds seek to exploit. Increased competition may adversely impact our ability to deploy capital, which could reduce our revenues and cash flow and adversely affect our financial condition.

***Poor performance of our funds would cause a decline in our revenue and results of operations, may obligate us to repay carried interest previously paid to us and could adversely affect our ability to raise capital for future funds.***

We derive revenues primarily from:

- management fees, which are based generally on the amount of capital committed to or invested by our funds;
- carried interest and incentive fees, which are based on the performance of our funds; and
- returns on investments of our own capital in the funds and other investment vehicles, including SPACs, that we sponsor and manage.

When any of our funds perform poorly, either by incurring losses or underperforming benchmarks, as compared to our competitors or otherwise, our investment record suffers. As a result, our carried interest and incentive fees may be adversely affected and, all else being equal, the value of our assets under management could decrease, which may, in turn, reduce our management fees. Moreover, we may experience losses on investments of our own capital as a result of poor investment performance. If a fund performs poorly, we will receive little or no carried interest and incentive fees with regard to the fund and little income or possibly losses from our own principal investment in such fund. Furthermore, if, as a result of poor performance or otherwise, a fund does not achieve total investment returns that exceed a specified investment return threshold over the life of the fund or other measurement period, we may be obligated to repay the amount by which carried interest that was previously distributed or paid to us exceeds amounts to which we were entitled. Poor performance of our funds and other vehicles could also make it more difficult for us to raise new capital. Investors in our closed-end funds may decline to invest in future closed-end funds we raise as a result of poor performance. Investors in our open-ended funds may redeem their investment as a result of poor performance. Poor performance of our publicly-traded funds may result in stockholders selling their stock in such vehicles, thereby causing a decline in the stock price and limiting our ability to access capital. For further information on the impact of poor fund performance, see “—We may not be able to maintain our current fee structure as a result of industry pressure from fund investors to reduce fees, which could have an adverse effect on our profit margins and results of operations.”

In addition, if any of our subsidiaries become the sponsor of any SPACs that are unable to successfully complete a business combination within the time limitation provided for such SPAC, we may lose the entirety of our investment. See “—Risks Related to Regulation—Our investments in subsidiaries that have sponsored SPACs and invested in their business combination targets may expose us to increased liabilities, and we may suffer the loss of all or a portion of our investments if the SPAC does not complete a business combination by the applicable deadline or the target is unsuccessful.”

***ARCC's management fee comprises a significant portion of our management fees and a reduction in fees from ARCC could have an adverse effect on our revenues and results of operations.***

The management fees we receive from ARCC (including fees attributable to ARCC Part I Fees) comprise a significant percentage of our management fees. The investment advisory and management agreement we have with ARCC categorizes the

fees we receive as: (i) base management fees, which are paid quarterly and generally increase or decrease based on ARCC's total assets (excluding cash and cash equivalents); (ii) fees based on ARCC's net investment income (before ARCC Part I Fees and ARCC Part II Fees), which are paid quarterly ("ARCC Part I Fees"); and (iii) fees based on ARCC's net capital gains, which are paid annually ("ARCC Part II Fees"). We classify the ARCC Part I Fees as management fees because they are predictable and recurring in nature, not subject to contingent repayment and generally cash-settled each quarter. If ARCC's total assets or its net investment income (before ARCC Part I Fees and ARCC Part II Fees) were to decline significantly for any reason, including, without limitation, due to fair value accounting requirements, the poor performance of its investments or the failure to successfully access or invest capital, the amount of the fees we receive from ARCC, including the base management fee and the ARCC Part I Fees, would also decline significantly, which could have an adverse effect on our revenues and results of operations. In addition, because ARCC Part II Fees are not paid unless ARCC achieves cumulative aggregate realized capital gains (net of cumulative aggregate realized capital losses and aggregate unrealized capital depreciation), ARCC's Part II Fees payable to us are variable and not predictable. In addition, ARCC Part I Fees and ARCC Part II Fees may be subject to cash payment deferral if certain return hurdles in accordance with the contractual terms are not met, which could have an adverse effect on our cash flows if such deferral is sustained for an extended period. In such cases, the contractual payments to employees as compensation related to such ARCC Part I Fees and ARCC Part II Fees are also deferred, which would limit the associated impact to our liquidity. We may also, from time to time, waive or voluntarily defer any fees payable by ARCC in connection with strategic transactions.

Our investment advisory and management agreement with ARCC renews for successive annual periods subject to the approval of ARCC's board of directors or by the affirmative vote of the holders of a majority of ARCC's outstanding voting securities. In addition, as required by the Investment Company Act, both ARCC and its investment adviser have the right to terminate the agreement without penalty upon 60 days' written notice to the other party. Termination or non-renewal of this agreement would reduce our revenues significantly and could have a material adverse effect on our financial condition.

***We may not be able to maintain our current fee structure as a result of industry pressure from fund investors to reduce fees, which could have an adverse effect on our profit margins and results of operations.***

We may not be able to maintain our current fee structure as a result of industry pressure from fund investors to reduce fees. Although our investment management fees vary among and within asset classes, historically we have competed primarily on the basis of our performance and not on the level of our investment management fees relative to those of our competitors. In recent years, however, there has been a general trend toward lower fees in the investment management industry. The Institutional Limited Partners Association ("ILPA") published a set of Private Equity Principles (the "Principles") which called for enhanced "alignment of interests" between general partners and limited partners through modifications of some of the terms of fund arrangements, including proposed guidelines for fee structures. We promptly provided ILPA with our endorsement of the Principles, representing an indication of our general support for the efforts of ILPA. Although we have no obligation to modify any of our fees with respect to our existing funds, we may experience pressure to do so. More recently, institutional investors have been increasing pressure to reduce management and investment fees charged by external managers, whether through direct reductions, deferrals, rebates or other means. In addition, we may be asked by investors to waive or defer fees for various reasons, including during economic downturns or as a result of poor performance of our funds. We may not be successful in providing investment returns and service that will allow us to maintain our current fee structure. Fee reductions on existing or future new businesses could have an adverse effect on our profit margins and results of operations. For more information about our fees, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

In addition, we may not be able to maintain our current fee structure if we fail to grow the assets of our funds. This would limit our ability to earn additional management fees, carried interest and incentive fees, and ultimately affect our operating results. Our fund investors and potential fund investors continually assess our funds' performance independently and relative to market benchmarks and our competitors, and our ability to raise capital for existing and future funds and avoid excessive redemption levels depends on our funds' performance. Accordingly, poor fund performance may deter future investment in our funds and thereby decrease the capital invested in our funds and, ultimately, our management fee income. In the face of poor fund performance, investors could demand lower fees or fee concessions for existing or future funds which would likewise decrease our revenue.

***A major public health crisis, like the COVID-19 pandemic, could disrupt the U.S. and global economy and industries in which we, our funds and our funds' portfolio companies operate and negatively impact us, our funds or our funds' portfolio companies.***

A major public health crisis could impact the U.S. and global economy. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, has, and may in the future, adversely impact our and our funds' business and operations, as well as the business and

operations of our funds' portfolio companies. For example, such disruptions have adversely affected, and in the future could again, impair our ability to raise funds or deter fund investors from investing in new or successor funds that we are marketing particularly in certain industries in which certain of our funds' portfolio companies operate, including energy, hospitality, travel, retail and restaurant industries. Additionally, while restrictions have generally been lifted globally, and the World Health Organization has declared the end of the COVID-19 global health emergency, the COVID-19 pandemic contributed, and any future public health crisis could contribute, to adverse impacts on global commercial activity and supply chain operations and significant volatility in the equity and debt markets. Such volatility could increase credit and liquidity risk and hamper our and our funds' ability to deploy capital, all of which could negatively impact our and our funds' performance, as well as the business and operations of our funds' portfolio companies.

***Rapid growth of our businesses, particularly outside the U.S., may be difficult to sustain and may place significant demands on our administrative, operational and financial resources.***

Our assets under management have grown significantly in the past, and we are pursuing further growth in the near future, both organic and through acquisitions. Our rapid growth has placed, and planned growth, if successful, will continue to place significant demands on our legal, accounting, compliance and operational infrastructure and has increased expenses. The complexity of these demands, and the expense required to address them, is a function not simply of the amount by which our assets under management has grown, but of the growth in the variety and complexity of, as well as the differences in strategy between, our different funds. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the investment management market and legal, accounting, regulatory and tax developments.

Our future growth will depend in part on our ability to maintain an operating platform and management system sufficient to address our growth and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges in:

- maintaining adequate financial, regulatory (legal, tax and compliance) and business controls;
- providing current and future investors with accurate and consistent reporting;
- implementing new or updated information and financial systems and procedures;
- monitoring and enhancing our cybersecurity and data privacy risk management; and
- training, managing and appropriately sizing our work force and other components of our businesses on a timely and cost-effective basis.

We may not be able to manage our expanding operations effectively or be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

In addition, pursuing investment opportunities outside the U.S. presents challenges not faced by U.S. investments, such as different legal and tax regimes and currency fluctuations, which require additional resources to address. To accommodate the needs of global investors and strategies we must structure investment products in a manner that addresses tax, regulatory and legislative provisions in different, and sometimes multiple, jurisdictions. These laws may not always be consistent with each other. Further, in conducting business in foreign jurisdictions, we are often faced with the challenge of ensuring that our activities and those of our funds and, in some cases, our funds' portfolio companies, are consistent with U.S. or other laws with extraterritorial application, such as the USA PATRIOT Act and the U.S. Foreign Corrupt Practices Act (the "FCPA"). Moreover, actively pursuing international investment opportunities may require that we increase the size or number of our international offices. Pursuing foreign fund investors means that we must comply with international laws governing the sale of interests in our funds, different investor reporting, investor "know your customer" requirements and information processes and other requirements, which may impact our ability to service such investors. As a result, we are required to continuously develop our systems and infrastructure, including employing and contracting with foreign businesses and entities, in response to the increasing complexity and sophistication of the investment management market and legal, accounting and regulatory situations. This growth has required, and will continue to require, us to incur significant additional expenses and to commit additional senior management and operational resources. There can be no assurance that we will be able to manage or maintain appropriate oversight over our expanding international operations effectively or that we will be able to continue to grow this part of our businesses, and any failure to do so could adversely affect our ability to generate revenues and control our expenses. See "—Risks Related to Regulation—Regulatory changes in jurisdictions outside the U.S. could adversely affect our businesses."

***We may enter into new lines of business and expand into new investment strategies, geographic markets, strategic partnerships and businesses, each of which may result in additional risks, expenses and uncertainties in our businesses.***



We intend, if market conditions warrant, to grow our businesses by increasing assets under management in existing businesses and expanding into new investment strategies, geographic markets, strategic partnerships and businesses. We may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners, acquisition of companies, or other strategic initiatives (including through our other businesses), which may include entering into new lines of business. In addition, consistent with our past experience, we expect opportunities will arise to acquire other alternative or traditional asset managers.

Attempts to expand our businesses involve a number of special risks, including some or all of the following:

- the required investment of capital and other resources;
- the diversion of management's attention from our core businesses;
- the assumption of liabilities in any acquired business;
- the disruption of our ongoing businesses;
- entry into markets or lines of business in which we may have limited or no experience;
- increasing demands on our operational and management systems and controls;
- our assumption of the imposition on us of known or unknown claims or liabilities in an acquisition, including claims by government agencies or authorities, current or former employees or customers, former stockholders or other third parties;
- compliance with or applicability to our business or our funds' portfolio companies of regulations and laws, including, in particular, local regulations and laws and customs in the numerous jurisdictions in which we operate and the impact that noncompliance or even perceived noncompliance could have on us and our funds' portfolio companies;
- our inability to realize the anticipated operation and financial benefits from an acquisition for a number of reasons, including if we are unable to effectively integrate acquired businesses;
- potential increase in investor concentration; and
- the broadening of our geographic footprint, increasing the risks associated with conducting operations in certain foreign jurisdictions where we currently have little or no presence.

Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business does not generate sufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives may include joint ventures and business combinations through subsidiary sponsored SPACs, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to systems, controls and personnel that are not under our control or disputes with our joint venture partners. Because we have not yet identified these potential new investment strategies, geographic markets or lines of business, we cannot identify all of the specific risks we may face and the potential adverse consequences on us and their investment that may result from any attempted expansion.

***If we are unable to consummate or successfully integrate development opportunities, acquisitions or joint ventures, we may not be able to implement our growth strategy successfully.***

Our growth strategy is based, in part, on the selective development or acquisition of asset management businesses, advisory businesses or other businesses complementary to our business where we think we can add substantial value or generate substantial returns. The success of this strategy will depend on, among other things, (i) the availability of suitable opportunities, (ii) the level of competition from other companies that may have greater financial resources, (iii) our ability to value potential development or acquisition opportunities accurately and negotiate acceptable terms for those opportunities, (iv) our ability to obtain requisite approvals and licenses from the relevant governmental authorities and to comply with applicable laws and regulations without incurring undue costs and delays, (v) our ability to identify and enter into mutually beneficial relationships with venture partners, and (vi) our ability to properly manage conflicts of interest. In addition, our ability to integrate personnel at acquired businesses into our operations and culture may be impacted by the structure of acquisitions we make, such as contingent consideration and continuing governance rights retained by the sellers.

This strategy also contemplates the use of shares of our publicly-traded Class A common stock as acquisition consideration. Volatility or declines in the trading price of shares of our Class A common stock may make shares of our Class

A common stock less attractive to acquisition targets. Moreover, even if we are able to identify and successfully complete an acquisition, we may encounter unexpected difficulties or incur unexpected costs associated with integrating and overseeing the operations of the new businesses. If we are not successful in implementing our growth strategy, our business, financial results and the market price for shares of our Class A common stock may be adversely affected.

### **Risks Related to Regulation**

***Extensive regulation affects our activities, increases the cost of doing business and creates the potential for significant liabilities and penalties that could adversely affect our businesses and results of operations.***

***Overview of our regulatory environment and exemptions from certain laws.*** Our businesses are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which we operate. The SEC oversees the activities of our subsidiaries that are registered investment advisers under the Investment Advisers Act. FINRA and the SEC oversee the activities of our wholly owned subsidiaries AMCM and AWMS as registered broker-dealers, which also maintain licenses in many states. We are subject to audits by the Defense Security Service to determine whether we are under foreign ownership, control or influence. We are also increasingly subject to various data privacy and protection laws. If we are unable or fail to comply with such laws, we could be subject to fines, penalties, litigation or reputational harm.

Regulators are also increasing scrutiny and considering regulation of the use of artificial intelligence technologies. We cannot predict what, if any, actions may be taken, but such regulation could have a material adverse effect on our business and results of operations.

We regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the Investment Company Act, the Commodity Exchange Act and ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties who we do not control. If for any reason these exemptions were to be revoked or challenged or otherwise become unavailable to us, such action could increase our cost of doing business or subject us to regulatory action or third-party claims, which could have a material adverse effect on our businesses. For example, the “bad actor” disqualification provisions of Rule 506 of Regulation D under the Securities Act ban an issuer from offering or selling securities pursuant to the safe harbor in Rule 506 if the issuer, or any other “covered person,” is the subject of a criminal, regulatory or court order or other “disqualifying event” under the rule which has not been waived by the SEC. The definition of a “covered person” under the rule includes an issuer’s directors, general partners, managing members and executive officers and promoters and persons compensated for soliciting investors in the offering. Accordingly, our ability to rely on Rule 506 to offer or sell securities would be impaired if we or any “covered person” is the subject of a disqualifying event under the rule and we are unable to obtain a waiver or, in certain circumstances, terminate our involvement with such “covered person”.

SEC enforcement activity has increased under the current Presidential administration. While we have a robust compliance program in place, it is possible this enforcement activity will target practices which we believe are compliant, and which were not targeted by the prior Presidential administration. For example, the Biden administration and the current leadership of the SEC have signaled that they intend to seek to enact changes to numerous areas of law and regulations currently in effect. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has enacted rules that will meaningfully affect investment advisers and their management of private funds. These include rules with respect to fund audits, adviser-led secondary transactions, fee and expense allocation and reporting, beneficial ownership reporting under Exchange Act Sections 13(d) and 13(g), reporting on Form PF, borrowings, preferential investment terms, cybersecurity risk management, ESG disclosure, annual compliance reviews and outsourcing by investment advisers. The SEC is expected to propose additional changes in the future. Such current and future rulemaking is expected to materially impact private funds and private fund advisers and their operations, including increasing compliance burdens and regulatory costs, and heightened risk of regulatory enforcement action such as public sanctions, restrictions on activities, fines and reputational damage. For example, significant time and resources are expected to be required to comply with the private fund adviser rules that the SEC adopted on August 23, 2023, including costs related to reporting and disclosures to investors. Further, implementation of the private fund advisor rules may result in us evaluating certain of our fundraising practices, which could adversely impact fundraising. Any of the foregoing could lead to further regulatory uncertainty, particularly regarding those rules that are currently (or in the future may become) subject to legal challenge from private fund industry groups and others, result in changes to our operations and could materially impact our funds and/or their investments and/or the Company, including by causing us to incur additional expenses.

***Federal regulation.*** Under the Dodd-Frank Act, a 10 voting-member Financial Stability Oversight Council (“FSOC”) has the authority to review the activities of certain nonbank financial firms engaged in financial activities and designate them as systemically important financial institutions (“SIFI”), evaluating, among other things, the impact of the distress of the financial firm on the stability of the U.S. economy. Currently, there are no non-bank financial companies with a non-bank SIFI

designation. The FSOC has, however, designated certain non-bank financial companies as SIFIs in the past, and additional non-bank financial companies, which may include large asset management companies such as us, may be designated as SIFIs in the future. In November 2023, FSOC adopted amendments to its guidance regarding procedures for designating non-bank financial companies as SIFIs which eliminated the prior guidance's prioritization of an "activities-based" approach for identifying, assessing and addressing potential risks to financial stability. Under the previous guidance's "activities-based" approach, FSOC indicated that it would primarily focus on regulating activities that pose systemic risk rather than focusing on individual firm-specific determinations. The elimination of an "activities-based" approach over designation of an individual firm as a non-bank SIFI may increase the likelihood of FSOC designating one or more firms as a non-bank SIFI. If we were designated as such, it would result in increased regulation of our businesses, including the imposition of capital, leverage, liquidity and risk management standards, credit exposure reporting and concentration limits, enhanced public disclosures, restrictions on acquisitions and annual stress tests by the Federal Reserve. Requirements such as these, which were designed to regulate banking institutions, would likely need to be modified to be applicable to an asset manager, although no proposals have been made indicating how such measures would be adapted for asset managers.

Pursuant to the Dodd-Frank Act, regulation of the U.S. derivatives market is bifurcated between the CFTC and the SEC. Under the Dodd-Frank Act, the CFTC has jurisdiction over swaps and the SEC has jurisdiction over security-based swaps. Under CFTC rules, all swaps (other than security-based swaps) included in the definition of commodity interests. As a result, funds that utilize swaps (whether or not related to a physical commodity) may fall within the statutory definition of a commodity pool. If a fund qualifies as a commodity pool, then, absent an available exemption, the operator of such fund is required to register with the CFTC as a CPO. Registration with the CFTC renders such CPO subject to regulation, including with respect to disclosure, reporting, recordkeeping and business conduct, which could significantly increase operating costs by requiring additional resources.

Certain classes of interest rate swaps and certain classes of credit default swaps are subject to mandatory clearing, unless an exemption applies. Many of these swaps are also subject to mandatory trading on designated contract markets or swap execution facilities. The CFTC may propose rules designating other classes of swaps for mandatory clearing. Mandatory clearing and trade execution requirements may change the cost and availability of the swaps that we use, and expose our funds to the credit risk of the clearing house through which any cleared swap is cleared. In addition, federal bank regulatory authorities and the CFTC have adopted initial and variation margin requirements for swap dealers, security-based swap dealers and swap entities, including permissible forms of margin, custodial arrangements and documentation requirements for uncleared swaps and security-based swaps. The rules regarding variation margin requirements are now in effect, and as a result some of our funds are required to post collateral to satisfy the variation margin requirements which has made transacting in uncleared swaps more expensive.

Position limits imposed by various regulators, self-regulatory organizations or trading facilities on derivatives may also limit our ability to effect desired trades. Position limits represent the maximum amounts of net long or net short positions that any one person or entity may own or control in a particular financial instrument. The CFTC adopted a final rule that applies specific limits on speculative positions in 25 physical commodity futures contracts, futures and options directly or indirectly linked to such contracts as well as economically equivalent swaps. The final rule had a general compliance date of January 1, 2022 and became effective for economically equivalent swaps on January 1, 2023. The Dodd-Frank Act also authorizes the SEC to establish position limits on security-based swaps, which rules could have a similar impact on our business. The CFTC could propose to expand such requirements to other types of contracts in the future. These rules and any additional proposals could affect our ability and the ability for our funds to enter into derivatives transactions.

The Dodd-Frank Act authorizes federal regulatory agencies to review and, in certain cases, prohibit compensation arrangements at financial institutions that give employees incentives to engage in conduct deemed to encourage inappropriate risk-taking by covered financial institutions. In 2016, federal bank regulatory authorities and the SEC revised and re-proposed a rule that generally: (i) prohibits incentive-based payment arrangements that are determined to encourage inappropriate risks by certain financial institutions by providing excessive compensation or that could lead to material financial loss; and (ii) requires those financial institutions to disclose information concerning incentive-based compensation arrangements to the appropriate federal regulator. For more information on certain incentive compensation paid to our senior executive officers, see "—Risks Related to Shares of Our Common Stock—The market price of shares of our Class A common stock may decline due to the large number of shares of Class A common stock eligible for exchange and future sale." The Dodd-Frank Act also directs the SEC to adopt a rule that requires public companies to adopt and disclose policies requiring, in the event the company is required to issue an accounting restatement, the contingent repayment obligations of related incentive compensation from current and former executive officers. The SEC has proposed but not yet adopted such rule. To the extent the aforementioned rules are adopted, our ability to recruit and retain investment professionals and senior management executives could be limited.

It is difficult to determine the full extent of the impact on us of new laws, regulations or initiatives that may be proposed or whether any of the proposals will become law. In addition, as a result of proposed legislation, shifting areas of

focus of regulatory enforcement bodies or otherwise, regulatory compliance practices may shift such that formerly accepted industry practices become disfavored or less common. Any changes or other developments in the regulatory framework applicable to our businesses, including the changes described above and changes to formerly accepted industry practices, may impose additional costs on us, require the attention of our senior management or result in limitations on the manner in which we conduct our businesses. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. In addition, we may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. Compliance with any new laws or regulations could make compliance more difficult and expensive, affect the manner in which we conduct our businesses and adversely affect our profitability.

**State regulation.** A number of states and regulatory authorities require investment managers to register as lobbyists. We have registered as such in a number of jurisdictions, including California, Illinois, New York, Pennsylvania, Louisiana, Texas and Kentucky. Other states or municipalities may consider similar legislation or adopt regulations or procedures with similar effect. These registration requirements impose significant compliance obligations on registered lobbyists and their employers, which may include annual registration fees, periodic disclosure reports and internal recordkeeping, and may also prohibit the payment of contingent fees.

**Regulatory environment of our funds and portfolio companies of our funds.** Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. A failure to comply with the obligations imposed by the Investment Advisers Act, including recordkeeping, marketing and operating requirements, disclosure obligations and prohibitions on fraudulent activities, could result in investigations, sanctions, restrictions on the activities of us or our personnel and reputational damage. We are involved regularly in trading activities that implicate a broad number of U.S. and foreign securities and tax law regimes, including laws governing trading on inside information, market manipulation and a broad number of technical trading requirements that implicate fundamental market regulation policies. Violation of these laws could result in severe restrictions on our activities and damage to our reputation.

Compliance with existing and new or changing laws and regulations subjects us to significant costs. Moreover, our failure to comply with applicable laws or regulations, including labor and employment laws, could result in fines, censure, suspensions of personnel or other sanctions, including revocation of the registration of our relevant subsidiaries as investment advisers or registered broker-dealers. For example, the SEC requires investment advisers registered or required to register with the SEC under the Investment Advisers Act that advise one or more private funds and have at least \$150.0 million in private fund assets under management to periodically file reports on Form PF. We have filed, and will continue to file, quarterly reports on Form PF, which has resulted in increased administrative costs and requires a significant amount of attention and time to be spent by our personnel. The SEC recently adopted changes to Form PF which, among other requirements, require current reporting upon the occurrence of certain fund-level events, which will likely further increase related administrative costs and burdens. Most of the regulations to which our businesses are subject are designed primarily to protect investors in our funds and portfolio companies and to ensure the integrity of the financial markets. They are not designed to protect our stockholders. Even if a sanction is imposed against us, one of our subsidiaries or our personnel by a regulator for a small monetary amount, the costs incurred in responding to such matters could be material, the adverse publicity related to the sanction could harm our reputation, which in turn could have a material adverse effect on our businesses in a number of ways, making it harder for us to raise new funds and discouraging others from doing business with us.

In the past several years, the financial services industry, and private equity and alternative asset managers in particular, has been the subject of heightened scrutiny by regulators around the globe. In particular, the SEC and its staff have focused more narrowly on issues relevant to alternative asset management firms, including by adopting a number of new rules that will likely impose significant changes on investment advisers and their management of private funds and by forming specialized units devoted to examining such firms and, in certain cases, bringing enforcement actions against the firms, their principals and employees. In recent periods there have been a number of enforcement actions within the industry, and it is expected that the SEC will continue to pursue enforcement actions against private fund managers. This increased enforcement activity may cause us to reevaluate certain practices and adjust our compliance control function as necessary and appropriate.

A number of our investing activities, such as our direct lending business, are also subject to regulation by various U.S. and foreign regulators, and may become subject to new laws, regulations or initiatives. It is impossible to determine the full extent of the impact on us of existing regulation or any other new laws, regulations or initiatives that may be proposed or whether any of the proposals will become law. Any changes in the regulatory framework applicable to our businesses, including the changes described above, may impose additional costs on us, require the attention of our senior management or result in limitations on the manner in which we conduct our business. Complying with any new laws or regulations could be more

difficult and expensive, affect the manner in which we conduct our businesses and adversely affect our profitability. As of December 31, 2023, our direct lending AUM represented 46% of our total AUM.

The SEC's recent lists of examination priorities includes numerous items related to the oversight of asset managers to private funds, such as: (i) conflicts of interest; (ii) calculation and allocation of fees and expenses; (iii) compliance with certain rules under the Investment Advisers Act relating to marketing and custody; and (iv) policies and procedures regarding the use of alternative data. In addition, many firms have received inquiries during examinations or directly from the SEC's Division of Enforcement regarding private funds, including the acceleration of monitoring fees, the allocation of broken-deal expenses, the disclosure of operating partner or operating executive compensation, outside business activities of firm principals and employees, group purchasing arrangements and general conflicts of interest disclosures. Further, the SEC has recently adopted new rules and amendments to existing rules under the Investment Advisers Act that include: (i) a requirement for detailed quarterly disclosure to private fund investors regarding performance, fees and expenses (including disclosure of the compensation paid to the investment adviser and its affiliates by the private fund) and additional portfolio investment-level disclosure regarding compensation paid to the investment adviser and its affiliates by the portfolio investment; (ii) restrictions on a private fund adviser's ability to engage in certain activities and practices, such as charging certain fees or expenses, unless the adviser provides certain disclosures to investors, and in some cases, receive investor consent; (iii) limitations on an adviser's ability to grant certain types of preferential terms regarding redemption or information about portfolio holdings or exposures to only certain private fund investors (e.g., through side letters); (iv) a requirement to provide written notice to investors of preferential terms granted to certain investors in the same private fund; (v) a requirement to obtain an annual audit for each private fund advised by the adviser; (vi) a requirement to obtain a fairness opinion or valuation opinion in connection with an adviser-led secondary transaction; and (vii) a requirement for the adviser to document an annual compliance review in writing.

Further, the SEC has highlighted valuation practices as one of its areas of focus in investment adviser examinations and has instituted enforcement actions against advisers for misleading investors about valuation. If the SEC were to investigate and find errors in our methodologies or procedures, we and/or members of our management could be subject to penalties and fines, which could harm our reputation and our business, financial condition and results of operations could be materially and adversely affected.

***Regulations impacting the insurance industry could adversely affect our business and our operations, and our provision of products and services to insurance companies, including through Aspida, subjects us to a variety of risks and uncertainties.***

The insurance industry is subject to significant regulatory oversight, both in the U.S. and abroad. Regulatory authorities in many relevant jurisdictions have broad administrative, and in some cases discretionary, authority with respect to insurance companies and/or their investment advisors, which may include, among other things, the investments insurance companies may acquire and hold, marketing practices, affiliate transactions, reserve requirements, capital adequacy including insurance company licensing and examination, agent licensing, establishment of reserve requirements and solvency standards, premium rate regulation, admissibility of assets, policy form approval, unfair trade and claims practices, advertising, maintaining policyholder privacy, payment of dividends and distributions to shareholders, investments, review and/or approval of transactions with affiliates, reinsurance, acquisitions, mergers and other matters. Insurance regulatory authorities regularly review and update these and other requirements. Currently, there are proposals to increase the scope of regulation of insurance holding companies in the U.S., Bermuda and other jurisdictions. Current proposals in Bermuda (intended to become effective by the BMA in March 2024, subject to certain transitional and grandfathering arrangements) relate to changes to the calculation of the technical provisions framework of insurers and insurance groups, amendments to the computation and flexibility of the Bermuda Solvency Capital Requirement, updates to the prudential rules and reporting forms to modify capital requirements and revisions to the fees charged to life insurers regulated by the BMA. Changes in rules and regulations impacting the insurance industry could adversely impact our expansion into the insurance industry, the prospects of our Bermuda insurance company subsidiary Aspida Re and other investments we make in the insurance industry, both in the U.S. and abroad and limit our ability to raise capital for our funds from insurance companies, which could limit our ability to grow.

The U.S. and foreign insurance industries are subject to significant regulation. Regulatory authorities in the U.S. and many relevant jurisdictions have broad regulatory (including through any regulatory support organization), administrative, and in some cases discretionary, authority with respect to insurance companies and/or their investment advisors, which may include, among other things, the investments insurance companies may acquire and hold, marketing practices, affiliate transactions, reserve requirements and capital adequacy. Because these requirements are primarily designed to protect policyholders, regulatory authorities often have wide discretion in applying restrictions and regulations, which may indirectly affect Aspida, Aspida Life, Aspida Re and other parts of our business that operate within or offer products or services to insurance industry.

We may be the target or subject of, or may have indemnification obligations related to, litigation, enforcement investigations or regulatory scrutiny. Regulators and other authorities generally have the power to bring administrative or judicial proceedings against insurance companies, which could result in, among other things, suspension or revocation of

licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action. To the extent AIS or another Ares business that offers products to insurance companies, Aspida Life or Aspida Re is directly or indirectly involved in such regulatory actions, our reputation could be harmed, we may become liable for indemnification obligations and we could potentially be subject to enforcement actions, fines and penalties from both U.S. and foreign regulators.

Insurance company investment portfolios are often subject to internal and regulatory requirements governing the categories and ratings of investment products they may acquire and hold. Many of the investment products we develop for, or other assets or investments we include in, insurance company portfolios will be rated and a ratings downgrade or any other negative action by a rating agency with respect to such products, assets or investments could make them less attractive and limit our ability to offer such products to, or invest or deploy capital on behalf of, insurers.

As the ultimate parent of the controlling entity of Aspida Re, a Bermuda Class E insurance company, we are considered its “shareholder controller” (as defined in the Bermuda Insurance Act) by the BMA. Aspida Re is subject to regulation and supervision by the BMA, and compliance with all applicable Bermuda law and Bermuda insurance statutes and regulations, including but not limited to the Bermuda Insurance Act. Under the Bermuda Insurance Act, the BMA maintains supervision over the “controllers” of all registered insurers in Bermuda. For these purposes, a “controller” includes a shareholder controller (as defined in the Bermuda Insurance Act). The Bermuda Insurance Act imposes certain notice requirements upon any person that has become, or as a result of a disposition ceased to be, a shareholder controller, and failure to comply with such requirements is punishable by a fine or imprisonment or both. In addition, the BMA may file a notice of objection to any person or entity who has become a controller of any description where it appears that such person or entity is not, or is no longer, fit and proper to be a controller of the registered insurer, and such person or entity can be subject to fines or imprisonment or both. These laws may discourage potential acquisition proposals for us and could delay, deter or prevent an acquisition of controllers of Bermuda insurers.

***Employee misconduct could harm us by impairing our ability to attract and retain investors and subjecting us to significant legal liability, regulatory scrutiny and reputational harm.***

Our ability to attract and retain investors and to pursue investment opportunities for our funds depends heavily upon the reputation of our professionals, especially our senior professionals. We are subject to a number of laws, obligations and standards arising from our investment management business and our authority over the assets managed by our investment management business. Further, our employees are subject to various internal policies including a Compliance Manual, a Code of Ethics and our Employee Handbook. The violation of these laws, obligations, standards or policies by any of our employees could adversely affect investors in our funds and us. Our businesses often require that we deal with confidential matters of great significance to companies in which our funds may invest. If our employees or former employees were to use or disclose confidential information improperly, we could suffer serious harm to our reputation, financial position and current and future business relationships. Employee misconduct could also include, among other things, binding us to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), concealing or failing to disclose conflicts of interest with our funds or portfolio companies or otherwise charging (or seeking to charge) inappropriate expenses or inappropriate or unlawful behavior or actions directed towards other employees, or misappropriation of confidential or proprietary information relating to us or our funds’ portfolio companies. Such misconduct could subject us to whistleblower claims, regulatory action and monetary or other penalties. Any claims of retaliation against whistleblowers would exacerbate the consequences of any wrongdoing. The growth of our employee base and increasing operational footprint in new jurisdictions as a result of our expanding global presence may heighten the risk of any of the foregoing, particularly in the context of employees who may not have a close familiarity with industries that are regulated in the same way as ours.

It is not always possible to detect or deter employee misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If one or more of our employees or former employees were to engage in misconduct or were to be accused of such misconduct, our businesses and our reputation could be adversely affected and a loss of investor confidence could result, which would adversely impact our ability to raise future funds. Our current and former employees and those of our funds’ portfolio companies may also become subject to allegations of sexual harassment, racial and gender discrimination or other similar misconduct, which, regardless of the ultimate outcome, may result in adverse publicity that could harm our and such portfolio company’s brand and reputation. The pervasiveness of social media, coupled with increased public focus on the externalities of activities unrelated to the business, could further magnify the reputational risks associated with negative publicity.

***Changes to the method of determining the LIBOR or the selection of SOFR or SONIA as replacements for LIBOR may affect the value of investments held by us or our funds and could affect our results of operations and financial results.***

In July 2017, the FCA, as supervisor of ICE Benchmark Administrator (“IBA”), the administrator of LIBOR, announced that it would phase out LIBOR by the end of 2021 (later extended to the end of June 2023 for USD LIBOR only). IBA ceased publishing GBP, EUR, CHF and JPY LIBOR rates on January 1, 2022 and ceased publishing overnight and 12-month USD LIBOR on June, 30 2023.

In order to avoid disruption for users of LIBOR who were unable to transition to risk-free rates (“RFRs”) prior to relevant deadlines, the FCA required the continued publication of certain LIBOR settings on a changed or “synthetic” methodology (“Synthetic LIBOR”). Synthetic LIBOR settings have been largely transitioned out, and at the date of writing only 3-month GBP Synthetic LIBOR and 1-month, 3-month, and 6-month USD Synthetic LIBOR are being published. Supervised users of all financial contracts other than cleared derivatives are permitted to use these settings in respect of legacy contracts only. The FCA has announced that it intends to compel the publication of these Synthetic LIBOR settings permanently from the following dates: in respect of the GBP Synthetic LIBOR settings, on March 31, 2024, and in respect of the USD Synthetic LIBOR settings, on September 30, 2024.

The nominated replacement for USD LIBOR is the Secured Overnight Financing Rate (“SOFR”) and the nominated replacement for GBP-LIBOR is the Sterling Overnight Interbank Average Rate (“SONIA”). In March 2020, the Federal Reserve began publishing 30-day, 90-day and 180-day tenor SOFR Averages and a SOFR Index and in July 2020, Bloomberg began publishing fall-backs that the International Swaps and Derivatives Association (“ISDA”) implemented in lieu of LIBOR with respect to swaps and derivatives. In July 2021, the CME Group’s forward-looking SOFR term rates were formally recommended by the Alternative Reference Rates Committee.

SOFR and SONIA have a limited history. The future performance of SOFR and SONIA, and SOFR- and SONIA-based reference rates, is uncertain. Future levels of SOFR and SONIA may bear little or no relation to historical levels of SOFR, LIBOR or other rates. SOFR and SONIA are transaction-based rates, and each has been more volatile than other benchmark or market rates during certain periods. Accordingly, use of SOFR or SONIA may result in market inefficiencies. For these reasons, among others, there is no assurance that SOFR or SONIA, or rates derived from SOFR or SONIA, will perform in the same or similar way as USD LIBOR would have performed at any time, and there is no assurance that SOFR- or SONIA-based rates will be a suitable substitute for USD LIBOR.

***Regulatory changes in jurisdictions outside the U.S. could adversely affect our businesses.***

Certain of our subsidiaries operate outside the U.S. In Luxembourg, AM Lux is subject to regulation by the CSSF. In the U.K., the U.K. Regulated Entities are subject to regulation by the FCA. In some circumstances, the U.K. Regulated Entities and other Ares entities are or become subject to U.K. or EU laws, for instance in relation to marketing our funds to investors in the EEA.

Despite the U.K.’s departure from the EU on January 31, 2020 (see “—The U.K.’s exit from the EU (“Brexit”) could adversely affect our business and our operations” for further detail), new and existing EU legislation is expected to continue to impact our business in the U.K. The following EU measures are of particular relevance to our business.

The EU Securitisation Regulation (the “Securitisation Regulation”) includes requirements in relation to transparency and risk retention and restricts AIFMs from investing in securitizations which do not comply with its provisions (“non-compliant securitizations”). The Securitisation Regulation also imposes an obligation on AIFMs to divest any interest in a non-compliant securitization. It is currently unclear if the Regulation applies to non-EU marketing one or more alternative investment funds in the EEA under a national private placement regime. This lack of clarity may hamper our ability to raise capital for some of our non-EEA funds from investors in the EEA or subject such fund raising to additional risks, including, if application of the Securitisation Regulation to non-EEA AIFMs is confirmed, that their funds that market in the EEA could be required to divest of interests in non-compliant securitizations at sub-optimal prices.

Following the U.K.’s exit from the EU, the U.K. intends to repeal the U.K.’s current implementation of the Securitisation Regulation and has published draft legislation (the “Securitisation Regulations 2023”) as part of a policy statement, identifying several areas for revision in the U.K. and divergence from the EU’s Securitisation Regulation. The policy statement and the draft Securitisation Regulations 2023 are still under review and the final rules are still unclear.

The EU Regulation on over-the-counter (“OTC”) derivative transactions, central counterparties and trade repositories (the “European Market Infrastructure Regulation” or “EMIR”) requires the mandatory clearing of certain OTC derivatives through central counterparties. This creates additional risk mitigation requirements (including, in particular, margining requirements) in respect of certain OTC derivative transactions that are not cleared by a central counterparty and imposes reporting and record keeping requirements in respect of most derivative transactions. The requirements are similar to, but not the same as, those in Title VII of the Dodd-Frank Act. The U.K. has on-shored EMIR, with the effect that a similar but not identical set of rules apply in the U.K. (“U.K. EMIR”). Certain cross-border arrangements (e.g., where an Ares European fund

enters into derivatives transactions with a U.K. counterparty, transacts on a U.K. trading venue or clears its derivatives transactions through a U.K. clearing house, and vice versa) may be impacted. Although EMIR and U.K. EMIR are substantively similar, there are some areas of regulatory divergence (including differences in the way in which derivatives are reported and a lack of equivalence declarations between the U.K. and the EU with respect to trade repositories) and there can be no guarantee that the U.K. will move in lockstep with the future changes proposed by the EU.

The EU regulation on transparency of securities financing transactions (“SFTR”) requires the mandatory reporting of certain securities financing transactions (“SFTs”), disclosure obligations to counterparties regarding the re-use of collateral, and certain transparency and disclosure obligations for managers of UCITS and AIFs in respect of SFTs and total return swaps. The new SFTR validation rules, which were updated in March 2023, are effective as of September 2023. The U.K. has on-shored SFTR, with the effect that a similar but not identical set of rules apply in the U.K. (“U.K. SFTR”). Certain cross-border arrangements (such as those where an Ares European fund enters into SFT with a U.K. counterparty) may be impacted. Although SFTR and U.K. SFTR are substantively similar, there are some areas of regulatory divergence (including with respect to the new validation rules) and there can be no guarantee that the U.K. will move in lockstep with the future changes proposed by the EU.

Our U.K., other European and Asian operations and our investment activities worldwide are subject to a variety of regulatory regimes that vary by country. In the EU, examples of further legislation may include proposals for further changes to or reviews of the extent and interpretation of pay regulation, including under the EU Regulation on the prudential requirements of investment firms (Regulation (EU) 2019/2033) and its accompanying Directive (Directive (EU) 2019/2034) or the U.K. version, the Investment Firms Prudential Regime (which may have an impact on the retention and recruitment of key personnel), proposals for enhanced regulation of loan origination (see “—Alternative Investment Fund Managers Directive”), credit servicing (see “—Credit Servicers and Purchasers Directive”) and new reporting requirements in relation to securities financing transactions. In the U.K., additional rule changes have affected the approval of certain Ares professionals in the U.K. to work in the regulated financial services sector. Implementation of these new rules may increase our compliance burden and costs. In addition, we regularly rely on exemptions from various requirements of the regulations of certain foreign countries in conducting our asset management activities.

Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. We are involved regularly in trading activities that implicate a broad number of foreign (as well as U.S.) securities law regimes, including laws governing trading on inside information and market manipulation and a broad number of technical trading requirements that implicate fundamental market regulation policies. Violation of these laws could result in severe restrictions or prohibitions on our activities and damage to our reputation, which in turn could have a material adverse effect on our businesses in a number of ways, making it harder for us to raise new funds and discouraging others from doing business with us. In addition, increasing global regulatory oversight of fundraising activities, including local registration requirements in various jurisdictions and the addition of new compliance regimes, could make it more difficult for us to raise new funds or could increase the cost of raising such funds.

#### *Alternative Investment Fund Managers Directive*

AIFMD applies to: (i) AIFMs established in the EEA that manage EEA or non-EEA AIFs; (ii) non-EEA AIFMs that manage EEA AIFs; and (iii) non-EEA AIFMs that market their AIFs to professional investors within the EEA. Non-EEA AIFMs do not currently benefit from marketing passport rights and may only market AIFs to investors in some EEA jurisdictions in accordance with national private placement regimes. The U.K. implemented AIFMD while it was still a member of the EU and “on-shored” it as part of U.K. law, such that similar requirements continue to apply in the U.K. notwithstanding Brexit.

On November 10, 2023, the European Commission published a near-final amending directive, commonly referred to as “AIFMD II”. Assuming AIFMD II is adopted promptly and published in the Official Journal without delay, most of the changes will come into effect in 2026, subject to the grandfathering period for certain of the loan origination provisions and certain Annex IV disclosure requirements which will come into effect a year later. It is not yet clear to what extent (if any) the U.K. will seek to reflect AIFMD II in its domestic rules implementing AIFMD.

The draft contains a number of amendments to AIFMD, including more onerous delegation requirements which may require a review of AM Lux’s existing arrangements, enhanced substance requirements, additional liquidity management provisions for AIFMs to the extent that they manage open-ended AIFs, and revised regulatory reporting and investor disclosures requirements. The draft also proposed significant new requirements relating to the activities of funds managed by AM Lux which originate loans including new restrictions on the structure which such funds may take.



AIFMD II may result in new restrictions on the ability of certain of our affiliates other than AM Lux to register funds for marketing to investors in certain EEA states.

AIFMD II imposes a range of requirements on AIFMs which may increase the cost of doing business for AM Lux and Ares' non-EEA AIFMs (including AMUKL) to the extent they market funds in the EEA and potentially disadvantages our funds as investors in private companies located in EEA member states compared to non-AIF/AIFM competitors that may not be subject to such requirements. It is not yet clear to what extent (if any) the U.K. will seek to reflect AIFMD II in its domestic rules implementing AIFMD.

While there is no current indication that the non-EEA AIFM passport provisions of AIFMD will become effective or available, certain of the jurisdiction specific private placement regimes may cease to exist in the case that it does. This development could have a negative impact on our ability to raise capital from EEA investors if, for example, a jurisdiction specific private placement regime ceases to operate and the non-EEA AIFM passport is not made available to U.S. or U.K. AIFMs.

### *Solvency II*

The European solvency framework and prudential regime for insurers and reinsurers, under the Solvency II Directive 2009/138/EC ("Solvency II") imposes economic risk-based solvency requirements across all EU member states. Solvency II is supplemented by European Commission Delegated Regulation (EU) 2015/35 (the "Delegated Regulation"), other European Commission "delegated acts" and binding technical standards, and guidelines issued by the European Insurance and Occupational Pensions Authority. The Delegated Regulation sets out detailed requirements for individual insurance and reinsurance undertakings, as well as for groups, based on the overarching provisions of Solvency II, which together make up the core of the single prudential rulebook for insurance and reinsurance undertakings in the EU.

We are not subject to Solvency II; however, many of our European insurer or reinsurer fund investors are subject to this directive, as applied under applicable domestic law. Solvency II may impact insurers' and reinsurers' investment decisions and their asset allocations. In addition, insurers and reinsurers are subject to more onerous data collation and reporting requirements. As a result, there is the potential for Solvency II to have an adverse indirect effect on our businesses by, among other things, restricting the ability of European insurers and reinsurers to invest in our funds and imposing on us extensive disclosure and reporting obligations for those insurers and reinsurers that do invest in our funds. On September 22, 2021, the European Commission published proposed legislation to amend the Solvency II Directive. The European Parliament and the Council of the EU are still considering the legislation.

Post Brexit, Solvency II was on-shored in the U.K. In November 2022, His Majesty's Treasury ("HM Treasury") issued its response to its consultation on a Review of Solvency II, outlining the areas of reform that would be delivered through changes to the U.K.'s Prudential Regulation Authority's ("PRA") rules and legislation. Two consultation papers have since followed, the first published on June 29, 2023 and the second on September 28, 2023. The first consultation paper focused on simplifying the existing framework with the intent of reducing the administrative and reporting requirements (and in turn, costs) for U.K. insurance firms. The second consultation paper included proposals to reform insurers' matching adjustment mechanism, with the intention of widening the categories of assets which insurers can hold in their portfolios. The intended implementation date for the majority of the changes proposed in the consultation papers is December 31, 2024, with the reforms to the matching adjustment reforms taking effect from June 30, 2024. It is unclear at this stage the extent to which the proposed amendments to Solvency II will have an indirect effect on our businesses.

### *MiFID II*

Although the U.K. has now withdrawn from the EU, its rules implementing MiFID II continue to have effect and MiFIR has been on-shored into U.K. law (subject to certain amendments to ensure it operates properly in a U.K.-specific context). MiFID II amended the existing MiFID regime and, among other requirements, introduced new organizational and conduct of business requirements for investment firms in the EEA. MiFID II requirements apply to AML and AELM as MiFID investment firms. Certain requirements of MiFID II also apply to AIFMs with a MiFID "top-up" permission, such as AMUKL and AM Lux.

MiFID II extended MiFID requirements in a number of areas such as the receipt and payment of inducements (including investment research), suitability and appropriateness assessments, conflicts of interest, record-keeping, costs and charges disclosures, best execution, product design and governance, and transaction and trade reporting. Under MiFID II, national competent authorities are also required to establish position limits in relation to the maximum size of positions which a relevant person can hold in certain commodity derivatives. The limits apply to contracts traded on trading venues and their economically equivalent OTC contracts. The position limits established, as amended from time to time, and our ability to rely on any exemption thereunder may affect the size and types of investments we may make. Failure to comply with MiFID II and

its associated legislative acts could result in sanctions from national regulators, the loss of market access and a number of other adverse consequences which would have a detrimental impact on our business. Certain aspects of MIFID II and MiFIR are subject to review and change in both the EU and the U.K. In August 2022, the EU introduced amendments to MiFID II. The key requirement is that EU MiFID firms, who are providing financial advice and portfolio management, need to carry out a mandatory assessment of the sustainability preferences of their clients. Broadly, sustainability preferences address taxonomy alignment, Sustainable Finance Disclosure Regulation (“SFDR”) sustainable investment alignment and consideration of principal adverse impacts. EU MiFID firms then need to take these into account in the selection process of financial products.

#### *Credit Servicers and Purchasers Directive*

In December 2021, a new European Commission directive governing credit servicers, credit purchasers and the recovery of collateral in connection with loans (the “Credit Servicers and Purchasers Directive” or “CSPD”) became effective. The policy aim behind CSPD is the development of a well-functioning secondary market for non-performing loans. Member States were required to adopt and apply measures implementing CSPD by December 30, 2023 and entities carrying on credit servicing activities from December 30, 2023 were required to obtain authorization under the CSPD by June 29, 2024.

The CSPD applies to, among others, “credit servicers” and “credit purchasers” and would impose a number of new requirements relating to licensing, conduct of business and provision of information.

The definition of “credit servicer” in the European Commission proposal is sufficiently broad that it could be construed to include asset managers.

Ares funds which are established in the EU will be in scope of CSPD where they purchase non-performing loans (or purchases loans issued by an EU credit institution that subsequently become non-performing loans) and will be required to appoint a credit servicer for non-performing loans concluded with consumers. Ares funds which are established outside of the EU will be required to designate an EU established representative when purchasing in-scope non-performing loans who will be responsible for compliance with the obligations imposed on the credit purchased under CSPD. The impact of the CSPD, together with other regulatory initiatives in the leveraged and non-performing loans markets, continues to be under review. Such requirements are likely to result in additional compliance and operational costs for Ares managed funds.

#### *Hong Kong Security Law*

On June 30, 2020, the National People’s Congress of China passed a national security law (the “National Security Law”), which criminalizes certain offenses including secession, subversion of the Chinese government, terrorism and collusion with foreign entities. The National Security Law also applies to non-permanent residents. Although the extra-territorial reach of the National Security Law remains unclear, the application of the National Security Law to conduct outside Hong Kong by non-permanent residents of Hong Kong could limit the activities of or negatively affect the Company, our funds and/or portfolio companies. The National Security Law has been condemned by the U.S., the U.K. and several EU countries and has created additional tensions between the U.S. and China. Escalation of tensions resulting from the National Security Law, including conflict between China and other countries, protests and other government measures, as well as other economic, social or political unrest in the future, could adversely impact the security and stability of the region and may have a material adverse effect on countries in which the Company, our funds and portfolio companies or any of their respective personnel or assets are located. In addition, any downturn in Hong Kong’s economy could adversely affect the financial performance of the Company and our investments, or could have a significant impact on the industries in which the Company participates, and may adversely affect the operations of the Company, its funds and portfolio companies, including the retention of investment and other key professionals located in Hong Kong.

#### ***Regulations governing ARCC’s and ASIF’s operation as business development companies affect their ability to raise, and the way in which they raise, additional capital.***

As business development companies, ARCC and ASIF operate as highly regulated businesses within the provisions of the Investment Company Act. Many of the regulations governing business development companies restrict, among other things, leverage incurrence, co-investments and other transactions with other entities within the Ares Operating Group. Certain of our funds may be restricted from engaging in transactions with ARCC or ASIF and their respective subsidiaries. As business development companies registered under the Investment Company Act, ARCC and ASIF may issue debt securities or preferred stock and borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the Investment Company Act. Under the provisions of the Investment Company Act, ARCC and ASIF are currently permitted, as business development companies, to incur indebtedness or issue senior securities only in amounts such that their respective asset coverage ratio, as calculated pursuant to the Investment Company Act, equals at least 150% after each such issuance. ARCC and ASIF are also generally prohibited from issuing and selling their respective common

stock at a price below net asset value per share without first obtaining approval from their respective stockholders and independent directors.

Business development companies may issue and sell common stock at a price below net asset value per share only in limited circumstances, one of which is after obtaining stockholder approval for such issuance in accordance with the Investment Company Act. ARCC's stockholders have, in the past, approved such issuances so that during the subsequent 12-month period, ARCC may, in one or more public or private offerings of its common stock, sell or otherwise issue shares of its common stock at a price below the then-current net asset value per share, subject to certain conditions including parameters on the amount of shares sold, approval of the sale by the directors and a requirement that the sale price be not less than approximately the market price of the shares of its common stock at specified times, less the expenses of the sale. ARCC may ask its stockholders for additional approvals from year to year. There can be no assurance that such approvals will be obtained. The extent to which ARCC is negatively affected by these regulations may affect our overall profitability.

***The publicly-traded investment vehicles that we manage are subject to regulatory complexities that limit the way in which they do business and may subject them to a higher level of regulatory scrutiny.***

The publicly-traded investment vehicles that we manage operate under a complex regulatory environment. Such companies require the application of complex tax and securities regulations and may entail a higher level of regulatory scrutiny. In addition, regulations affecting our publicly-traded investment vehicles generally affect their ability to take certain actions. Certain of our vehicles have elected to be treated as a RIC or a REIT for U.S. federal income tax purposes. To maintain their status as a RIC or a REIT, such vehicles must meet, among other things, certain source of income, asset diversification and annual distribution requirements. ARCC and ASIF are required to generally distribute to their respective stockholders at least 90% of their respective investment company taxable income to maintain their RIC status. ARCC, ASIF and our publicly-traded closed-end fund are subject to complex rules under the Investment Company Act, including rules that restrict certain of our funds from engaging in transactions with ARCC, ASIF or the closed-end fund. In addition, subject to certain exceptions, ARCC and ASIF are generally prohibited from issuing and selling their common stock at a price below net asset value per share and from incurring indebtedness (including for this purpose, preferred stock), if ARCC's or ASIF's respective asset coverage ratio, as calculated pursuant to the Investment Company Act, equals less than 150% after giving effect to such incurrence. The extent to which the publicly-traded investment vehicles that we manage are negatively affected by these regulations may affect our overall profitability.

***Failure to comply with "pay to play" regulations implemented by the SEC and certain states, and changes to the "pay to play" regulatory regimes, could adversely affect our businesses.***

In recent years, the SEC and several states have initiated investigations alleging that certain private equity firms and hedge funds or agents acting on their behalf have paid money to current or former government officials or their associates in exchange for improperly soliciting contracts with state pension funds. Under SEC rules addressing "pay to play" practices, investment advisers are prohibited from providing advisory services for compensation to a government entity for two years, subject to very limited exceptions, after the investment adviser, its senior executives or its personnel involved in soliciting investments from government entities make contributions to certain candidates and officials in a position to influence the hiring of an investment adviser by such government entity. Advisers are required to implement compliance policies designed, among other matters, to track contributions by certain of the adviser's employees and engagements of third parties that solicit government entities and to keep certain records to enable the SEC to determine compliance with the rule. In addition, there have been similar rules on a state level regarding "pay to play" practices by investment advisers. FINRA also has its own set of "pay to play" regulations that are similar to the SEC's regulations.

As we have a significant number of public pension plans that are investors in our funds, these rules could impose significant economic sanctions on our businesses if we or one of the other persons covered by the rules make any such contribution or payment, whether or not material or with an intent to secure an investment from a public pension plan. We may also acquire other investment managers or hire additional personnel who are not subject to the same restrictions as us, but whose activity, and the activity of their principals, prior to our ownership or employment of such person could affect our fundraising. In addition, such investigations may require the attention of senior management and may result in fines if any of our funds are deemed to have violated any regulations, thereby imposing additional expenses on us. Any failure on our part to comply with these rules could cause us to lose compensation for our advisory services or expose us to significant penalties and reputational damage.

***Increasing scrutiny from stakeholders and regulators with respect to ESG matters could impact our or our funds' portfolio companies' reputation, the cost of our or their operations, or result in investors ceasing to allocate their capital to us, all of which could adversely affect our business and results of operations.***

We, our funds and their portfolio companies face increasing public scrutiny related to ESG activities. A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. Investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG ratings and measures to their investment decisions. If our ESG ratings or practices do not meet the standards set by such investors or our stockholders, or if we fail, or are perceived to fail, to demonstrate progress toward our ESG goals and initiatives, they may choose not to invest in our funds or exclude our common stock from their investments. Relatedly, we, our funds and their portfolio companies risk damage to our brands and reputations, if we or they do not or are perceived to not act responsibly in a number of areas, such as DEI, human rights, climate change and environmental stewardship, support for local communities, corporate governance and transparency, or consideration of ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the brand of our funds or their portfolio companies, or the cost of our or their operations and relationships with investors, all of which could adversely affect our business and results of operations.

Conversely, anti-ESG sentiment has gained momentum across the U.S., with several states having enacted or proposed “anti-ESG” policies, legislation or issued related legal opinions. For example: (i) boycott bills target financial institutions that “boycott” or “discriminate against” companies in certain industries (e.g., energy and mining) and prohibit state entities from doing business with such institutions and/or investing the state’s assets (including pension plan assets) through such institutions; and (ii) ESG investment prohibitions require that state entities or managers/administrators of state investments make investments based solely on pecuniary factors without consideration of ESG factors. If investors subject to such legislation viewed our funds or ESG practices, including our climate-related goals and commitments, as being in contradiction of such “anti-ESG” policies, legislation or legal opinions, such investors may not invest in our funds, our ability to maintain the size of our funds could be impaired, and it could negatively affect the price of our common stock. Further, asset managers have been subject to recent scrutiny related to ESG-focused industry working groups, initiatives and associations, including organizations advancing action to address climate change or climate-related risk. Such scrutiny could expose us to the risk of antitrust investigations or challenges by federal authorities, result in reputational harm and discourage certain investors from investing in our funds. In addition, some state attorneys general have asserted that the Supreme Court’s decision striking down race-based affirmative action in higher education in June 2023 should be analogized to private employment matters and private contract matters. Several new cases alleging discrimination based on similar arguments have been filed since the decision, with scrutiny of certain corporate DEI practices increasing.

If we do not successfully manage expectations across these varied stakeholder interests, it could erode stakeholder trust, impact our reputation and constrain our investment opportunities. In addition, clients and investors may decide not to commit capital to future fundraises as a result of their assessment of our approach to and consideration of ESG. To the extent our access to capital from clients or investors focused on ESG ratings or matters is impaired, we may not be able to maintain or increase the size of our specialized funds or raise sufficient capital for new specialized funds, which may adversely affect our revenues.

In addition, our ESG initiatives, goals, targets, intentions and expectations are subject to change, and no assurance or guarantee can be given that such goals, targets, intentions or expectations (some of which are aspirational in nature) will be met. Statistics and metrics that we report relating to ESG matters are estimates and may be based on assumptions or developing standards (including our internal standards and policies). There can be no assurance that our ESG policies and procedures, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process, including certain metrics or frameworks, will continue. Such policies and procedures may change, even materially, or may not be applied to certain investments. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized, or judgement exercised by Ares, will reflect the beliefs or values, internal policies or preferred practices of investors or other managers, or align with market trends. Further, Ares may determine at any point that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies and procedures based on cost, timing or other considerations.

Additionally, certain regulations related to ESG that are applicable to us, our funds and their portfolio companies could adversely affect our business. The European Commission’s “action plan on financing sustainable growth” is designed to, among other things, define and reorient investment toward sustainability. The action plan contemplates: establishing EU labels for green financial products; clarifying asset managers’ and institutional investors’ duties regarding sustainability in their investment decision-making processes; increasing disclosure requirements in the financial services sector around ESG and strengthening the transparency of companies on their ESG policies; and introducing a ‘green supporting factor’ in the EU prudential rules for banks and insurance companies to incorporate climate risks into banks’ and insurance companies’ risk management policies.

As part of these regulations, SFDR introduced mandatory sustainability-related transparency requirements for MiFID investment firms providing portfolio management or investment advisory services, and AIFMs. For Ares, this primarily impacts

our AIFMs by requiring certain firm-level website disclosures regarding how sustainability risks are integrated into our investment process and remuneration practices. Fund-level disclosures are also required in relation to the integration of sustainability risks into investment decisions and potential impacts on fund returns. From January 1, 2022, further disclosures in periodic reports have been required and, since January 1, 2023 certain template pre-contractual and periodic disclosures must be provided in a uniform template.

Further, firms that offer financial products (such as AIFs) that promote environmental or social characteristics, or which have a sustainable investment objective, will also need to comply with additional disclosure and periodic reporting requirements that are broadly designed to prevent firms from “greenwashing” (i.e., the holding out of a product as having green or sustainable characteristics where this is not, in fact, the case). This reporting is mainly focused on the clear and concise articulation of their ESG features and the creation of bespoke key performance indicators to support annual reporting. A significant reorientation in the market following the implementation of these and further measures could be adverse to our funds’ portfolio companies if they are perceived to be less valuable as a consequence of, among other things, their carbon footprint or “greenwashing.” There is also a risk that market expectations in relation to SFDR categorization of financial products could adversely affect our ability to raise capital from EEA investors. In September 2023, the European Commission announced a consultation on refinement versus a wholesale re-write of product categorization criteria under SFDR, but the consultation did not contain much in the way of policy suggestions. Ares cannot guarantee that its current approach will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increased management burdens and costs.

In addition, on June 22, 2020, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment was published in the Official Journal of the EU (the “Taxonomy Regulation”). The Taxonomy Regulation sets out a framework for classifying economic activities as “environmentally sustainable” and also introduces certain mandatory disclosure and reporting requirements, which supplement those set out in SFDR. The Taxonomy Regulation took effect in part (for climate change mitigation and adaptation) from January 1, 2022 and in part (for remaining environmental objectives) from January 1, 2023.

Sustainable finance initiatives continue to evolve rapidly so it is not possible at this stage to fully assess how our business will be affected. We are monitoring developments in relation to EU corporate sustainability reporting and proposals for laws requiring due diligence of supply chains. Guidance from EU policymakers and supervisors moves the goalposts frequently, for example a recent consultation paper on the use of ESG-related words in fund names, which, if implemented, may require changes to either the names of certain Ares funds or changes to their portfolio composition. We, our funds and their portfolio companies are subject to the risk that similar measures might be introduced in other jurisdictions in which we or they currently have investments or plan to invest in the future. Additionally, compliance with any new laws or regulations (including recent heightened SEC scrutiny regarding advisor compliance with advisors’ own internal policies) increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we, our funds or their portfolio companies conduct our businesses and adversely affect our profitability.

Moreover, on January 5, 2023, the Corporate Sustainability Reporting Directive (“CSRD”) came into effect. Broadly, CSRD amends and strengthens the rules introduced on sustainability reporting for companies, banks and insurance companies under the Non-Financial Reporting Directive (2014/95/EU) (“NFRD”). CSRD requires a much broader range of companies to produce detailed and prescriptive reports on sustainability-related matters within their financial statements – including large EU companies (including EU subsidiaries of non-EU parent companies), EU and non-EU-companies (including small and medium sized enterprises) with listed securities on EU-regulated markets (except micro-undertakings) and non-EU companies with significant turnover and a legal presence on EU markets.

The reporting requirements will be phased in from 2024, with the first reports including audited information on sustainability-related matters being published in 2025 to cover the 2024 financial year. The reporting standards under CSRD within delegated legislation have been adopted by the European Commission and are still due to be published in the Official Journal of the EU. There can be no assurance that adverse developments with respect to such risks will not adversely affect assets held by Ares managed funds that are held in certain countries or the returns from these assets. One or more of our businesses may fall within scope of CSRD and this may lead to increased management burdens and costs.

Finally, starting in 2025 AML and AMUKL will have to disclose certain climate-related financial information in line with the four overarching pillars of the TCFD recommendations (Governance, Strategy, Risk Management, Metrics & Targets) on a mandatory basis under new FCA rules. Collating the relevant data and preparing the relevant report under these new rules could impose additional compliance and administrative burden which could in turn increase costs.

In addition to the above EU regulations, Sustainability Labelling and Disclosure of Sustainability-Related Financial Information Instrument 2023 (“SDR”) introduces sustainability disclosure requirements, investment product labels and an ‘anti-greenwashing’ rule. The anti-greenwashing rule applies to all U.K.-authorized firms in their communications with clients in the

U.K., but the balance of the new regime is directed at U.K. investment funds and U.K. regulated asset managers, that manage or distribute such funds. The FCA has indicated it will consult in early 2024 on alternative approaches to applying the labelling regime to portfolio managers and continues to work with His Majesty's Treasury to consider its approach in respect of overseas funds. As a result, it is not yet clear to what extent this new legislation will affect Ares. If these rules become applicable to our funds or products, then additional regulatory costs may be incurred and they may also have an impact on our ability to deliver on our fund's investment strategies and financial returns could be adversely impacted as a result.

In Asia, regulators in Singapore and Hong Kong have introduced requirements for asset managers to integrate climate risk considerations in investment and risk management processes, together with enhanced disclosure and reporting and have also issued enhanced rules for certain ESG funds on general ESG risk management and disclosure. Meanwhile, Australia's securities regulator issued information on "greenwashing", and the Australian government is seeking input on the design and implementation of a climate-related financial disclosure regime.

There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors in order to allow investors to validate and better understand sustainability claims. For example, on May 25, 2022, the SEC proposed amendments to rules and reporting forms concerning ESG factors. On August 23, 2023, the SEC adopted its final rule enhancing the regulation of private fund advisers, which includes requirements with respect to the disclosure of certain information to investors that could affect the way certain ESG-related information is shared. In addition, in 2021 the SEC established an enforcement task force to look into ESG practices and disclosures by public companies and investment managers and has started to bring enforcement actions based on ESG disclosures not matching actual investment processes. Growing interest on the part of investors and regulators in ESG factors and increased demand for, and scrutiny of, ESG-related disclosure by asset managers, have also increased the risk that asset managers could be perceived as, or accused of, making inaccurate or misleading statements regarding the ESG-related investment strategies or their and their funds' ESG efforts or initiatives, or "greenwashing." Such perception or accusation could damage our reputation, result in litigation or regulatory actions and adversely impact our ability to raise capital.

On March 21, 2022, the SEC issued a proposed rule regarding the enhancement and standardization of mandatory climate-related disclosures for investors. The proposed rule would mandate extensive disclosure of climate-related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy and greenhouse gas emissions, for certain public companies. Although the ultimate date of effectiveness and the final form and substance of the requirements for the proposed rule are not yet known and the ultimate scope and impact on our business is uncertain, compliance with the proposed rule, if finalized, may result in increased legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place strain on our personnel, systems and resources. In October 2023, California enacted legislation that will ultimately require certain companies that do business in California to publicly disclose their Scopes 1, 2, and 3 greenhouse gas emissions, with third party assurance of such data, and issue public reports on their climate-related financial risk and related mitigation measures.

The SEC has also announced that it is working on proposals for mandatory disclosure of certain ESG-related matters, including with respect to board diversity and human capital management. At this time, there is uncertainty regarding the scope of such proposals or when they would become effective. Compliance with any new laws or regulations increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we or our funds' portfolio companies conduct our businesses and adversely affect our profitability.

***Economic sanction laws in the U.S. and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies, which could negatively impact our business, financial condition and operating results.***

Economic sanction laws in the U.S. and other jurisdictions may restrict or prohibit us or our affiliates from transacting with certain countries, territories, individuals and entities. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which restrict or prohibit, among other things, direct and indirect transactions with, and the provision of services to, certain foreign countries, territories, individuals and entities. These types of sanctions may significantly restrict or completely prohibit lending activities in certain jurisdictions, and if we were to violate any such laws or regulations, we may face significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently, which may make it more difficult for us or our affiliates to ensure compliance. Moreover, OFAC enforcement is increasing, which may increase the risk that an issuer or we become subject of such actual or threatened enforcement.

For instance, the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRA") expanded the scope of U.S. sanctions against Iran. Additionally, Section 219 of the ITRA amended the Exchange Act to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or

transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions engaged in by the reporting company or any of its affiliates during the period covered by the relevant periodic report. In some cases, the ITRA requires companies to disclose these types of transactions even if they were permissible under U.S. law. Companies that currently may be or may have been at the time considered our affiliates have from time to time publicly filed and/or provided to us the disclosures reproduced in our Quarterly Reports. We do not independently verify or participate in the preparation of these disclosures. We are required to separately file and have separately filed with the SEC a notice when such activities have been disclosed in this report or in our quarterly reports, and the SEC is required to post such notice of disclosure on its website and send the report to the President and certain U.S. Congressional committees. The President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, determine whether sanctions should be imposed. As of December 31, 2023, no sanctions have been imposed on us as a result of our disclosures of these activities. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business, financial condition and results of operations, and any failure to disclose any such activities as required could additionally result in fines or penalties. In addition, any sanctions imposed by the U.S. and other countries in connection with hostilities between Russia and Ukraine and more recently between Israel and Hamas may impact us, our funds and their portfolio companies.

***The U.K.'s exit from the EU ("Brexit") could adversely affect our business and our operations.***

Following the U.K.'s exit from the EU on January 31, 2020 and a transitional period, EEA "passporting rights" facilitating market access into the EEA by U.K. firms, and into the U.K. by EEA firms, are no longer available. Various EU laws have been "on-shored" into domestic U.K. legislation and certain transitional regimes and deficiency-correction powers exist to ease the transition.

The Trade and Cooperation Agreement (the "TCA") governs certain matters between the U.K. and the EU. While the TCA includes a commitment by the U.K. and the EU to keep their markets open for persons wishing to provide financial services through a permanent establishment, it does not substantively address future cooperation in the financial services sector or reciprocal market access into the EU by U.K. firms under equivalence arrangements or otherwise.

A similar temporary regime, the TMPR, allows AIFMs to continue to market those funds in the U.K. that were in existence on December 31, 2020, on broadly the same terms as previously applied. Unless extended, the TMPR lasts until December 31, 2025.

While the TCA and the TMPR provide clarity in some areas, there remains considerable uncertainty as to the future position of the U.K. and the arrangements which will apply to its relationships with the EU and other countries. The implications and the operation of the TCA and the TMPR may also be subject to change and/or develop at short notice. AM Lux and its EU branches were established to enable Ares to continue certain regulated activities in the EU post Brexit, such as the management and marketing of funds (including funds managed by affiliates of AM Lux) to European investors. Applicable regulatory requirements may increase effective tax rates within Ares' structure or on its investments, including by way of higher levels of tax being imposed on AM Lux and EU branches of AM Lux.

Further, the development of the U.K.'s future legislative approach and the extent to which the U.K. diverges from EU legislation remains uncertain. The U.K. introduced the Financial Services and Markets Act 2023 ("FSMA 2023") on June 29, 2023 as a significant piece of legislation that the U.K. government intends to use to bring about changes to the U.K.'s financial services and markets regime. FSMA 2023 contains a number of substantial measures that will overhaul the existing financial services regime, including the implementation of the U.K.'s post-Brexit framework through the repeal of retained EU legislation relating to financial services and markets, as well as the migration of much of that law into regulator's rulebooks. It is likely that, with the exception of regulations which are no longer needed and which can be repealed without replacement, individual pieces of retained EU will only be revoked once the relevant regulator's final rules has been established. It is expected that the legislative reform process will be slow, with the U.K. Treasury confirming that it expects it will take a number of years to complete the process of revoking retained EU law. To the extent that U.K. materially diverges from the EU regime, compliance with two diverging regulatory regimes in the EU and U.K. requirements may continue to increase the operational burden and cost to our operations in these jurisdictions.

These complex issues and other by-products of Brexit may increase the costs of having operations, conducting business and making investments in the U.K. and Europe. As a result, the performance of our funds which are focused on investing in the U.K. and to a lesser extent across Europe, such as certain funds in our Credit and Real Assets Groups may be disproportionately affected compared to those funds that invest more broadly across global geographies or are focused on different regions.

The uncertainty surrounding the precise nature of the U.K.'s future legal relationship with the EU may continue to be a source of significant exchange rate fluctuations and/or other adverse effects on international markets. Unhedged currency

fluctuations have the ability to adversely affect our funds and their underlying business investments, as well as the relative value of management fees earned and impact of operational expenses on profitability.

In addition, Brexit could potentially disrupt the tax jurisdictions in which we operate and affect the tax benefits or liabilities in these or other jurisdictions in a manner that is adverse to us and/or our funds.

***We are subject to risks in using prime brokers, custodians, counterparties, administrators and other agents.***

Many of our funds depend on the services of prime brokers, custodians, counterparties, administrators and other agents to carry out certain securities and derivatives transactions and other administrative services. We are subject to risks of errors and mistakes made by these third parties, which may be attributed to us and subject us or our fund investors to reputational damage, penalties or losses. We may be unsuccessful in seeking reimbursement or indemnification from these third-party service providers.

The terms of the contracts with these third-party service providers are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight, although the Dodd-Frank Act provides for regulation of the derivatives market. In particular, some of our funds utilize prime brokerage arrangements with a relatively limited number of counterparties, which has the effect of concentrating the transaction volume (and related counterparty default risk) of these funds with these counterparties.

Our funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to us. Moreover, if a counterparty defaults, we may be unable to take action to cover our exposure, either because we lack contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur.

In addition, our risk-management models may not accurately anticipate the impact of market stress or counterparty financial condition, and as a result, we may not have taken sufficient action to reduce our risks effectively. Default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity problems for other participants, which may in turn expose us to significant losses.

Although we have risk-management models and processes to ensure that we are not exposed to a single counterparty for significant periods of time, given the large number and size of our funds, we often have large positions with a single counterparty. For example, most of our funds have credit lines. If the lender under one or more of those credit lines were to become insolvent, we may have difficulty replacing the credit line and one or more of our funds may face liquidity problems.

In the event of a counterparty default, particularly a default by a major investment bank or a default by a counterparty to a significant number of our contracts, one or more of our funds may have outstanding trades that they cannot settle or are delayed in settling. As a result, these funds could incur material losses and the resulting market impact of a major counterparty default could harm our businesses, results of operation and financial condition.

In the event of the insolvency of a prime broker, custodian, counterparty or any other party that is holding assets of our funds as collateral, our funds might not be able to recover equivalent assets in full as they will rank among the prime broker's, custodian's or counterparty's unsecured creditors in relation to the assets held as collateral. In addition, our funds' cash held with a prime broker, custodian or counterparty generally will not be segregated from the prime broker's, custodian's or counterparty's own cash, and our funds may therefore rank as unsecured creditors in relation thereto.

The counterparty risks that we face have increased in complexity and magnitude as a result of disruption in the financial markets in recent years. In addition, counterparties have generally reacted to recent market volatility by tightening their underwriting standards and increasing their margin requirements for all categories of financing, which has the result of decreasing the overall amount of leverage available and increasing the costs of borrowing.

***A portion of our revenue, earnings and cash flow is variable, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of shares of our Class A common stock to decline.***

A portion of our revenue, earnings and cash flow is variable, primarily due to the fact that carried interest and incentive fees that we receive from certain of our funds can vary from quarter to quarter and year to year. In addition, the investment returns of most of our funds are volatile. We may also experience fluctuations in our results from quarter to quarter and year to year due to a number of other factors, including changes in the values of our funds' investments, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in our operating expenses, the degree to



which we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of shares of our Class A common stock and cause our results for a particular period not to be indicative of our performance in a future period. It may be difficult for us to achieve steady growth in earnings and cash flow on a quarterly basis, which could in turn lead to large adverse movements in the price of shares of our Class A common stock or increased volatility in the price of shares of our Class A common stock generally.

The timing and amount of carried interest and incentive fees generated by our funds is uncertain and contributes to the volatility of our results. It takes a substantial period of time to identify attractive investment opportunities, to diligence and finance an investment and then to realize the cash value or other proceeds of an investment through a sale, public offering, recapitalization or other exit. Even if an investment proves to be profitable, it may be several years before any profits can be realized in cash or other proceeds. We cannot predict when, or if, any realization of investments will occur. If we were to have a realization event in a particular quarter or year, it may have a significant impact on our results for that particular quarter or year that may not be replicated in subsequent periods. We recognize revenue on investments in our funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds, and a decline in realized or unrealized gains, or an increase in realized or unrealized losses, would adversely affect our revenue, which could increase the volatility of our results.

With respect to our funds that generate carried interest, the timing and receipt of such carried interest varies with the life cycle of our funds. During periods in which a relatively large portion of our assets under management is attributable to funds and investments in their “harvesting” period, our funds would make larger distributions than in the fund-raising or investment periods that precede harvesting. During periods in which a significant portion of our assets under management is attributable to funds that are not in their harvesting periods, we may receive substantially lower carried interest distributions. Moreover in some cases, we receive carried interest payments only upon realization of investments by the relevant fund, which contributes to the volatility of our cash flow and in other funds we are only entitled to carried interest payments after a return of all contributions and a preferred return to investors.

With respect to our funds that pay an incentive fee, the incentive fee is generally paid annually. In many cases, we earn this incentive fee only if the net asset value of a fund has increased or, in the case of certain funds, increased beyond a particular threshold. Some of our funds also have “high water marks.” If the high water mark for a particular fund is not surpassed, we would not earn an incentive fee with respect to that fund during a particular period even if the fund had positive returns in such period as a result of losses in prior periods. If the fund were to experience losses, we would not be able to earn an incentive fee from such fund until it surpassed the previous high water mark. The incentive fees we earn are, therefore, dependent on the net asset value of our fund investments, which could lead to significant volatility in our results. Finally, the timing and amount of incentive fees generated by our closed-end funds are uncertain and will contribute to the volatility of our earnings. Incentive fees depend on our closed-end funds’ investment performance and opportunities for realizing gains, which may be limited.

Because a portion of our revenue, earnings and cash flow can be variable from quarter to quarter and year to year, we do not plan to provide any guidance regarding our expected quarterly and annual operating results. The lack of guidance may affect the expectations of public market analysts and could cause increased volatility in the price of shares of our Class A common stock.

***Fraud and other deceptive practices or other misconduct at our funds’ portfolio companies, properties or projects could similarly subject us to liability and reputational damage and also harm our businesses.***

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In the U.K., the Bribery Act of 2010 (the “U.K. Bribery Act”) prohibits companies that conduct business in the U.K. and their employees and representatives from giving, offering or promising bribes to any person, including non-U.K. government officials, as well as requesting, agreeing to receive or accepting bribes from any person. Under the U.K. Bribery Act, companies may be held liable for failing to prevent their employees and associated persons from violating the Act. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and U.K. Bribery Act, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA, the U.K. Bribery Act or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial position or the market value of shares of our Class A common stock.

In addition, we could be adversely affected as a result of actual or alleged misconduct by personnel of portfolio companies, properties or projects in which our funds invest, if there are failures to comply with regulations or other legal and regulatory requirements that could expose us to litigation or regulatory action and otherwise adversely affect our businesses and reputation. Such misconduct could negatively affect the valuation of a fund’s investments and consequently affect our funds’ performance and negatively impact our businesses. In addition, we may face an increased risk of such misconduct to the extent

our investment in foreign markets, particularly emerging markets, increase. Such markets may not have established laws and regulations that are as stringent as in more developed nations, or existing laws and regulations may not be consistently enforced. Due diligence on investment opportunities in these jurisdictions is frequently more complicated because consistent and uniform commercial practices in such locations may not have developed. Misconduct may be especially difficult to detect in such locations, and compliance with applicable laws may be difficult to maintain and monitor.

***Our use of leverage to finance our businesses exposes us to substantial risks.***

As of December 31, 2023, we had \$895.0 million in borrowings outstanding under our credit facility (the “Credit Facility”), and aggregate principal amount of senior notes and subordinated notes of \$1,650.0 million and \$450.0 million, respectively, are outstanding. We may choose to finance our businesses operations through further borrowings under the Credit Facility or by issuing additional debt. Our existing and future indebtedness exposes us to the typical risks associated with the use of leverage, including the same risks that are applicable to our funds that use leverage as discussed below under “—Risks Related to Our Funds—Dependence on significant leverage by our funds subjects us to volatility and contractions in the debt financing markets could adversely affect our ability to achieve attractive rates of return on those investments.” The occurrence or continuation of any of these events or trends could cause us to suffer a decline in the credit ratings assigned to our debt by rating agencies, which would cause the interest rate applicable to borrowings under the Credit Facility to increase and could result in other material adverse effects on our businesses. We depend on financial institutions extending credit to us on terms that are reasonable to us. There is no guarantee that such institutions will continue to extend credit to us or renew any existing credit agreements we may have with them, or that we will be able to refinance outstanding facilities when they mature. In addition, the incurrence of additional debt in the future could result in potential downgrades of our existing corporate credit ratings, which could limit the availability of future financing and/or increase our cost of borrowing. Furthermore, the Credit Facility and the indenture governing our senior notes contain certain covenants with which we need to comply. Non-compliance with any of the covenants without cure or waiver would constitute an event of default, and an event of default resulting from a breach of certain covenants could result, at the option of the lenders, in an acceleration of the principal and interest outstanding. In addition, if we incur additional debt, our credit rating could be adversely impacted.

Borrowings under the Credit Facility will mature in March 2027, our tranches of senior notes mature in October 2024, November 2028, June 2030 and February 2052, respectively, and our subordinated notes mature in June 2051. As these borrowings and other indebtedness mature (or are otherwise repaid prior to their scheduled maturities), we may be required to either refinance them by entering into new facilities or issuing additional debt, which could result in higher borrowing costs, or issuing equity, which would dilute existing stockholders. We could also repay these borrowings by using cash on hand, cash provided by our continuing operations or cash from the sale of our assets, which could reduce distributions to holders of our Class A or non-voting common stock. We may be unable to enter into new facilities or issue debt or equity in the future on attractive terms, or at all. Borrowings under the Credit Facility are SOFR-based obligations. As a result, an increase in short-term interest rates will increase our interest costs if such borrowings have not been hedged into fixed rates.

The risks related to our use of leverage may be exacerbated by our funds’ use of leverage to finance investments. See “—Risks Related to Our Funds—Dependence on significant leverage by our funds subjects us to volatility and contractions in the debt financing markets could adversely affect our ability to achieve attractive rates of return on those investments.”

***We are exposed to risks associated with changes in interest rates.***

General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our investment objective and our net investment income. Because we borrow money and may issue debt securities or preferred stock to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. If market rates decrease we may earn less interest income from investments made during such lower rate environment. From time to time, we may also enter into certain hedging transactions to mitigate our exposure to changes in interest rates. In the past, we have entered into certain hedging transactions, such as interest rate swap agreements, to mitigate our exposure to adverse fluctuations in interest rates, and we may do so again in the future. In addition, we may increase our floating rate instruments to position the portfolio for rate increases. On a market value basis, approximately 87% of the debt assets within our Credit Group were floating rate instruments as of December 31, 2023, which we believe helps mitigate volatility associated with changes in interest rates. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk. There can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Trading prices tend to fluctuate more for fixed rate securities that have longer maturities. Although we have no policy governing the maturities of our investments, under current market conditions we expect that we will invest in a portfolio of debt generally having maturities of up to 10 years. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates

rise. This means that we are subject to greater risk (other things being equal) than a fund invested solely in shorter-term securities. A decline in the prices of the debt we own could adversely affect the trading price of our common stock. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

***Operational risks may disrupt our businesses, result in losses or limit our growth.***

We face operational risk from errors made in the execution, confirmation or settlement of transactions. We also face operational risk from transactions and key data not being properly recorded, evaluated or accounted for in our funds. In particular, our Credit Group, and to a lesser extent our Private Equity Group, are highly dependent on our ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate manner. Consequently, we rely heavily on our financial, accounting and other data processing systems. New investment products we may introduce could create a significant risk that our existing systems may not be adequate to identify or control the relevant risks in the investment strategies employed by such new investment products.

In addition, we operate in a business that is highly dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, particularly our growth internationally, and the cost of maintaining the information systems technology may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to the information systems technology, could have a material adverse effect on our business and results of operations.

Furthermore, our headquarters and a substantial portion of our personnel are located in Los Angeles. An earthquake or other disaster or a disruption in the infrastructure that supports our businesses, including a disruption involving electronic communications, our internal human resources systems or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse effect on our ability to continue to operate our businesses without interruption. Although we have disaster recovery programs in place, these may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

We also rely on third-party service providers for certain aspects of our businesses, including for certain information systems, technology and administration of our funds and compliance matters. Operational risks could increase as third-party service providers increasingly offer mobile and cloud-based software services rather than software services that can be operated within our own data centers, as certain aspects of the security of such technologies may be complex, unpredictable or beyond our control, and any failure by mobile technology or cloud service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential, proprietary or personal information. In addition, our counterparties' information systems, technology or accounts may be the target of cyber-attacks. Any interruption or deterioration in the performance of these third parties or the service providers of our counterparties or failures or vulnerabilities of their respective information systems or technology could impair the quality of our funds' operations and could impact our reputation, adversely affect our businesses and limit our ability to grow.

Finally, there has been significant evolution and developments in the use of artificial intelligence technologies, including large language models, such as ChatGPT. We cannot fully determine the impact of such evolving technology to our business at this time.

***Our investments in subsidiaries that have sponsored SPACs and invested in their business combination targets may expose us to increased liabilities, and we may suffer the loss of all or a portion of our investments if the SPAC does not complete a business combination by the applicable deadline or the target is unsuccessful.***

In February 2021, we invested \$23.0 million into a subsidiary that is the sponsor of AAC I, a blank check company. On December 5, 2022, AAC I entered into a business combination agreement among AAC I, X-Energy Reactor Company, LLC ("X-energy"), a Delaware limited liability company and additional parties thereto. On October 31, 2023, AAC I announced that it mutually agreed to terminate its previously announced business combination with X-energy, given challenging market conditions, peer-company trading performance and a balancing of the benefits and drawbacks of becoming a publicly-traded company under current circumstances. Because AAC I did not complete a business combination within the time period required by its amended and restated memorandum and articles of association, AAC I has redeemed all outstanding Class A ordinary shares and ceased all operations other than legal dissolution. In December 2023, we invested \$50.0 million into X-energy to support X-energy's continued growth as a private company. We may lose all or a portion of our investment if X-energy is unsuccessful as a private company.

In April 2023, we invested \$14.3 million into a subsidiary that is the sponsor of AAC II, a blank check company. AAC II has until April 25, 2025 to complete a business combination. Prior to a business combination, the sponsor of AAC II (and its

permitted transferees) holds 100% of the Class B ordinary shares outstanding of AAC II. The Class B ordinary shares equal 20% of the outstanding ordinary shares of AAC II. Upon the successful completion of an acquisition the pro forma ownership of the new company will vary depending on the business combination terms. There can be no assurances that this scenario and the resulting ownership will manifest, as changes may be made depending upon business combination terms. There is no assurance that AAC II will be successful in completing a business combination or that any business combination will be successful.

***Adverse legal and regulatory developments relating to SPACs and their sponsors could adversely affect our business and reputation and result in significant losses and expenses.***

We have sponsored AAC I, AAC II and may in the future continue to sponsor or otherwise utilize SPACs or other blank check companies in connection with the operation of our business. Regulatory and legal scrutiny of SPACs and other blank check companies increased significantly in recent years. For example, in 2021, the SEC's staff issued statements relating to certain accounting classifications applicable to the financial statements prepared by SPACs, leading to many SPACs, including AAC I, having to restate their financial statements and, in January 2024, the SEC adopted final rules that, among other items, impose additional disclosure requirements in business combination transactions involving SPACs and private operating companies; amend the financial statement requirements applicable to business combination transactions involving such companies; update and expand guidance regarding the general use of projections in SEC filings, including requiring disclosure of all material bases of the projections and all material assumptions underlying the projections; increase the potential liability of certain participants in proposed business combination transactions; and could impact the extent to which SPACs could become subject to regulation under the Investment Company Act. The SEC has also recently brought enforcement actions against a SPAC and its sponsor for misleading claims in advance of a proposed business combination. In addition, litigation challenging completed and pending acquisitions by SPACs has increased, and in such litigation, it is possible that sponsors and/or their director designees may be held liable either for breaches of fiduciary duties owed to the SPAC's public stockholders or for certain actions or omissions by the SPAC, including the failure by the SPAC to comply with applicable securities laws. Litigation has also arisen asserting that SPACs are violating federal securities laws by operating as unregistered investment companies. Any liabilities arising from these developments could adversely impact our business as well as harm our professional reputation. Moreover, we may lose all or a portion of our investment in any SPAC that we sponsor or become affiliated with if a business combination is not completed as contemplated or if the business combination is unsuccessful, which may also result in significant regulatory scrutiny, litigation costs and other expenses. AAC I did not complete a business combination within the time period required by its amended and restated memorandum and articles of association, and is going through the dissolution and liquidation process.

#### **Risks Related to Our Funds**

***The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in shares of our Class A common stock.***

The historical performance of our funds is relevant to us primarily insofar as it is indicative of carried interest and incentive fees we have earned in the past and may earn in the future and our reputation and ability to raise new funds and therefore earn management fees on such new funds. The historical and potential returns of the funds we advise are not, however, directly linked to returns on shares of our Class A common stock. Therefore, holders of our Class A common stock should not conclude that positive performance of the funds we advise will necessarily result in positive returns on an investment in shares of our Class A common stock. An investment in shares of our Class A common stock is not an investment in any of our funds. Also, there is no assurance that projections in respect of our funds or unrealized valuations will be realized.

Moreover, the historical returns of our funds should not be considered indicative of the future returns of these or from any future funds we may raise, in part because:

- market conditions during previous periods may have been significantly more favorable for generating positive performance than the market conditions we may experience in the future;
- our funds' rates of returns, which are calculated on the basis of net asset value of the funds' investments, reflect unrealized gains, which may never be realized;
- our funds' returns have previously benefited from investment opportunities and general market conditions that may not recur, including the availability of debt capital on attractive terms and the availability of distressed debt opportunities, and we may not be able to achieve the same returns or profitable investment opportunities or deploy capital as quickly;

- the historical returns that we present in this Annual Report on Form 10-K derive largely from the performance of our earlier funds, whereas future fund returns will depend increasingly on the performance of our newer funds or funds not yet formed, which may have little or no realized investment track record;
- our funds' historical investments were made over a long period of time and over the course of various market and macroeconomic cycles, and the circumstances under which our current or future funds may make future investments may differ significantly from those conditions prevailing in the past;
- the attractive returns of certain of our funds have been driven by the rapid return of invested capital, which has not occurred with respect to all of our funds and we believe is less likely to occur in the future;
- in recent years, there has been increased competition for investment opportunities resulting from the increased amount of capital invested in alternative funds and high liquidity in debt markets, and the increased competition for investments may reduce our returns in the future; and
- our newly established funds may generate lower returns during the period that they take to deploy their capital.

The future internal rate of return for any current or future fund may vary considerably from the historical internal rate of return generated by any particular fund, or for our funds as a whole. Future returns will also be affected by the risks described elsewhere in this Annual Report on Form 10-K, including risks of the industries and businesses in which a particular fund invests.

***Valuation methodologies for certain assets can be subject to significant subjectivity, and the values of assets may never be realized.***

Many of the investments of our funds are illiquid and thus have no readily ascertainable market prices. We value these investments based on our estimate, or an independent third party's estimate, of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. We estimate the fair value of our investments based on third-party models, or models developed by us, which include discounted cash flow analyses and other techniques and may be based, at least in part, on independently sourced market parameters. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, the timing of and the estimated proceeds from expected financings, some or all of which factors may be ascribed more or less weight in light of the particular circumstances. The actual results related to any particular investment often vary materially as a result of the inaccuracy of these estimates and assumptions. In addition, because many of the illiquid investments held by our funds are in industries or sectors which are unstable, in distress or undergoing some uncertainty, such investments are subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

We include the fair value of illiquid assets in the calculations of net asset values, returns of our funds and our assets under management. Furthermore, we recognize carried interest and incentive fees from affiliates based in part on these estimated fair values. Because these valuations are inherently uncertain, they may fluctuate greatly from period to period. Also, they may vary greatly from the prices that would be obtained if the assets were to be liquidated on the date of the valuation and often do vary greatly from the prices we eventually realize; as a result, there can be no assurance that such unrealized valuations will be fully or timely realized.

In addition, the values of our investments in publicly-traded assets are subject to significant volatility, including due to a number of factors beyond our control. These include actual or anticipated fluctuations in the quarterly and annual results of these companies or other companies in their industries, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions or government regulations, changes in management or capital structure and significant acquisitions and dispositions. Because the market prices of these securities can be volatile, the valuations of these assets change from period to period, and the valuation for any particular period may not be realized at the time of disposition. In addition, market values may be based on indicative rather than actual trading prices, and may therefore lack precision. Further, because our funds often hold large positions in their portfolio companies, the disposition of these securities often is delayed for, or takes place over, long periods of time, which can further expose us to volatility risk. Even if we hold a quantity of public securities that may be difficult to sell in a single transaction, we do not discount the market price of the security for purposes of our valuations.

Although we frequently engage independent third parties to perform the foregoing valuations, the valuation process remains inherently subjective for the reasons described above.

If we realize value on an investment that is significantly lower than the value at which it was reflected in a fund's net asset values, we would suffer losses in the applicable fund. This could in turn lead to a decline in asset management fees and a loss equal to the portion of the carried interest and incentive fees from affiliates reported in prior periods that was not realized upon disposition. These effects could become applicable to a large number of our investments if our estimates and assumptions used in estimating their fair values differ from future valuations due to market developments. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Analysis" for information related to fund activity that is no longer consolidated. If asset values turn out to be materially different than values reflected in fund net asset values, fund investors could lose confidence which could, in turn, result in difficulties in raising additional investments.

***The valuation process for the portfolio holdings of our registered funds and business development companies that we manage may create a conflict of interest.***

Effective September 2022, Rule 2a-5 under the Investment Company Act establishes requirements for good faith determinations of fair value, and addresses both the board's and the "valuation designee's" roles and responsibilities relating to determinations of the fair value of securities without readily available market quotations. Each of the boards of the investment companies registered under the Investment Company Act (collectively, the "registered funds") and the business development companies that we manage have designated their respective investment advisers to serve as valuation designee. These investment advisers are subsidiaries of the Company.

A substantial majority of our registered funds' and business development companies' portfolio holdings are comprised of investments that are not publicly-traded and do not otherwise have readily available market quotations. As a result, as required by the Investment Company Act and pursuant to Rule 2a-5 under the Investment Company Act, each of our registered funds' and business development companies' valuation designees will determine the fair value of these securities in good faith. The participation of employees of the Company's subsidiaries in our business development companies' valuation processes could result in a conflict of interest since certain of our funds pay base management fees that may fluctuate with changes in value.

***Market values of debt instruments and publicly-traded securities that our funds hold as investments may be volatile.***

The market prices of debt instruments and publicly-traded securities held by some of our funds may be volatile and are likely to fluctuate due to a number of factors beyond our control, including actual or anticipated changes in the profitability of the issuers of such securities, general economic, social or political developments, changes in industry conditions, changes in government regulation, shortfalls in operating results from levels forecast by securities analysts, inflation and rapid fluctuations in inflation rates and the general state of the securities markets as described above under "—Risks Related to Our Businesses—Difficult market and political conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition," and other material events, such as significant management changes, financings, re-financings, securities issuances, acquisitions and dispositions. The value of publicly-traded securities in which our funds invest may be particularly volatile as a result of these factors. In addition, debt instruments that are held by our funds to maturity or for long terms must be "marked-to-market" periodically, and their values are therefore vulnerable to interest rate fluctuations and the changes in the general state of the credit environment, notwithstanding their underlying performance. Changes in the values of these investments may adversely affect our investment performance and our results of operations.

***Our funds may be unable to deploy capital at a steady and consistent pace, which could have an adverse effect on our results of operations and future fundraising.***

The pace and consistency of our funds' capital deployment has been, and may in the future continue to be, affected by a range of factors, including market conditions, regulatory developments and increased competition, which are beyond our control. In particular, the private equity and real estate markets have recently experienced a slowdown in deal activity. In addition, the private markets have continued to experience challenges with downward pressure on valuations and muted opportunities for realizations. To the extent these market dynamics continue, it may continue to impact the pace and consistency of our funds' capital deployment. During the same period, our AUM not yet paying fees may increase due to ongoing fundraising. While this AUM not yet paying fees represents significant future fee-earning potential, our inability to deploy this capital on the timeframe we expect, or at all, and on terms that we believe are attractive, would reduce or delay the management fees, carried interest and incentive fees that we would otherwise expect to earn on this capital. Any such reduction or delay would impair our ability to offset investments in additional resources that we often make to manage new capital, including hiring additional professionals. Moreover, we could be delayed in raising successor funds. The impact of any such reduction or delay would be particularly adverse with respect to funds where management fees are paid on invested capital. Any of the foregoing could have a material adverse effect on our results of operations and growth.

***Our funds depend on investment cycles, and any change in such cycles could have an adverse effect on our investment prospects.***

Cyclicality is important to our businesses. Weak economic environments have often provided attractive investment opportunities and strong relative investment performance. Conversely, we tend to realize value from our investments in times of economic expansion, when opportunities to sell investments may be greater. Thus, we depend on the cyclicality of the market to sustain our businesses and generate attractive risk-adjusted returns over extended periods. Any significant ongoing volatility or prolonged economic expansion or recession could have an adverse impact on certain of our funds and materially affect our ability to deliver attractive investment returns or generate incentive or other income.

***Dependence on significant leverage by our funds subjects us to volatility and contractions in the debt financing markets could adversely affect our ability to achieve attractive rates of return on those investments.***

Some of our funds and their investments rely on the use of leverage, and our ability to achieve attractive rates of return on investments will depend on our ability to access sufficient sources of indebtedness at attractive rates. If our funds or the companies in which our funds invest raise capital in the structured credit, leveraged loan, high yield bond or investment grade bond markets, the results of their operations may suffer if such markets experience dislocations, contractions or volatility. Any such events could adversely impact the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies.

Recently, the credit markets have experienced heightened volatility. Significant ongoing volatility or a protracted economic downturn could adversely affect the financial resources of our funds and their investments (in particular those investments that depend on credit from third parties or that otherwise participate in the credit markets) and their ability to make principal and interest payments on outstanding debt, or refinance outstanding debt when due. Moreover, these events could affect the terms of available debt financing with, for example, higher rates, higher equity requirements and/or more restrictive covenants, particularly in the area of acquisition financings for leveraged buyout and real estate assets transactions.

The absence of available sources of sufficient debt financing for extended periods of time or an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments. Future increases in interest rates could also make it more difficult to locate and consummate investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital or their ability to benefit from a higher amount of cost savings following the acquisition of the asset. In addition, a portion of the indebtedness used to finance investments often includes high yield debt securities issued in the capital markets. Availability of capital from the high yield debt markets is subject to significant volatility, and there may be times when our funds are unable to access those markets at attractive rates, or at all, when completing an investment. Certain investments may also be financed through borrowings on fund-level debt facilities, which may or may not be available for a refinancing at the end of their respective terms.

In the event that our funds are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, our funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could reduce the performance and investment income earned by us. Similarly, our funds' portfolio companies regularly utilize the corporate debt markets to obtain financing for their operations. If the credit markets render such financing difficult to obtain or more expensive, this may negatively impact the operating performance of those portfolio companies and, therefore, the investment returns of our funds. In addition, if the markets make it difficult or impossible to refinance debt that is maturing in the near term, some of our funds' portfolio companies may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection. Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations and cash flow.

When our funds' existing portfolio investments reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have not generated sufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. A persistence of the limited availability of financing for such purposes for an extended period of time when significant amounts of the debt incurred to finance our funds' existing portfolio investments becomes due could have a material adverse effect on these funds.

Our funds may choose to use leverage as part of their respective investment programs and certain funds, particularly in our Credit Group, regularly borrow a substantial amount of their capital. The use of leverage poses a significant degree of risk and enhances the possibility of a significant loss in the value of the investment portfolio. A fund may borrow money from time to time to purchase or carry securities or may enter into derivative transactions with counterparties that have embedded leverage. The interest expense and other costs incurred in connection with such borrowing may not be recovered by

appreciation in the securities purchased or carried and will be lost, and the timing and magnitude of such losses may be accelerated or exacerbated, in the event of a decline in the market value of such securities. Gains realized with borrowed funds may cause the fund's net asset value to increase at a faster rate than would be the case without borrowings. However, if investment results fail to cover the cost of borrowings, the fund's net asset value could also decrease faster than if there had been no borrowings. In addition, as business development companies registered under the Investment Company Act, ARCC and ASIF are currently permitted to incur indebtedness or issue senior securities only in amounts such that its asset coverage ratio equals at least 150% after each such issuance. ARCC and ASIF's ability to pay dividends will be restricted if their respective asset coverage ratio falls below 150% and any amounts that they use to service their respective indebtedness are not available for dividends to its common stockholders. Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations and cash flow.

***Some of our funds may invest in companies that are highly leveraged, which may increase the risk of loss associated with those investments.***

Some of our funds may invest in companies whose capital structures involve significant leverage. For example, in many non-distressed private equity investments, indebtedness may be as much as 75% or more of a portfolio company's or real estate asset's total debt and equity capitalization, including debt that may be incurred in connection with the investment, whether incurred at or above the investment-level entity. In distressed situations, indebtedness may exceed 100% or more of a portfolio company's capitalization. Investments in highly leveraged entities are inherently more sensitive to declines in revenues, increases in expenses and interest rates and volatile or adverse economic, market and industry developments. Additionally, the debt positions acquired by our funds may be the most junior in what could be a complex capital structure, and thus subject us to the greatest risk of loss in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of one of these companies. Furthermore, the incurrence of a significant amount of indebtedness by an entity could, among other things:

- subject the entity to a number of restrictive covenants, terms and conditions, any violation of which could be viewed by creditors as an event of default and could materially impact our ability to realize value from the investment;
- allow even moderate reductions in operating cash flow to render the entity unable to service its indebtedness, leading to a bankruptcy or other reorganization of the entity and a loss of part or all of our fund's equity investment in it; and
- give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which might limit the entity's ability to respond to changing industry conditions if additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively less debt.

***Many of our funds invest in assets that are high risk, illiquid or subject to restrictions on transfer and we may fail to realize any profits from these activities ever or for a considerable period of time or lose some or all of the capital invested.***

Many of our funds invest in securities that are not publicly-traded. In many cases, our funds may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. Our funds generally cannot sell these securities publicly unless either their sale is registered under applicable securities laws or an exemption from such registration is available, and then only at such times when we do not possess material nonpublic information. Accordingly, our funds may be forced, under certain conditions, to sell securities at a loss. The ability of many of our funds, particularly our Private Equity Group funds, to dispose of these investments is heavily dependent on the capital markets and in particular the public equity markets. For example, the ability to realize any value from an investment may depend upon the ability of the portfolio company in which such investment is held to complete an initial public offering. Even if the securities are publicly-traded, large holdings of securities can often be disposed of only over a substantial period of time. Moreover, because the investment strategy of many of our funds, particularly our Private Equity Group funds, often entails our having representation on our funds' public portfolio company boards, our funds can affect such sales only during limited trading windows. Each of these exposes investment returns to risks of downward movement in market prices during the intended disposition period. As a result, we may fail to realize any profits from our investments in the funds that hold these securities for a considerable period of time or at all, and we may lose some or all of the principal amount of our investments. In addition, market conditions can also delay our funds' ability to exit and realize value from their investments. For example, rising interest rates and challenging credit markets may make it difficult for potential buyers to raise sufficient capital to purchase our funds' investments. Although the equity markets are not the only means by which we exit investments from our funds, the strength and liquidity of the U.S. and relevant global equity markets generally, and the initial public offering market specifically, affect the valuation of, and our ability to successfully exit, our



equity positions in the portfolio companies of our funds in a timely manner. We may also realize investments through strategic sales. When financing is not available or becomes too costly, it may be more difficult to find a buyer that can successfully raise sufficient capital to purchase our investments. In addition, volatile debt and equity markets may also make the exit of our investments more difficult to execute.

Certain investments may trade on an “over-the-counter” market, which may be any location where the buyer and seller can settle a price. A significant portion of our funds’ investments are not expected to trade in any market. Due to the lack of centralized information and trading, the valuation of such instruments may carry more risk than publicly-traded common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing (or valuation). In addition, other market participants may value a fund’s investments differently than us.

As many of our funds have a finite term, we could also be forced to dispose of investments sooner than otherwise desirable. Accordingly, under certain conditions, our funds may be forced to either sell their investments at lower prices than they had expected to realize or defer sales that they had planned to make, potentially for a considerable period of time. We have made and expect to continue to make significant capital investments in our current and future funds and other strategies. Contributing capital to these funds and new strategies is risky, and we may lose some or all of the principal amount of our investments.

***Government policies regarding certain regulations, such as antitrust law, or restrictions on foreign investment in certain of our funds’ portfolio companies or assets can also make it more difficult for us to deploy capital in certain jurisdictions and limit our funds’ exit opportunities.***

The U.S. and many non-U.S. jurisdictions have laws designed to protect national security or to restrict foreign direct investment. For example, under the U.S. Foreign Investment Risk Review Modernization Act (“FIRRMA”), the Committee on Foreign Investment in the United States (“CFIUS”) has the authority to review, block or impose conditions on investments by non-U.S. persons in U.S. companies or real assets deemed critical or sensitive to the United States. Many non-U.S. jurisdictions restrict foreign investment in assets important to national security by taking steps including, but not limited to, placing limitations, restrictions or conditions on foreign equity investment, implementing investment screening or approval mechanisms and restricting the employment of foreigners as key personnel. These U.S. and foreign laws could limit our funds’ ability to invest in certain businesses or entities or impose burdensome notification requirements, operational restrictions or delays in pursuing and consummating transactions.

Certain of our investments may be subject to review and approval by CFIUS or any non-U.S. equivalents thereof, which may have outsized impacts on transaction certainty, timing, feasibility and cost, and may prevent us from maintaining or pursuing investment opportunities that we otherwise would have maintained or pursued. CFIUS or any non-U.S. equivalents thereof may seek to impose limitations, conditions or restrictions on or prohibit one or more of our investments, which may adversely affect the ability of our funds to execute on their investment strategy with respect to such transaction as well as limit our flexibility in structuring or financing certain transactions. In addition, CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions, conditions or limitations on, transactions post-closing. Our funds may also invest in companies that are, or may become, subject to CFIUS requirements based on pre-existing foreign ownership and control; in such cases, CFIUS requirements may adversely impact a portfolio company’s ability to obtain or retain business or otherwise make it more difficult for us to realize a profit from an investment.

The foregoing laws could limit our ability to find suitable investments and could also negatively impact our fundraising and syndication activities by causing us to exclude or limit certain investors in our funds or co-investors for our transactions. Moreover, these laws may make it difficult for us to identify suitable buyers for our investments that we want to exit and could constrain the universe of exit opportunities generally. Complying with these laws imposes potentially significant costs and complex additional burdens, and any failure by us or our portfolio companies to comply with them could expose us to significant penalties, sanctions, loss of future investment opportunities, additional regulatory scrutiny and reputational harm. See “—Risks Related to Regulation—Extensive regulation affects our activities, increases the cost of doing business and creates the potential for significant liabilities and penalties that could adversely affect our businesses and results of operations.”

In addition to undertaking active ongoing investigative agendas, the U.S. Department of Justice Antitrust Division and the FTC, the two agencies responsible for enforcing federal antitrust and competition laws, issued new Merger Guidelines in December 2023, designed to invigorate enforcement of the antitrust and competition laws. Antitrust and competition law enforcers and regulators in foreign jurisdictions have been similarly active. These initiatives are expected to increase scrutiny of mergers and acquisitions and to result in the adoption of more stringent guidelines for pre-approval of mergers, and potentially for review of previously consummated transactions as well. As a result, the process of obtaining pre-approval from U.S. antitrust agencies and other non-U.S. antitrust authorities for mergers and acquisitions undertaken by the investment funds we

manage is expected to become more challenging, more time consuming and more expensive. We may even be required to undergo investigations concerning previously closed transactions. If certain proposed acquisitions or dispositions of portfolio companies by our managed investment funds are delayed or rejected by antitrust enforcers, or if previously closed transactions are investigated, it could have an adverse impact on our ability to generate future performance revenues and to fully invest the available capital in our funds, as well as reduce opportunities to exit and realize value from our fund investments.

In August 2023, the President issued an executive order establishing an outbound investment screening regime that is intended to regulate or prohibit certain investments by U.S. persons in advanced technology sectors in China and other jurisdictions that may be designated as a “country of concern.” While the U.S. Department of the Treasury proposed rules in August 2023 contemplating the imposition of notification requirements for, and the potential prohibition of, outbound investment involving semiconductors and microelectronics, quantum information technologies and artificial intelligence by U.S. persons into certain entities with a nexus to China, the exact scope and application of the outbound investment program has yet to be determined. Moreover, there is a high likelihood that the number of targeted sectors will expand over the life of our funds. When restrictions on U.S. outbound investment become effective, these could limit the universe of prospective investments available to us, making it more difficult to deploy capital or identify buyers for investments, and/or adversely affect the governance and operations of our investments and thus our overall performance.

State regulatory agencies may also impose restrictions on private funds’ investments in certain types of assets, which could affect our funds’ ability to find attractive and diversified investments and to complete such investments in a timely manner. For example, more than two dozen U.S. states have enacted or are considering legislation that would prohibit, restrict, or regulate foreign investment in real property in such states. We cannot exclude that some or all of these states may prohibit, restrict or regulate (including requiring disclosure of) our funds’ transactions, including based on the composition of our investor base. Collectively, these laws also elevate the likelihood that we will be required or requested to disclose to U.S. federal and/or state regulators information about us, our funds, our investors, our structure, and our beneficial ownership and control and may impact the ability of non-U.S. limited partners to participate in certain of our investment strategies.

Many of the power, infrastructure and energy companies in which certain of our funds invest are subject to regulation by the Federal Energy Regulatory Commission (“FERC”), which oversees acquisition and disposition of electric generation, transmission and other electric facilities in most of the U.S., along with transmission of electricity in interstate commerce in the U.S., and wholesale purchases and sales of electric energy in interstate commerce in the U.S., among other things. In some U.S. states, public utility commissions can also (or alternatively) regulate investments in, or transfers of, certain electric sector holdings and infrastructure. Under existing regulations, FERC and public utility commissions may, in some circumstances, slow, or impose restrictions on, investments in or transfers of regulated assets. Changes to regulations, or changes to interpretations thereof, by FERC or public utility commissions may similarly make regulated investments, acquisitions or dispositions more challenging or time-consuming, and may subject previously-exempt classes of transactions to new authorization requirements. While our investments are exposed to FERC and public utility commission regulation in a manner that is consistent with other participants in the power, infrastructure and energy sector, such regulations could nonetheless result in delays in making investments, delays in exiting investments or limitations or conditions that may adversely affect the ability of our funds to execute on their investment strategy with respect to such transactions as well as limit our flexibility in structuring or financing certain transactions.

***Certain of our funds make preferred and common equity investments that rank junior to preferred equity and debt in a company’s capital structure.***

In most cases, the companies in which our investment funds invest have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to our fund’s investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of our investment. In addition, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to our investment would typically be entitled to receive payment in full before distributions could be made in respect of our investment. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of our investment. To the extent that any assets remain, holders of claims that rank equally with our investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Moreover, during periods of financial distress or following an insolvency, the ability of our funds to influence a company’s affairs and to take actions to protect their investments may be substantially less than that of the senior creditors.

***Certain of our funds utilize special situation and distressed debt investment strategies that involve significant risks.***

Certain of the funds in our Credit and Private Equity Groups invest in obligors and issuers with weak financial conditions, poor operating results, substantial financing needs, negative net worth and/or special competitive problems. These funds also invest in obligors and issuers that are involved in bankruptcy or reorganization proceedings. In such situations, it may be difficult to obtain full information as to the exact financial and operating conditions of these obligors and issuers. Additionally, the fair values of such investments are subject to abrupt and erratic market movements and significant price volatility if they are publicly-traded securities, and are subject to significant uncertainty in general if they are not publicly-traded securities. Furthermore, some of our funds' distressed investments may not be widely traded or may have no recognized market. A fund's exposure to such investments may be substantial in relation to the market for those investments, and the assets are likely to be illiquid and difficult to sell or transfer. As a result, it may take a number of years for the market value of such investments to ultimately reflect their intrinsic value as perceived by us.

A central feature of our distressed investment strategy is our ability to effectively anticipate the occurrence of certain corporate events, such as debt and/or equity offerings, restructurings, reorganizations, mergers, takeover offers and other transactions, that we believe will improve the condition of the business. Similarly, we perform significant analysis of the company's capital structure, operations, industry and ability to generate income, as well as market valuation of the company and its debt, and develop a strategy with respect to a particular distressed investment based on such analysis. In furtherance of that strategy our funds seek to identify the best position in the capital structure in which to invest. If the relevant corporate event that we anticipate is delayed, changed or never completed, or if our analysis or investment strategy is inaccurate, the market price and value of the applicable fund's investment could decline sharply.

In addition, these investments could subject a fund to certain potential additional liabilities that may exceed the value of its original investment. Under certain circumstances, payments or distributions on certain investments may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In the case where the investment in securities of troubled companies is made in connection with an attempt to influence a restructuring proposal or plan of reorganization in bankruptcy, our funds may become involved in substantial litigation.

***Certain of the funds or accounts we advise or manage are subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, and our businesses could be adversely affected if certain of our other funds or accounts fail to satisfy an exception under the U.S. Department of Labor's "plan assets" regulation.***

Certain of the funds and accounts we advise or manage are subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code. For example, we currently manage some of our funds or accounts as "plan assets" under ERISA. With respect to these funds or accounts, this results in the application of the fiduciary responsibility standards of ERISA to investments made by such funds or accounts, including the requirement of investment prudence and diversification, and the possibility that certain transactions that we enter into, or may have entered into, on behalf of these funds or accounts, in the normal course of business, might constitute or result in, or have constituted or resulted in, non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the Code. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of an ERISA plan, may also result in the imposition of an excise tax under the Code upon a "party in interest" (as defined in ERISA) or "disqualified person" (as defined in the Code) with whom we engaged in the transaction. Some of our other funds or accounts are intended to qualify as "venture capital operating companies" or rely on another exception under the "plan assets" regulation under ERISA and therefore not be subject to the fiduciary or prohibited transaction provisions of ERISA or Section 4975 of the Code with respect to their assets. However, if these funds or accounts fail to satisfy an exception to holding "plan assets" under relevant regulations by the U.S. Department of Labor for any reason, including as a result of an amendment of the relevant regulations by the U.S. Department of Labor, such failure could materially interfere with our activities in relation to these funds or accounts or expose us to risks related to our failure to comply with the applicable requirements.

***Contingent liabilities could harm fund performance.***

We may cause our funds to acquire an investment that is subject to contingent liabilities. Such contingent liabilities could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could therefore result in unforeseen losses for our funds. In addition, in connection with the disposition of an investment in a portfolio company, a fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A fund may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a fund, even after the

disposition of an investment. Accordingly, the inaccuracy of representations and warranties made by a fund could harm such fund's performance.

***Our funds may be held liable for the underfunded pension liabilities of their portfolio companies.***

A court decision found that, in certain circumstances, an investment fund could be treated as a "trade or business" for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances, less than 80%) of a portfolio company, such investment fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Our funds may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where a fund may own an 80% or greater interest in such a portfolio company. If a fund (or other 80%-owned portfolio companies of such fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such fund and the companies in which such fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA, as in effect as of the date hereof, which may change in the future as the case law and guidance develops.

***Our funds' performance, and our performance, may be adversely affected by the financial performance of our funds' portfolio companies and the industries in which our funds invest.***

Our performance and the performance of our funds are significantly impacted by the value of the companies in which our funds have invested. Our funds invest in companies in many different industries, each of which is subject to volatility based upon economic and market factors. The recent global economic downturn induced by the COVID-19 pandemic had a significant impact in overall performance activity and the demands for many of the goods and services provided by portfolio companies of the funds we advise. Although we believe the U.S. economy has largely recovered from the economic crisis induced by the COVID-19 pandemic, there remain many obstacles to continued growth in the economy such as global geopolitical events, persistent inflation or deflation, rising interest rates and high debt levels, both public and private. These factors and other general economic trends are likely to affect the performance of portfolio companies in a range of industries. The performance of our funds, and our performance, may be adversely affected if our fund portfolio companies in these industries experience adverse performance or additional pressure due to downward trends.

The performance of our investments with underlying exposure to the commodities markets is also subject to a high degree of business and market risk, as it is dependent upon prevailing prices of commodities such as oil, natural gas and coal, which are subject to wide fluctuation for a variety of factors that are beyond our control, such as geopolitical developments like hostilities in the Middle East region and between Russia and Ukraine. It is common in making investments with underlying exposure to the commodities markets to deploy hedging strategies to protect against pricing fluctuations but such strategies may or may not protect our investments. Declining global commodity prices have impacted the value of securities held by our funds. Continued volatility could result in lower returns than we anticipated at the time certain of our investments were made. As of December 31, 2023, 1% of our total AUM was invested in debt and equity investments in the energy sector (of which less than 1% of our total AUM was invested in midstream investments and also includes oil and gas exploration) and less than 1% of our total AUM was invested in renewable energy investments that were challenged from the market disruption and volatility experienced in the recent past.

In respect of real estate, various factors could have an adverse effect on investment performance, including, but not limited to, rising mortgage interest rates, a low level of confidence in the economic recovery or the residential real estate market.

***Our failure to comply with investment guidelines set by our clients and/or investors could result in damage awards against us or a reduction in AUM, either of which would cause our earnings to decline and adversely affect our business.***

When clients retain us to manage assets on their behalf, they specify certain guidelines regarding investment allocation and strategy that we are required to observe in the management of their portfolios. Similarly, investors in our funds often require certain investment restrictions or limitations be included in their side letters that we are contractually obligated to observe in the management of such investors' interests in the applicable fund. Similarly, investors in our funds often require certain investment restrictions or limitations be included in their side letters that we are contractually obligated to observe in the management of such investors' interests in the applicable fund. Our failure to comply with these guidelines, restrictions and other limitations could result in clients terminating their investment management agreement with us or investors seeking to withdraw from our funds. Clients or investors could also sue us for breach of contract and seek to recover damages from us. In addition, such guidelines may restrict our ability to pursue certain investments and strategies on behalf of our clients or limit an investor's exposure to such investments and strategies that we believe are economically desirable, which could similarly result in losses to a client account or investor capital account or termination or potential withdrawal of the account or investor and a

corresponding reduction in AUM. Even if we comply with all applicable investment guidelines, restrictions and limitations, a client or investor may be dissatisfied with its investment performance or our services or fees, and may terminate their customized separate accounts or advisory accounts, seek to withdraw from our funds or be unwilling to commit new capital to our specialized funds, customized separate accounts or advisory accounts. Any of these events could cause our earnings to decline and materially and adversely affect our business, financial condition and results of operations.

***Third-party investors in certain of our funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's operations and performance.***

Investors in certain of our funds make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling and honoring their commitments when we call capital from them for those funds to consummate investments and otherwise pay their obligations when due. Any investor that did not fund a capital call would be subject to several possible penalties, including possibly having a meaningful amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. Investors may also negotiate for lesser or reduced penalties at the outset of the fund, thereby limiting our ability to enforce the funding of a capital call. In cases where valuations of existing investments fall and the pace of distributions slows, investors may be unable to make new commitments to third-party managed funds such as those advised by us using distributions they received from prior fund investments. A failure of investors to honor a significant amount of capital calls for any particular fund or funds could have a material adverse effect on the operation and performance of those funds.

Certain of our funds may utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from the fund's investors. As capital calls made to a fund's investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of an investment fund. However, since interest expense and other costs of borrowings under subscription lines of credit are an expense of the investment fund, the investment fund's net multiple of invested capital will be reduced, as will the amount of carried interest generated by the fund. Any material reduction in the amount of carried interest generated by a fund will adversely affect our revenues.

***Our funds make investments in companies that are based outside of the U.S., which may expose us to additional risks not typically associated with investing in companies that are based in the U.S.***

Some of our funds invest a portion of their assets in the equity, debt, loans or other securities of issuers located outside the U.S., including Europe and APAC, while certain of our funds invest substantially all of their assets in these types of securities, and we expect that international investments will increase as a proportion of certain of our funds' portfolios in the future. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to:

- our funds' abilities to exchange local currencies for U.S. dollars and other currency exchange matters, including fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another;
- controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital;
- less developed or less efficient financial markets than exist in the U.S., which may lead to price volatility and relative illiquidity;
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation;
- changes in laws or clarifications to existing laws (and changes in administrative practices) that could impact our tax treaty positions, which could adversely impact the returns on our investments;
- differences in legal and regulatory environments, particularly with respect to bankruptcy and reorganization, labor and employment laws, less developed corporate laws regarding fiduciary duties and the protection of investors and less reliable judicial systems to enforce contracts and applicable law;
- political hostility to investments by foreign or private equity investors;
- less publicly available information in respect of companies in foreign markets;

- reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms;
- higher rates of inflation;
- higher transaction costs;
- difficulty in enforcing contractual obligations;
- fewer investor protections;
- limitations on the deductibility of interest and other financing costs and expenses for income tax purposes in certain jurisdictions;
- certain economic and political risks, including potential exchange control regulations and restrictions on our foreign investments and repatriation of capital, potential political, economic or social instability, the possibility of nationalization or expropriation or confiscatory taxation and adverse economic and political developments; and
- the imposition of foreign taxes or withholding taxes on income and gains recognized with respect to such securities.

While our funds will take these factors into consideration in making investment decisions, including when hedging positions, there can be no assurance that adverse developments with respect to these risks will not adversely affect our funds that invest in securities of foreign issuers. In addition, certain of these funds are managed outside the U.S., which may increase the foregoing risks.

***Many of our funds make investments in companies that we do not control.***

Investments by many of our funds will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities from the issuer. In addition, our funds may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds retaining a minority investment. Furthermore, while certain of our funds may make “toe-hold” distressed debt investments in a company with the intention of obtaining control, there is no assurance that a control position may be obtained and such fund may retain a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of the investments held by our funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

***Increased regulatory scrutiny and uncertainty with regard to expense allocation may increase risk of harm.***

While we historically have and will continue to allocate the expenses of our funds in good faith and in accordance with the terms of the relevant fund agreements and our expense allocation policy in effect from time to time, due to increased regulatory scrutiny of expense allocation policies in the private funds realm, there is no guarantee that our policies and practices will not be challenged by our supervising regulatory bodies. If we or our supervising regulators were to determine that we have improperly allocated such expenses, we could be required to refund amounts to the funds and could be subject to regulatory censure, litigation from our fund investors and/or reputational harm, each of which could have a material adverse effect on our financial condition.

***We may need to pay “clawback” or “contingent repayment” obligations if and when they are triggered under the governing agreements with our funds.***

Generally, if at the termination of a fund and in certain cases at interim points in the life of a fund, the fund has not achieved investment returns that exceed the preferred return threshold or the general partner receives net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, we will be obligated to repay an amount equal to the excess of amounts previously distributed to us over the amounts to which we are ultimately entitled. This obligation is known as a “clawback” or contingent repayment obligation. Due to the fact that our carried interest is generally determined on a liquidation basis, as of December 31, 2023, if the funds were liquidated at their fair values at that date, there would have been no contingent repayment obligation or liability. There can be no assurance that we will not incur a contingent repayment obligation in the future. As of December 31, 2023, had we assumed all existing investments were worthless, the amount of carried interest, net of tax distributions, subject to contingent repayment would have been approximately \$78.5 million of which approximately \$54.5 million is reimbursable to the Company by certain professionals. In addition, the SEC has recently adopted rules that will require a written notice to private fund investors in order to reduce the amount of any adviser clawback by actual,

potential, or hypothetical taxes within 45 days after the end of any fiscal quarter in which a clawback occurs. See “—Risks Related to Regulation—Extensive regulation affects our activities, increases the cost of doing business and creates the potential for significant liabilities and penalties that could adversely affect our businesses and results of operations.” To the extent that we fail to provide such written notice, we would be limited in our ability to reduce the clawback amount in connection with those taxes, potentially leading to a larger contingent repayment obligation. Although a contingent repayment obligation is several to each person who received a distribution, and not a joint obligation, if a recipient does not fund his or her respective share of a contingent repayment obligation, we may have to fund such additional amounts beyond the amount of carried interest we retained, although we generally will retain the right to pursue remedies against those carried interest recipients who fail to fund their obligations. We may need to use or reserve cash to repay such contingent repayment obligations instead of using the cash for other purposes. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations, Commitments and Contingencies and Other Arrangements,” “Note 2. Summary of Significant Accounting Policies,” and “Note 8. Commitments and Contingencies” within our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

***We derive a substantial portion of our revenues from funds managed pursuant to management agreements that may be terminated or fund partnership agreements that permit fund investors to request liquidation of investments in our funds on short notice.***

The terms of our funds generally give either the manager of the fund or the fund itself the right to terminate our investment management agreement with the fund. However, insofar as we control the general partners of our funds that are limited partnerships, the risk of termination of investment management agreement for such funds is limited, subject to our fiduciary or contractual duties as general partner. This risk is more significant for certain of our funds that have independent boards of directors.

With respect to our funds that are not exempt from registration under the Investment Company Act, each fund’s investment management agreement must be approved annually by (i) such fund’s board of directors or by the vote of a majority of such fund’s stockholders, and (ii) the majority of the independent members of such fund’s board of directors and, in certain cases, by its stockholders, as required by law. The funds’ investment management agreements can also be terminated by the majority of such fund’s stockholders. Termination of these agreements would reduce the fees we earn from the relevant funds, which could have a material adverse effect on our results of operations. Currently, ARCC and ASIF, registered investment companies that have elected to be treated as business development companies under the Investment Company Act, are subject to these provisions of the Investment Company Act.

***Investors in certain of our funds, including our open-ended funds, may redeem their investments in these funds. Third-party investors in many of our funds have the right to remove the general partner of the fund and to terminate the investment period under certain circumstances. In addition, the investment management agreements related to our separately managed accounts may permit the investor to terminate our management of such accounts on short notice. These events would lead to a decrease in our revenues, which could be substantial.***

Investors in certain of our funds, including our open-ended funds and non-traded REITs may generally redeem their investments on a periodic basis subject to the expiration of a specified period of time during which capital may not be withdrawn. Such redemptions would result in a reduction of our AUM and decrease in our management fees. The governing agreements of many of our funds provide that, subject to certain conditions, third-party investors in those funds have the right to remove the general partner of the fund or terminate the fund, including in certain cases without cause by a simple majority vote. Any such removal or dissolution could result in a cessation in management fees we would earn from such funds and/or a significant reduction in the expected amounts of carried interest and incentive fees from those funds. Carried interest could be significantly reduced as a result of our inability to maximize the value of investments by a fund during the liquidation process or in the event of the triggering of a “contingent repayment” obligation. Finally, the applicable funds would cease to exist after completion of liquidation and winding-up.

In addition, the governing agreements of many of our funds provide that, subject to certain conditions, third-party investors in those funds have the right to terminate the investment period of the fund, including in certain cases without cause. Such an event could have a significant negative impact on our revenue, earnings and cash flow of such fund. The governing agreements of our funds may also provide that upon the occurrence of events, including in the event that certain “key persons” in our funds do not meet specified time commitments with regard to managing the fund (including due to death, disability or departure), investors in those funds have the right to vote to suspend or terminate the investment period, including in certain cases by a simple majority vote in accordance with specified procedures. In addition to having a significant negative impact on our revenue, earnings and cash flow, the occurrence of such an event with respect to any of our funds would likely result in significant reputational damage to us and could negatively impact our future fundraising efforts.

We currently manage a portion of investor assets through separately managed accounts, whereby we earn management fees and carried interest or incentive fees, and we intend to continue to seek additional separately managed account mandates. The investment management agreements we enter into in connection with managing separately managed accounts on behalf of certain clients may in certain cases be terminated by such clients on as little as 30 days' prior written notice. In addition, the boards of directors of the investment management companies we manage could terminate our advisory engagement of those companies on as little as 30 days' prior written notice. ARCC and ASIF's respective investment management agreements can be terminated by the majority of their respective stockholders upon 60 days' prior written notice. We serve as the sub-adviser for the existing manager of certain funds. Although in some cases there can be economic payments made by the manager for termination of such sub-advisory contracts, such as in connection with our sub-advisory arrangement of AMP Capital's Infrastructure Debt platform, in the case of any such terminations, the management fees and carried interest or incentive fees we earn in connection with managing such account or company would immediately cease, which could result in a significant adverse impact on our revenues.

In addition, if we were to experience a change of control (as defined under the Investment Advisers Act or as otherwise set forth in the partnership agreements of our funds), continuation of the investment management agreements of our funds would be subject to investor consent. There can be no assurance that required consents will be obtained if a change of control occurs. In addition, with respect to our funds that are subject to the Investment Company Act, each fund's investment management agreement must be approved annually (i) by such fund's board of directors or by a vote of the majority of such fund's stockholders, and (ii) by the independent members of such fund's board of directors and, in certain cases, by its stockholders, as required by law. Termination of these agreements would cause us to lose the management fees and carried interest or incentive fees we earn from such funds, which could have a material adverse effect on our results of operations.

***Customized separate account and advisory account fee revenue is not a long-term contracted source of revenue and is subject to intense competition.***

Our revenue in any given period is dependent on the number of fee-paying clients and corresponding level of AUM in such period. Our customized separate account and advisory account business operates in a highly competitive environment where typically there are no long-term contracts. While clients of our customized separate account and advisory account businesses may have multi-year contracts, many of these contracts are terminable upon 30 to 90 days' advance notice to us. We may lose clients as a result of a change in ownership, control or senior management, a client's decision to transition to in-house asset management rather than partner with a third-party provider such as us, competition from other financial advisors and financial institutions, changes to their investment policies and other causes. Isolated departures have occurred in the past but have not had a material impact on our business. Moreover, a number of our contracts with state government-sponsored clients are secured through such government's mandated procurement process, and are subject to periodic renewal. If multiple clients were to exercise their termination rights or fail to renew their existing contracts and we were unable to secure new clients or maintain our levels of AUM, our customized separate account and advisory account fees would decline materially. A significant reduction in the number of fee-paying clients and/or AUM levels in any given period could reduce our revenue and materially and adversely affect our business, financial condition and results of operations.

***We are vulnerable to an increased number of investors seeking to participate in share redemption programs or tender offers of our non-traded vehicles.***

We manage non-traded REITs, BDCs and other non-traded vehicles. Non-traded vehicles often conduct share redemption programs or tender offers to provide liquidity to investors in such vehicles, subject to certain limitations. For example, with respect to our non-traded REITs, the total amount of aggregate redemptions is limited by a certain percentage of each of the non-traded REIT's NAV for each calendar month and quarter, which percentage is generally based on the excess of share redemptions (capital outflows) over the proceeds from the sale of shares (capital inflows), not including proceeds related to sales of beneficial interests in specific Delaware statutory trusts holding real properties, or the exchange program for the applicable period. While such share redemption programs and tender offers may contain restrictions that limit the amount of shares or other equity, as applicable, that may be redeemed or purchased in particular periods, an increased number of investors requesting redemptions in excess of capital inflows or participating in tender offers of our non-traded vehicles could lead to a decline in the management fees and incentive fees we receive. Economic events affecting the economy or market in general, such as volatility in the financial markets related to changes in markets, inflation, changes in interest rates or global or national events that are beyond our control, could cause investors to request redemption of an increased number of shares pursuant to the share redemption programs of our non-traded vehicles, potentially in excess of established limits. Such prolonged economic disruptions have caused a number of similar vehicles to deny redemption requests or to suspend or partially suspend their share redemption programs and tender offers. Our non-traded vehicles may redeem or purchase fewer shares than investors request due to a lack of readily available funds because of such adverse market conditions beyond our control or the need to maintain liquidity for operations. Certain of our non-traded vehicles may amend or suspend share repurchase programs during periods of



market dislocation where selling assets to fund a repurchase could have a materially negative impact on remaining investors. With respect to our non-traded vehicles, the vast majority of their assets will consist of investments that cannot generally be readily liquidated on short notice without impacting the vehicle's ability to realize full value upon their disposition. This may further limit the amount of cash available to immediately satisfy redemption requests. Any redemptions or purchases of less than amounts requested could undermine investor confidence in our non-traded vehicles and adversely impact our reputation.

***A downturn in the global credit markets could adversely affect our CLO investments.***

CLOs are subject to credit, liquidity, interest rate and other risks. From time to time, liquidity in the credit markets is reduced sometimes significantly, resulting in an increase in credit spreads and a decline in ratings, performance and market values for leveraged loans. We have significant exposure to these markets through our investments in our CLO funds. CLOs invest on a leveraged basis in loans or securities that are themselves highly leveraged investments in the underlying collateral, which increases both the opportunity for higher returns as well as the magnitude of losses compared to unlevered investments. As a result of such funds' leveraged position, CLOs and their investors are at greater risk of suffering losses. CLOs have failed in the past and may in the future fail one or more of their "overcollateralization" tests. The failure of one or more of these tests will result in reduced cash flows that may have been otherwise available for distribution to us. This could reduce the value of our investment. There can be no assurance that market conditions giving rise to these types of consequences will not once again occur, subsist or become more acute in the future.

***Our funds may face risks relating to undiversified investments.***

While diversification is generally an objective of our funds, there can be no assurance as to the degree of diversification, if any, that will be achieved in any fund investments. Difficult market conditions or volatility or slowdowns affecting a particular asset class, geographic region, industry or other category of investment could have a significant adverse impact on a fund if its investments are concentrated in that area, which would result in lower investment returns. This lack of diversification may expose a fund to losses disproportionate to market declines in general if there are disproportionately greater adverse price movements in the particular investments. If a fund holds investments concentrated in a particular issuer, security, asset class or geographic region, such fund may be more susceptible than a more widely diversified investment partnership to the negative consequences of a single corporate, economic, political or regulatory event. Accordingly, a lack of diversification on the part of a fund could adversely affect a fund's performance and, as a result, our financial condition and results of operations.

***Our funds may be forced to dispose of investments at a disadvantageous time. Furthermore, we may have to waive management fees for certain of our funds in certain circumstances.***

Our funds may make investments that they do not advantageously dispose of prior to the date the applicable fund is dissolved, either by expiration of such fund's term or otherwise. Although we generally expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, and the general partners of the funds have only a limited ability to extend the term of the fund with the consent of fund investors or the advisory board of the fund, as applicable, our funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. This would result in a lower than expected return on the investments and, perhaps, on the fund itself. In addition, our limited partners may require that we waive management fees during periods after the contractual term of a fund, which would reduce the amount of management fees we earn and therefore could negatively impact our revenues and results of operations.

***Our real estate funds are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate.***

Investments in our real estate funds will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include the following:

- those associated with the burdens of ownership of real property;
- general and local economic conditions;
- changes in supply of and demand for competing properties in an area (as a result, for example, of overbuilding);
- fluctuations in the average occupancy and room rates for hotel properties;
- the financial resources of tenants;
- changes in building, environmental and other laws;

- energy and supply shortages;
- various uninsured or uninsurable risks;
- liability for “slip-and-fall” and other accidents on properties held by our funds;
- natural disasters, extreme weather events and other physical risks related to climate change;
- changes in government regulations (such as rent control and tax laws);
- changes in real property tax and transfer tax rates;
- changes in interest rates;
- the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable;
- negative developments in the economy that depress travel activity;
- environmental liabilities;
- contingent liabilities on disposition of assets;
- unexpected cost overruns in connection with development projects;
- terrorist attacks, war and other factors that are beyond our control; and
- dependence on local operating partners.

If our real estate funds acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing, they will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of our fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. Additionally, our funds’ properties may be managed by a third party, which makes us dependent upon such third parties and subjects us to risks associated with the actions of such third parties. Any of these factors may cause the value of the investments in our real estate funds to decline, which may have a material impact on our results of operations.

***Certain of our funds invest in the power, infrastructure and energy sector which is subject to significant market volatility. As such, the performance of investments in the energy sector is subject to a high degree of business and market risk.***

The power, infrastructure and energy companies in which certain of our funds invest have been and may be negatively impacted by material declines in power and energy related commodity prices and are subject to other risks, including among others, supply and demand risk, operational risk, regulatory risk, depletion risk, reserve risk, reputational risk, severe weather, climate change and catastrophic event risk (including of cyber-attacks). Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand, climate initiatives of government entities, levels of domestic production and international production, policies implemented by the Organization of Petroleum Exporting Countries, power and energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems.

***Climate change, climate change-related regulation and other efforts to reduce climate change and address sustainability concerns could adversely affect our business.***

Climate change is widely considered to be a significant threat to the global economy. Our business operations, our funds’ portfolio companies, and the companies in which our funds invest may face risks associated with climate change, including “transition risks” such as risks related to the impact of climate-related legislation and regulation (both domestically and internationally), risks related to climate-related business trends (such as the process of transitioning to a lower-carbon economy) and risks stemming from the physical impacts of climate change, such as the increasing frequency or severity of extreme weather events and rising sea levels and temperatures.

Significant chronic or acute physical effects of climate change including extreme weather events such as hurricanes or floods, may have an adverse impact on certain of our funds’ portfolio companies and investments, especially our real asset investments and portfolio companies that rely on physical factories, plants or stores located in the affected areas, or that focus

on tourism or recreational travel. For some of our products and our products' portfolio companies, physical risks of climate change may also pose systemic risks for their businesses. For example, to the extent weather conditions are affected by climate change, energy use by us, our products or our products' portfolio companies could increase or decrease depending on the duration and magnitude of any changes. As the effects of climate change increase, we expect the frequency and impact of weather and climate related events and conditions to increase as well. See “—Risks Related to Our Funds—Our real estate funds are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate.”

In addition, the current Presidential administration has focused on climate change policies and has re-joined the Paris Agreement, which includes commitments from countries to reduce their greenhouse gas emissions, among other commitments. The Paris Agreement and other regulatory and voluntary initiatives launched by international, federal, state, and regional policymakers and regulatory authorities as well as private actors seeking to reduce greenhouse gas emissions may expose our business operations, portfolio companies, funds and the companies in which they invest to transition risks related to climate change in addition to physical risks, such as: (i) political and policy risks, (including changing regulatory incentives, and legal requirements, including with respect to greenhouse gas emissions, that could result in increased costs or changes in business operations); (ii) regulatory and litigation risks, (including changing legal requirements that could result in increased permitting, tax and compliance costs, enhanced disclosure obligations, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts related to climate change); (iii) technology and market risks, (including declining market for investments in industries seen as greenhouse gas intensive, like fossil fuels, or less effective than alternatives in reducing greenhouse gas emissions, and increased cost of insurance for assets in high risk sectors); (iv) business trend risks, (including capital expenditures, product or service redesigns, and changes to operations and supply chains to meet changing customer expectations and the increased attention to ESG considerations by our investors, including in connection with their determination of whether to invest in our funds or portfolio companies); and (v) potential harm to our reputation if certain stakeholders, such as our limited partners or shareholders, believe that we are not adequately or appropriately responding to climate change, including through the way in which we operate our business, the composition of our funds' existing portfolios, the new investments made by our funds, or the decisions we make to continue to conduct or change our activities in response to climate change considerations. See “—Risks Related to Regulation—Increasing scrutiny from stakeholders and regulators with respect to ESG matters could impact our or our funds' portfolio companies' reputation, the cost of our or their operations, or result in investors ceasing to allocate their capital to us, all of which could adversely affect our business and results of operations.”

***Investments in energy, manufacturing, infrastructure and certain other assets may expose us to increased environmental risks and liabilities that are inherent in the ownership of real assets.***

Ownership of real assets in our funds or vehicles may increase our risk of liability under environmental laws that impose, regardless of fault, joint and several liability for the cost of remediating contamination and compensation for damages. In addition, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of acquisition. Even in cases where we are indemnified by a seller against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or our ability to achieve enforcement of such indemnities.

***Our investments in infrastructure assets may expose us to increased risks and liabilities.***

Investments in infrastructure assets may expose us to increased risks and liabilities that are inherent in the ownership of real assets. For example,

- Ownership of infrastructure assets may also present additional risk of liability for personal and property injury or impose significant operating challenges and costs with respect to, for example, compliance with zoning, environmental or other applicable laws.
- Infrastructure asset investments may face construction risks including, without limitation: (i) labor disputes, shortages of material and skilled labor, or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; and (vi) catastrophic events such as explosions, fires, terrorist activities and other similar events. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken. Certain infrastructure asset investments may remain in construction phases for a prolonged period and, accordingly, may not be cash generative for a prolonged period. Recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.

- The operation of infrastructure assets is exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events, including cyber-attacks. These risks could, among other effects, adversely impact the cash flows available from investments in infrastructure assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, litigation, or penalties for regulatory or contractual noncompliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on an investment.
- The management of the business or operations of an infrastructure asset may be contracted to a third-party management company unaffiliated with us. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in our best interest, or the breach by an operator of applicable agreements or laws, rules and regulations, could have an adverse effect on the investment's financial condition or results of operations. Infrastructure investments may involve the subcontracting of design and construction activities in respect of projects, and as a result our investments are subject to the risks that contractual provisions passing liabilities to a subcontractor could be ineffective, the subcontractor fails to perform services which it has agreed to perform and the subcontractor becomes insolvent.

Infrastructure investments often involve an ongoing commitment to a municipal, state, federal or foreign government or regulatory agencies. The nature of these obligations exposes us to a higher level of regulatory control than typically imposed on other businesses and may require us to rely on complex government licenses, concessions, leases or contracts, which may be difficult to obtain or maintain. Infrastructure investments may require operators to manage such investments and such operators' failure to comply with laws, including prohibitions against bribing of government officials, may adversely affect the value of such investments and cause us serious reputational and legal harm. Revenues for such investments may rely on contractual agreements for the provision of services with a limited number of counterparties, and are consequently subject to counterparty default risk. The operations and cash flow of infrastructure investments are also more sensitive to inflation and, in certain cases, commodity price risk. Furthermore, services provided by infrastructure investments may be subject to rate regulations by government entities that determine or limit prices that may be charged. Similarly, users of applicable services or government entities in response to such users may react negatively to any adjustments in rates and thus reduce the profitability of such infrastructure investments.

***Hedging strategies may adversely affect the returns on our funds' investments.***

When managing our exposure to market risks, we may (on our own behalf or on behalf of our funds) from time to time use forward contracts, options, swaps, caps, collars, floors, foreign currency forward contracts, currency swap agreements, currency option contracts, among other strategies. Currency fluctuations in particular can have a substantial effect on our cash flow and financial condition. The success of any hedging or other derivative transactions generally will depend on our ability to correctly predict market or foreign exchange changes, the degree of correlation between price movements of a derivative instrument and the position being hedged, the creditworthiness of the counterparty and other factors. As a result, while we may enter into a transaction to reduce our exposure to market or foreign exchange risks, the transaction may result in poorer overall investment performance than if it had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

While such hedging arrangements may reduce certain risks, such arrangements themselves may entail certain other risks. These arrangements may require the posting of cash collateral at a time when a fund has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, that reduce the returns generated by a fund.

***Our risk management strategies and procedures may leave us exposed to unidentified or unanticipated risks.***

Risk management applies to our investment management operations as well as to the investments we make for our specialized funds and customized separate accounts. We have developed and continue to update strategies and procedures specific to our business for managing risks, which include market risk, liquidity risk, operational risk and reputational risk. Management of these risks can be very complex. These strategies and procedures may fail under some circumstances, particularly if we are confronted with risks that we have underestimated or not identified, including those related to difficult market or geopolitical conditions. Given the large number and size of our funds, we often have large positions with a single counterparty. For example, we and most of our funds have credit lines. If the lender under one or more of those credit lines were to freeze the account in response to sanctions or become insolvent, we may have difficulty replacing the credit line and the affected fund(s) or we may face liquidity challenges, which may adversely affect our business operations or the fund's ability to close on an investment. If that counterparty is unable to perform its obligations or performs below our standards, we, our

specialized funds, customized separate accounts and other investments may be adversely affected. In addition, some of our methods for managing the risks related to our clients' investments are based upon our analysis of historical private markets behavior. Statistical techniques are applied to these observations in order to arrive at quantifications of some of our risk exposures. Historical analysis of private markets returns requires reliance on valuations performed by fund managers, which may not be reliable measures of current valuations. These statistical methods may not accurately quantify our risk exposure if circumstances arise that were not observed in our historical data. In particular, as we introduce new types of investment structures, products or services, our historical data may be incomplete. Failure of our risk management techniques could materially and adversely affect our business, financial condition and results of operations, including our right to receive incentive fees.

***Restrictions on our ability to collect and analyze data regarding our clients' investments could adversely affect our business.***

Our database of private markets investments includes funds and direct investments that we monitor and report on for our specialized funds, customized separate accounts and advisory accounts. We rely on our database to provide regular reports to our clients, to research developments and trends in private markets and to support our investment processes. We depend on the continuation of our relationships with the general partners and sponsors of the underlying funds and investments in order to maintain current data on these investments and private markets activity. The termination of such relationships or the imposition of restrictions on our ability to use the data we obtain for our reporting and monitoring services could adversely affect our business, financial condition and results of operations. We are also highly dependent upon the technology platforms within which our data is stored and analyzed, and any disruption in the services provided by such platforms, whether temporary or permanent, could have a material adverse effect on our ability to effectively continue to operate our business without interruption.

**Risks Related to Our Organization and Structure**

***If we were deemed to be an "investment company" under the Investment Company Act, applicable restrictions could make it impractical for us to continue our businesses as contemplated and could have a material adverse effect on our businesses.***

An entity will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing investment management services and not primarily in the business of investing, reinvesting or trading in securities. We hold ourselves out as an asset management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are an "orthodox" investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Furthermore, we have no material assets other than interests in certain direct and indirect wholly owned subsidiaries (within the meaning of the Investment Company Act), which in turn have no material assets other than partnership units in the AOG entities. These wholly owned subsidiaries are the general partners of certain of the AOG entities and are vested with all management and control over such AOG entities. We do not believe that the equity interests of AMC in its wholly owned subsidiaries or the partnership units of these wholly owned subsidiaries in the AOG entities are investment securities. Moreover, because we believe that the capital interests of the general partners of our funds in their respective funds are neither securities nor investment securities, we believe that less than 40% of Ares Management Corporation's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are composed of assets that could be considered investment securities. Accordingly, we do not believe that AMC is an inadvertent investment company by virtue of the 40% test in Section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. If anything were to happen that would cause us to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on capital structure, the ability to transact business with affiliates and the ability to compensate senior employees, could make it impractical for us to continue our businesses as currently conducted, impair the agreements and arrangements

between and among the Ares Operating Group, us, our funds and our senior management, or any combination thereof, and have a material adverse effect on our businesses, financial condition and results of operations. In addition, we may be required to limit the amount of investments that we make as a principal or otherwise conduct our businesses in a manner that does not subject us to the registration and other requirements of the Investment Company Act.

***Due to the disparity in voting power among the classes of our common stock, holders of our Class A common stock will generally have no influence over matters on which holders of our common stock vote and limited ability to influence decisions regarding our business.***

Unless otherwise provided in our certificate of incorporation and bylaws or required by the DGCL or the rules of the NYSE, holders of our common stock vote together as a single class on all matters on which stockholders generally are entitled to vote under the DGCL. On any date on which the Ares Ownership Condition is satisfied, the shares of our Class B common stock held by the Class B Stockholder entitles it to a number of votes, in the aggregate, equal to (x) four times the aggregate number of votes attributable to the shares of our Class A common stock minus (y) the aggregate number of votes attributable to the shares of our Class C common stock. On any date on which the Ares Ownership Condition is not satisfied, the shares of our Class B common stock held by the Class B Stockholder will not be entitled to vote on any matter submitted to a vote of our stockholders. Ares Voting LLC, as the initial holder of the shares of our Class C common stock (in such capacity, the "Class C Stockholder"), is generally entitled to a number of votes equal to the number of AOG Units held of record by each limited partner of the AOG entities (other than us and our subsidiaries). When AOG Units are exchanged for shares of our Class A common stock, the number of votes to which the shares of our Class C common stock are entitled shall be reduced by the number of AOG Units so exchanged. However, so long as the Ares Ownership Condition is satisfied, the issuance of shares of our Class A common stock would increase the number of votes to which holders of our Class B common stock are entitled. As a result, so long as the Ares Ownership Condition is satisfied, practically all matters submitted to our stockholders will be decided by the vote of the holder of our Class B common stock, Ares Management GP LLC (in such capacity, the "Class B Stockholder"), and Class C Stockholder. Our certificate of incorporation also provides that the number of authorized shares of our Class A common stock may be increased solely by the holders of a majority of the voting power of our outstanding capital stock entitled to vote thereon, voting together as a single class, and no other vote of the holders of any class or series of our stock, voting together or separately as a class, shall be required therefor. As a result, holders of our Class A common stock will have very limited or no ability to influence stockholder decisions, including decisions regarding our business.

The voting rights of holders of our Class A common stock are further restricted by provisions in our certificate of incorporation stating that any of our shares of stock held by a person or group that beneficially owns 20% or more of any class of stock then outstanding (other than the holders of our Class B common stock, Ares Owners Holdings L.P. ("Ares Owners"), any Holdco Member or any of their respective affiliates, or a direct or subsequently approved transferee of the foregoing) cannot be voted on any matter. The Class B Stockholder and Class C Stockholder are both exempt from this limitation.

These limits on the ability of the holders of our Class A common stock to exercise voting rights restrict the ability of the holders of our Class A common stock to influence matters subject to a vote of our stockholders.

***The Holdco Members are able to significantly influence the outcome of any matter that may be submitted for a vote of holders of our common stock.***

The Class B Stockholder and Class C Stockholder, entities wholly owned by Ares Partners Holdco LLC, which is in turn owned and controlled by the Holdco Members, hold the shares of our Class B common stock and the shares of our Class C common stock, respectively. On any date on which the Ares Ownership Condition is satisfied, the shares of our Class B common stock held by the Class B Stockholder entitles it to a number of votes, in the aggregate, equal to (x) four times the aggregate number of votes attributable to the shares of our Class A common stock minus (y) the aggregate number of votes attributable to the shares of our Class C common stock. On any date on which the Ares Ownership Condition is not satisfied, the shares of our Class B common stock held by the Class B Stockholder will not be entitled to vote on any matter submitted to a vote of our stockholders. The Class C Stockholder, as the holder of our Class C common stock, is entitled to a number of votes equal to the number of AOG Units held of record by each limited partner of the AOG entities (other than us and our subsidiaries). In addition, Ares Partners Holdco LLC, in its capacity as general partner of Ares Owners, is entitled to direct the vote of all the shares of our Class A common stock held by Ares Owners. Accordingly, the Holdco Members have sufficient voting power to determine the outcome of matters submitted for a vote of our common stockholders.

Furthermore, our certificate of incorporation provides that special meetings of our stockholders may be called at any time only by or at the direction of our board of directors, a record holder of our Class B common stock or stockholders representing 50% or more of the voting power of the outstanding stock of the class or classes of stock which are entitled to vote at such meeting. Our Class A common stock and our Class C common stock are considered the same class of common stock for this purpose.

Each year, our board of directors determines whether, as of January 31, the total voting power held by: (i) holders of our Class C common stock; (ii) then-current or former Ares personnel (including indirectly through related entities); and (iii) Ares Owners, without duplication, is at least 10% of the voting power of the shares of our Class A common stock and the shares of our Class C common stock, voting together as a single class (the “Designated Stock”) (the “Ares Ownership Condition”). For purposes of determining whether the Ares Ownership Condition is satisfied, our board of directors will treat as outstanding, and as held by the foregoing persons, all shares of our common stock deliverable to such persons pursuant to equity awards granted to such persons. The Ares Ownership Condition is currently satisfied because Ares Owners owns a number of shares of our Class A common stock and AOG Units such that the Class C Stockholder and Ares Owners control over 70% of the voting power of the Designated Stock. In addition, certain Ares personnel (including the Holdco Members) also hold shares of our Class A common stock and are entitled to shares of our Class A common stock pursuant to equity awards. All such additional shares of our Class A common stock would be considered in determining whether the Ares Ownership Condition is satisfied.

If the Ares Ownership Condition is satisfied, our certificate of incorporation provides that our board of directors will be divided into two classes: Class I directors and Class II directors. Mr. Antony P. Ressler, a Holdco Member, is the only Class I director and will continue to be a Class I director until his ownership of our common stock decreases below certain specified thresholds. All other directors are Class II directors. Furthermore, so long as the Ares Ownership Condition is satisfied, (x) a quorum for the transaction of business at any meeting of our board of directors and (y) any act of our board of directors, requires a majority of the board of directors, which majority must include the Class I director. This effectively provides Mr. Ressler a veto right over all actions taken by our board of directors.

As a result of these matters and the provisions referred to under “—Due to the disparity in voting power among the classes of our common stock, holders of our Class A common stock will generally have no influence over matters on which holders of our common stock vote and limited ability to influence decisions regarding our business,” holders of our Class A common stock may be deprived of an opportunity to receive a premium for their shares of our Class A common stock in the future through a sale of AMC, and the trading prices of shares of our Class A common stock may be adversely affected by the absence or reduction of a takeover premium in the trading price.

***Potential conflicts of interest may arise among the Class B Stockholder and the Class C Stockholder, on the one hand, and the holders of our Class A common stock, on the other hand.***

The Class B Stockholder and the Class C Stockholder are controlled by the Holdco Members, certain of whom also serve on our board of directors and all of whom serve as executive officers. As a result, conflicts of interest may arise among the Class B Stockholder and the Class C Stockholder, and their respective controlling persons, on the one hand, and us and the holders of our Class A common stock, on the other hand.

The Class B Stockholder and the Class C Stockholder, and thereby the Holdco Members, have the ability to influence our business and affairs through their ownership of the shares of our Class B common stock and the shares of our Class C common stock, respectively, and provisions under our certificate of incorporation requiring the approval of the holders of our Class B common stock for certain corporate actions. Due to the disparity in voting power among the classes of our common stock, the Class B Stockholder and the Class C Stockholder will effectively control the election of directors while the Ares Ownership Condition is satisfied, and holders of our Class A common stock will generally have limited ability to elect directors and no ability to remove any of our directors, with or without cause.

As such, the Class B Stockholder and Class C Stockholder, and thereby the Holdco Members, have the ability to indirectly, and in some cases directly, influence the determination of the amount and timing of the Ares Operating Group’s investments and dispositions, cash expenditures, including those relating to compensation, indebtedness, issuances of additional partner interests, tax liabilities and amounts of reserves, each of which can affect the amount of cash that is available for distribution to holders of AOG Units.

In addition, conflicts may arise relating to the selection and structuring of investments or transactions, declaring dividends and other distributions. For example, certain of our principals and senior professional owners indirectly hold their AOG Units through Ares Owners, which, unlike us, is not subject to corporate income taxation. See “—Tax consequences to the direct and indirect holders of AOG Units or to general partners in our funds may give rise to conflicts of interests.”

***Certain actions by our board of directors require the approval of the Class B Stockholder, which is controlled by the Holdco Members.***

Although the affirmative vote of a majority of our directors (which, so long as the Ares Ownership Condition is satisfied, must include the Class I director) is required for any action to be taken by our board of directors, certain specified

actions will also require the approval of the Class B Stockholder, which is controlled by the Holdco Members. These actions consist of the following:

- certain amendments to our certificate of incorporation (including amendments to the definition of “Ares Ownership Condition” therein), or the amendment or repeal, in whole or in part, of certain provisions of our bylaws relating to our board of directors and officers (including the adoption of any provision inconsistent therewith);
- the sale or exchange of all or substantially all of our and our subsidiaries’ assets, taken as a whole, in a single transaction or a series of related transactions; and
- the merger, consolidation or other combination of our company with or into any other person.

*As a “controlled company,” we qualify for some exemptions from the corporate governance and other requirements of the NYSE.*

We are a “controlled company” within the meaning of the corporate governance standards of the NYSE. Under the NYSE rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a “controlled company” and may elect, and we have elected, and expect to continue to elect, not to comply with certain corporate governance requirements of the NYSE, including the requirement that the listed company have a nominating and corporate governance committee that is composed entirely of independent directors. Accordingly, holders of our Class A common stock do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

***Our certificate of incorporation states that the Class B Stockholder is under no obligation to consider the separate interests of our other stockholders and contains provisions limiting the liability of the Class B Stockholder.***

Due to the disparity in the voting power of the classes of our common stock, holders of our Class A common stock will generally have no influence over matters on which holders of our common stock vote. As a result, on any date on which the Ares Ownership Condition is satisfied, nearly all matters submitted to a vote of the holders of our common stock will be determined by the vote of the Class B Stockholder. Although controlling stockholders may owe duties to minority stockholders, our certificate of incorporation contains provisions limiting the duties owed by the Class B Stockholder and contains provisions allowing the Class B Stockholder to favor its own interests and the interests of its controlling persons over us and the holders of our Class A common stock. Our certificate of incorporation contains provisions stating that the Class B Stockholder is under no obligation to consider the separate interests of our other stockholders (including the tax consequences to such stockholders) in deciding whether or not to cause us to take (or decline to take) any action as well as provisions stating that the Class B Stockholder shall not be liable to our other stockholders for monetary damages or equitable relief for losses sustained, liabilities incurred or benefits not derived by such stockholders in connection with such decisions. See “—Potential conflicts of interest may arise among the Class B Stockholder and the Class C Stockholder, on the one hand, and the holders of our Class A common stock, on the other hand.”

***The Class B Stockholder will not be liable to us or holders of our Class A common stock for any acts or omissions unless there has been a final and non-appealable judgment determining that the Class B Stockholder acted in bad faith or with criminal intent, and we have also agreed to indemnify other designated persons to a similar extent.***

Even if there is deemed to be a breach of the obligations set forth in our certificate of incorporation, our certificate of incorporation provides that the Class B Stockholder will not be liable to us or the holders of our Class A common stock for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Class B Stockholder acted in bad faith or with criminal intent. These provisions are detrimental to the holders of our Class A common stock because they restrict the remedies available to our stockholders for actions of the Class B Stockholder.

In addition, we have agreed to indemnify and hold harmless (i) each member of our board of directors and each of our officers, (ii) each holder of record of our Class B common stock, (iii) Ares Management GP LLC, in its capacity as the former general partner of our company when we were a Delaware limited partnership, and any successor or permitted assign, (iv) any person who is or was a “tax matters partner” (as defined in the Section 6231 of the Code prior to amendment by P.L. 114-74) or “partnership representative” (as defined in Section 6223 of the Code after amendment by P.L. 114-74), member, manager, officer or director of any holder of record of our Class B common stock or Ares Management GP LLC, and (v) any member, manager, officer or director of any holder of record of our Class B common stock or Ares Management GP LLC who is or was serving at the request of any holder of record of our Class B common stock or Ares Management GP LLC as a director, officer, manager, employee, trustee, fiduciary, partner, tax matters partner, partnership representative, member, representative, agent or advisor of another person (collectively, the “Indemnitees”), in each case, to the fullest extent permitted by law, on an after tax



basis from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interests, settlements or other amounts arising from any and all threatened, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee, whether arising from acts or omissions to act occurring on, before or after the date of our certificate of incorporation. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or with criminal intent.

***The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against us and our directors, officers and stockholders.***

Our certificate of incorporation requires, to the fullest extent permitted by law, that any claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, and including appeals, arising out of or relating in any way to our certificate of incorporation or any of our stock may only be brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court in the State of Delaware with subject matter jurisdiction. This provision may have the effect of discouraging lawsuits against us and our directors, officers and stockholders.

***Our ability to pay dividends to the holders of our Class A and non-voting common stock may be limited by our holding company structure, applicable provisions of Delaware law and contractual restrictions or obligations.***

As a holding company, our ability to pay dividends will be subject to the ability of our subsidiaries to provide cash to us. AMC has no material assets other than investments in the AOG entities, either directly or through subsidiaries. We have no independent means of generating revenues. Accordingly, we intend to cause the AOG entities to fund any dividends we may declare on shares of our Class A and non-voting common stock. If the AOG entities make distributions to fund such dividends, all holders of AOG Units will be entitled to receive equivalent distributions pro rata based on their partnership interests in the Ares Operating Group.

Because as a U.S. corporation we will be subject to entity-level corporate income taxes and may be obligated to make payments under the TRA, the amount of dividends ultimately paid by us to holders of our Class A and non-voting common stock are generally expected to be less, on a per share basis, than the amounts distributed by the Ares Operating Group to the holders of AOG Units (including us) in respect of their or our AOG Units. For a further discussion of related tax consequences and risks, see “—Risks Related to Taxation—We are a corporation, and applicable taxes will reduce the amount available for dividends to holders of our Class A and non-voting common stock in respect of such investments and could adversely affect the value of our Class A and non-voting common stockholders’ investment.”

Our dividend policy contemplates a steady quarterly dividend for each calendar year that will be based on fee related earnings after an allocation of current taxes paid. The declaration, payment and determination of the amount of quarterly dividends, if any, will be at the sole discretion of our board of directors, and reassessed each year based on the level and growth of our fee related earnings after an allocation of current taxes paid. We may change our dividend policy at any time. There can be no assurance that any dividends, whether quarterly or otherwise, can or will be paid. Our ability to make cash dividends to holders of our Class A and non-voting common stock depends on a number of factors, including among other things, general economic and business conditions, our strategic plans and prospects, our businesses and investment opportunities, our financial condition and operating results, working capital requirements and other anticipated cash needs, contractual restrictions and obligations, including fulfilling our current and future capital commitments, legal, tax and regulatory restrictions, restrictions and other implications on the payment of dividends by us to our common stockholders or by our subsidiaries to us, payments required to be made pursuant to the TRA and such other factors as our board of directors may deem relevant.

Under the DGCL, we may only pay dividends to our stockholders out of: (i) our surplus, as defined and computed under the provisions of the DGCL or (ii) our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If we do not have sufficient surplus or net profits, we will be prohibited by law from paying any such dividend. In addition, the terms of the Credit Facility or other financing arrangements may from time to time include covenants or other restrictions that could constrain our ability to make dividends. Furthermore, the Ares Operating Group’s cash flow may be insufficient to enable them to make required minimum tax distributions to their members and partners, in which case the Ares Operating Group may have to borrow funds or sell assets, which could have a material adverse effect on our liquidity and financial condition. Our certificate of incorporation contains provisions authorizing us, subject to the approval of our stockholders, to issue additional classes or series of stock that have designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to shares of our Class A common stock.

Furthermore, by making cash dividends to our stockholders rather than investing that cash in our businesses, we risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our operations, new investments or unanticipated capital expenditures, should the need arise.

***The Class B Stockholder or the Class C Stockholder may transfer their interests in the shares of our Class B common stock or the shares of our Class C common stock, respectively, which could materially alter our operations.***

Subject to certain restrictions outlined in our certificate of incorporation, our stock is freely transferable and the Class B Stockholder or the Class C Stockholder may transfer their shares of our Class B common stock and our Class C common stock, respectively, to a third party without the consent of the holders of any other class or series of our stock. Further, the members of the Class B Stockholder or the Class C Stockholder may sell or transfer all or part of their limited liability company interests in the Class B Stockholder or the Class C Stockholder, respectively, at any time without restriction. Any such transfer could constitute or cause a change of control under the Investment Advisers Act, the Credit Facility or other debt instruments and/or governing documents of our funds and other vehicles, which could require consents or waivers or cause defaults under any such documents. In addition, a new holder of shares of our Class B common stock or shares of our Class C common stock, or new controlling members of the Class B Stockholder or Class C Stockholder, may choose to vote for the election of directors to our board of directors who may not be willing or able to cause us to form new funds and could cause us to form funds that have investment objectives and governing terms that differ materially from those of our current funds. A new holder of our Class B common stock or our Class C Common Stock, new controlling members of the Class B Stockholder or Class C Stockholder and/or the directors they each respectively may appoint to our board of directors could also have a different investment philosophy, cause us or our affiliates to employ investment professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that is not as successful as our track record. If any of the foregoing were to occur, we could experience difficulty in making new investments, and the value of our existing investments, our business, our results of operations and our financial condition could materially suffer.

***Our certificate of incorporation also provides us with a right to acquire shares of our Class A common stock under specified circumstances, which may adversely affect the price of shares of our Class A common stock.***

Our certificate of incorporation provides that, if at any time, either: (i) less than 10% of the total shares of any class of our stock then outstanding (other than our Class B common stock, and our Class C common stock) is held by persons other than a record holder of our Class B common stock, any person who is, was or will be a member of Ares Partners Holdco LLC or their respective affiliates or (ii) we are required to register as an investment company under the Investment Company Act, we may exercise our right to purchase shares of our Class A common stock or assign this right to a record holder of our Class B common stock or any of its affiliates. As a result, a stockholder may have his or her shares of our Class A common stock purchased from him or her at an undesirable time or price.

***Other anti-takeover provisions in our charter documents could delay or prevent a change in control.***

In addition to the provisions described elsewhere relating to the relative voting power of our classes of common stock, other provisions in our certificate of incorporation and bylaws may discourage, delay or prevent a merger or acquisition that a holder of our Class A common stock may consider favorable by, for example:

- permitting our board of directors to issue one or more series of preferred stock;
- providing for the loss of voting rights for certain series or classes of our capital stock;
- imposing supermajority voting requirements for certain amendments to our certificate of incorporation;
- requiring advance notice for stockholder proposals and nominations at annual and special meetings of our stockholders; and
- placing limitations on convening stockholder meetings.

These provisions may also discourage acquisition proposals or delay or prevent a change in control.

***We will be required to pay the TRA Recipients for most of the benefits relating to our use of attributes we receive from prior and future exchanges of AOG Units and related transactions. In certain circumstances, payments to the TRA Recipients may be accelerated and/or could significantly exceed the actual tax benefits we realize.***

The holders of AOG Units, subject to any applicable transfer restrictions and other provisions, may, on a quarterly basis, exchange their AOG Units for shares of our Class A common stock on a one-for-one basis or, at our option, for cash. A holder of AOG Units must exchange one AOG Unit in the Ares Operating Group entity to effect an exchange for a share of

Class A common stock of AMC. These exchanges are expected to result in increases (for U.S. federal income tax purposes) in the tax basis of the tangible and intangible assets of the relevant Ares Operating Group entity. These increases in tax basis generally will increase (for U.S. federal income tax purposes) depreciation and amortization deductions and potentially reduce gain on sales of assets and, therefore, reduce the amount of tax that we would otherwise be required to pay in the future, although the IRS may challenge all or part of these deductions and tax basis increases, and a court could sustain such a challenge.

We have entered into a TRA with certain direct and indirect holders of AOG Units (the “TRA Recipients”) that provides for the payment (“Tax Receivable Payment”) by us to the TRA Recipients of 85% of the amount of cash tax savings, if any, in U.S. federal, state, local and foreign income tax or franchise tax that we actually realize (or are deemed to realize in the case of an early termination payment by us or a change of control, as discussed below) as a result of increases in tax basis and certain other tax benefits related to our entering into the TRA, including tax benefits attributable to payments under the TRA. Pursuant to an amendment to the TRA, dated May 1, 2023, to the extent Ares Owners Holdings L.P. would have been a TRA Recipient of a Tax Receivable Payment under the TRA prior to the amendment, Ares Owners Holdings L.P. will no longer be entitled to any Tax Receivable Payment for taxable exchanges on or after May 1, 2023. The payments we may make to the TRA Recipients could be material in amount and we may need to incur debt to finance payments under the TRA if our cash resources are insufficient to meet our obligations under the TRA as a result of timing discrepancies or otherwise. The actual increase in tax basis (and our ability to achieve the corresponding tax benefits), as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of exchanges, the price of a share of our Class A common stock at the time of the exchange, the extent to which such changes are taxable and the amount and timing of our income. In certain circumstances, payments to the TRA Recipients under the TRA could be in excess of our cash tax savings. If the IRS were to challenge a tax basis increase (or the ability to amortize such increase), the TRA Recipients will not reimburse us for any payments previously made to them under the TRA.

In addition, the TRA provides that, upon a change of control, or if, at any time, we elect an early termination of the TRA, our obligations under the TRA with respect to exchanged or acquired shares of our Class A common stock (whether exchanged or acquired before or after such change of control) would be based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the TRA and, in the case of an early termination election, that any AOG Units that have not been exchanged are deemed exchanged for the market value of shares of our Class A common stock at the time of termination. Assuming that the market value of a share of our Class A common stock were to be equal to \$118.92, which is the closing price per share of our Class A common stock as of December 31, 2023, and that SOFR were to be 5.38% and a blended federal and state corporate tax rate of 24.0%, we estimate that the aggregate amount of these termination payments would be approximately \$1.7 billion on the 117 million AOG Units that have not been exchanged for Class A common stock. The foregoing amount is merely an estimate and the actual payments could differ materially.

***Tax consequences to the direct and indirect holders of AOG Units or to general partners in our funds may give rise to conflicts of interests.***

As a result of the tax gain inherent in our assets held by the Ares Operating Group, upon a realization event, certain direct and indirect holders of AOG Units may incur different and potentially significantly greater tax liabilities as a result of the disproportionately greater allocations of items of taxable income and gain to such holders. As these direct and indirect holders will not receive a correspondingly greater distribution of cash proceeds, they may, subject to applicable fiduciary or contractual duties, have different objectives regarding the appropriate pricing, timing and other material terms of any sale, refinancing, or disposition, or whether to sell such assets at all. Decisions made with respect to an acceleration or deferral of income or the sale or disposition of assets with unrealized built-in tax gains may also influence the timing and amount of payments that are received by the TRA Recipients (including, among others, the Holdco Members and other executive officers) under the TRA. In general, we anticipate that disposition of assets with unrealized built-in tax gains following an exchange will tend to accelerate such payments and increase the present value of payments under the TRA, and disposition of assets with unrealized built-in tax gains in a tax year before an exchange generally will increase an exchanging holder’s tax liability without giving rise to any rights to any payments under the TRA. Decisions made regarding a change of control also could have a material influence on the timing and amount of payments received by the TRA Recipients pursuant to the TRA.

Moreover, we may receive carried interest or incentive fees from our funds if specified returns are achieved by those funds. In certain circumstances, we may prefer to structure the fees as a special allocation of income, which we refer to as a carried interest, rather than as an incentive fee.

The general partner of our funds may be entitled to receive carried interest from our funds and a significant portion of that carried interest may consist of long-term capital gains. As a U.S. corporation, we will not receive preferential treatment for long-term capital gains and we may be limited in deducting capital losses. As a result, the general partners of our funds may

have interests that are not entirely aligned with our stockholders and thus, subject to their fiduciary duties to fund investors, may be incentivized to seek investment opportunities that maximize favorable tax treatment to the general partners.

### **Risks Related to Shares of Our Common Stock**

***The market price and trading volume of shares of our Class A common stock may be volatile, which could result in rapid and substantial losses for holders of our Class A common stock.***

The market price of shares of our Class A common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in shares of our Class A common stock may fluctuate and cause significant price variations to occur. If the market price of shares of our Class A common stock declines significantly, holders of our Class A common stock may be unable to resell their shares of our Class A common stock at or above their purchase price, if at all. The market price of shares of our Class A common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of shares of our Class A common stock or result in fluctuations in the price or trading volume of shares of our Class A common stock include:

- variations in our quarterly operating results or dividends, which variations we expect will be substantial;
- our policy of taking a long-term perspective on making investment, operational and strategic decisions, which is expected to result in significant and unpredictable variations in our quarterly returns;
- our creditworthiness, results of operations and financial condition;
- the prevailing interest rates or rates of return being paid by other companies similar to us and the market for similar securities;
- failure to meet analysts' earnings estimates;
- publication of research reports about us or the investment management industry or the failure of securities analysts to cover shares of our Class A common stock;
- additions or departures of our senior professionals and other key management personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting our businesses or enforcement of these laws and regulations, or announcements relating to these matters;
- a lack of liquidity in the trading of shares of our Class A common stock;
- announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- adverse publicity about the asset management industry generally or, more specifically, private equity fund practices or individual scandals; and
- general market and economic, financial, geopolitical, regulatory or judicial events or conditions that affect us or the financial markets.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against public companies. This type of litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

***The market price of shares of our Class A common stock may decline due to the large number of shares of Class A common stock eligible for exchange and future sale.***

The market price of shares of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market and non-voting common stock, to the extent that sales happen in the future or the perception that such sales could occur, including pursuant to Rule 10b5-1 trading plans. These sales, or the possibility that these

sales may occur, also might make it more difficult for us to sell shares of our Class A common stock in the future at a time and at a price that we deem appropriate. We may freely issue and sell in the future additional shares of our Class A common stock. In addition, some of our directors and executive officers have entered into, or may enter into, Rule 10b5-1 trading plans pursuant to which they may sell shares of our Class A common stock from time to time in the future.

As of December 31, 2023, our professionals owned, indirectly, an aggregate of 117,024,758 AOG Units. We have entered into an exchange agreement with the holders of AOG Units so that such holders may, up to four times each year (subject to the terms of the exchange agreement and any contractual lock-up arrangements), exchange their AOG Units for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for splits, stock dividends and reclassifications, or, at our option, for cash. A holder of AOG Units must exchange one AOG Unit in the Ares Operating Group entity to effect an exchange for a share of Class A common stock of AMC.

Ares Owners Holdings L.P. has the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of Class A common stock delivered in exchange for AOG Units or shares of Class A common stock of AMC otherwise held by them. In addition, we may be required to make available shelf registration statements permitting sales of shares of our Class A common stock into the market from time to time over an extended period. Lastly, Ares Owners Holdings L.P. will have the ability to exercise certain piggyback registration rights in respect of shares of our Class A common stock held by them in connection with registered offerings requested by other registration rights holders or initiated by us.

As of December 31, 2023, there were options outstanding to purchase 79,524 shares of our Class A common stock and 17,359,829 restricted units outstanding to be settled in shares of our Class A common stock, both of which are subject to specified vesting requirements, and were granted to certain of our senior professionals under the 2023 Ares Management Corporation Equity Incentive Plan (the “Equity Incentive Plan”). As of December 31, 2023, 69,150,100 shares of our Class A common stock were available to be issued under the Equity Incentive Plan. We have filed a registration statement on Form S-8 with the SEC covering the shares of our Class A common stock issuable under the Equity Incentive Plan. Subject to vesting arrangements such shares of our Class A common stock are freely tradable. Vesting of those shares of restricted units would dilute the ownership interest of existing stockholders.

In addition, the governing agreements of the AOG entities authorize the direct subsidiaries of AMC which are the general partners of those entities to issue an unlimited number of additional units of the Ares Operating Group entity with such designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the AOG Units, and which may be exchangeable for shares of our Class A common stock.

#### **Risks Related to Taxation**

***We are a corporation, and applicable taxes will reduce the amount available for dividends to holders of our Class A and non-voting common stock in respect of such investments and could adversely affect the value of our Class A and non-voting common stockholders’ investment.***

Because we are taxed as a corporation for U.S. federal income tax purposes, we could be liable for entity-level U.S. federal income taxes and applicable state and local income taxes that would not otherwise be incurred if we were treated as a partnership for U.S. federal income tax purposes, which could reduce the amount of cash available for dividends to holders of our Class A and non-voting common stock and adversely affect the value of their investment.

***Applicable U.S. and foreign tax law, regulations, or treaties, and changes in such tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could adversely affect our effective tax rate, tax liability, financial condition and results, ability to raise funds from certain foreign investors, increase our compliance or withholding tax costs and conflict with our contractual obligations.***

***Overview of certain relevant U.S. tax laws.*** Tax laws, regulations or treaties newly enacted or enacted in the future may cause us to revalue our net deferred tax assets and have a material change to our effective tax rate and tax liabilities. Moreover, significant management judgment is involved applying tax laws, regulations and treaties to us and our funds such that tax authorities could challenge our interpretation, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. For example, on March 11, 2021, the American Rescue Plan Act of 2021 (Pub. L. No. 117-2) (the “ARPA”) was enacted. The ARPA added a new subsection to Section 162(m) of the Code to expand the disallowance for deduction of certain compensation paid by publicly held corporations to cover the next five most highly compensated employees for the taxable year, which expansion will be effective for tax years beginning after December 31, 2026. The expansion of Section 162(m) is expected to generally reduce the amount of tax deductions available to us. In addition, on August 16, 2022, the Inflation Reduction Act (Pub. L. No. 117-169) (the “IRA”) was signed into law. The IRA introduces a 15% minimum tax for corporations whose average annual adjusted financial statement income for any consecutive

three-tax-year period preceding the tax year exceeds \$1 billion and a 1% excise tax on the fair market value of stock repurchased by certain corporations after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability for 2024. The impact on taxable years thereafter will depend on the facts and circumstances of such years.

Under Sections 1471 to 1474 of the Code (such Sections, along with the Treasury Regulations promulgated thereunder, “FATCA”), a broadly defined class of foreign financial institutions are required to comply with a U.S. tax reporting regime or be subject to certain U.S. withholding taxes. The reporting obligations imposed under FATCA require foreign financial institutions to enter into agreements with the IRS to obtain and disclose information about certain account holders and investors to the IRS (or in the case of certain foreign financial institutions that are resident in a jurisdiction that has entered into an intergovernmental agreement (the “IGA”) to implement this legislation, to comply with comparable foreign laws implementing the IGA). Additionally, certain foreign entities that are not foreign financial institutions are required to provide certain certifications or other information regarding their U.S. beneficial ownership or be subject to certain U.S. withholding taxes under FATCA. Failure to comply with these requirements could expose us and/or our investors to a 30% withholding tax on certain U.S. payments, and possibly limit our ability to open bank accounts and secure funding in the global capital markets. There are uncertainties regarding the implementation of FATCA and it is difficult to determine at this time what impact any future administrative guidance may have. The administrative and economic costs of compliance with FATCA may discourage some foreign investors from investing in U.S. funds, which could adversely affect our ability to raise funds from these investors or reduce the demand for shares of our Class A common stock. Moreover, we expect to incur additional expenses related to our compliance with FATCA, which could increase our tax compliance costs generally. As discussed below, other countries, such as the U.K., Luxembourg, and the Cayman Islands, have implemented regimes similar to that of FATCA, and a growing number of countries have adopted (or are in process of introducing) similar legislation designed to provide increased transparency about our investors and their tax planning and profile. One or more of these information exchange regimes are likely to apply to our funds, and we may be obligated to collect and share with applicable taxing authorities information concerning investors in our funds (including identifying information and amounts of certain income allocable or distributable to them).

**Overview of certain relevant foreign tax laws.** HM Treasury, the Organization for Economic Co-operation and Development (the “OECD”) and other government agencies in jurisdictions where we and our affiliates invest or conduct business have maintained a focus on issues related to the taxation of businesses, including multinational entities.

The U.K. has implemented two corporate criminal offenses: failure to prevent facilitation of U.K. tax evasion and failure to prevent facilitation of overseas tax evasion. Liability under these offences can be mitigated where the relevant business has in place reasonable prevention procedures. The scope of these offences is extremely wide and could have an impact on Ares’ global businesses. The U.K. has also implemented transparency legislation that requires many large businesses to publish their U.K. tax strategies and their approach to dealing with the U.K. tax authority on their websites. Our U.K. tax policy statement is published on our website. These developments show that the U.K. is seeking to bring tax matters further into the public domain. As a result, tax matters may pose an increased reputational risk to our business.

The EU, the U.K. and many other countries have implemented the OECD’s Common Reporting Standard for the automatic exchange of financial account information in tax matters (the “CRS”). EU Council Directive 2011/16/EU requires a mandatory automatic exchange of information regime on administrative co-operation in the field of taxation (as amended) (the “Directive on Administrative Co-Operation” or the “DAC”). The DAC, which effectively incorporates (among other items) the CRS into European law, like the CRS, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. Neither the CRS nor the DAC imposes withholding taxes. EU Council Directive 2018/822 (“DAC 6”) amended the DAC to require ‘intermediaries’ (as defined in DAC 6) and, in some cases, taxpayers to disclose information to tax authorities about cross-border arrangements bearing specific hallmarks involving one or more EU member states. Certain cross-border arrangements are reportable to relevant taxing authorities. Similar reporting rules may apply or be introduced in other jurisdictions which implement the OECD mandatory disclosure rules (“OECD MDR”). With effect from December 31, 2020, the U.K. narrowed the scope of DAC 6 and the corresponding arrangements that need to be reported in the U.K. pursuant to DAC 6 (as implemented under U.K. law by the International Tax Enforcement (Disclosable Arrangements) Regulations 2020 (the “U.K. Regulations”). The U.K. intends to transition from and replace the U.K. Regulations (as amended) with the OECD MDR during the first half of 2023. The EU has also signed separate automatic exchange of information agreements with certain non-EU countries, under which the EU and the relevant jurisdiction will automatically exchange information on the financial accounts of each other’s residents. Investors in our funds will be required: (i) to consent to the taking of any action in connection with FATCA, the CRS, the DAC (including DAC 6), the OECD MDR and/or any local law relating to, implementing or having similar effect to any of these regimes, including the disclosure of information to tax authorities which may in turn be exchanged between other tax authorities; and (ii) to agree to provide the AIFM and/or the general partner with the information they require to comply with FATCA, the CRS, the DAC (including DAC 6), the OECD MDR and/or any local law relating to, implementing or having similar effect to any of

these regimes in any relevant jurisdiction. The breadth of the disclosure requirements under such tax reporting regimes will likely create costs and administrative burdens and penalties and withholding taxes could be imposed for non-compliance.

Pursuant to the OECD's Base Erosion and Profit Shifting ("BEPS") Project, many individual jurisdictions have now introduced domestic legislation implementing certain of the BEPS actions. Several of the areas of tax law (including double taxation treaties) on which the BEPS Project focuses are relevant to the ability of our funds to efficiently realize income or capital gains and to efficiently repatriate income and capital gains from the jurisdictions in which they arise to partners and, depending on the extent to and manner in which relevant jurisdictions have implemented (or implement, as the case may be) changes in such areas of tax law (including double taxation treaties), the ability of our funds to do these things may be adversely impacted. Changes in tax laws as a result of the BEPS Project may, for example, result in: (i) the restriction or loss of existing access by partners in our funds or their subsidiaries to tax relief under applicable double taxation treaties or EU directives, such as the EU Interest and Royalties Directive; (ii) restrictions on permitted levels of deductibility of expenses (such as interest) for tax purposes; (iii) rules affecting profit allocation and local nexus requirements, transfer pricing, or the treatment of hybrid entities/investments; or (iv) an increased risk of activity undertaken in a jurisdiction constituting a permanent establishment of our funds and/or any of their subsidiaries.

Many of the jurisdictions in which our funds will make investments have now ratified, accepted and approved the OECD's draft Multilateral Instrument ("MLI") which brings into force a number relevant changes to double tax treaties within scope. The MLI is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS recommendations. While these changes continue to be introduced, there remains significant uncertainty as to whether and, if so, to what extent our funds or their subsidiaries may benefit from the protections afforded by such treaties and whether our funds may look to their partners in order to derive tax treaty or other benefits. This position is likely to remain uncertain for a number of years.

In May 2017, the Council of the EU formally adopted the Council Directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries (commonly referred to as "ATAD II"), which came into force in member states on January 1, 2020 (subject to relevant derogations) and which contains a set of anti-hybrid rules.

ATAD II was implemented into Luxembourg domestic law by way of a law dated December 20, 2019. ATAD II covers inter alia hybrid mismatches and imported hybrid mismatches resulting from the different characterization of a financial instrument or an entity leading to situations of deduction without inclusion or double deduction. For hybrid mismatches resulting in a situation of deduction without inclusion, the primary rule is that the member state of the payor shall deny such deduction. For hybrid mismatches resulting in a situation of double deduction, a deduction shall only be given to the member state where the payment has its source. However, if, the jurisdiction of the payee does not deny the deduction, the secondary rule would oblige the jurisdiction of the payor to deny the deduction at the level of the payor.

If ATAD II anti-hybrid rules apply, they can act to deny (to a greater or lesser extent) deductibility in Luxembourg corporate entities of interest/expenses. However, these anti-hybrid rules only apply to arrangements: (i) between associated enterprises or (ii) that constitute "structured arrangements." In the context of hybrid mismatches resulting from the different characterization of a financial instrument, an entity will need to hold a direct or indirect interest of 25% or more of the voting rights, capital interests or rights to share a profit to be considered an associated enterprise. The 25% requirement is replaced by a 50% requirement if the hybrid mismatch results from a different characterization of an entity (i.e., a hybrid entity). With respect to the computation of this 25% or 50% threshold requirement, ATAD II makes reference to the OECD concept of "persons acting together", as it is specifically mentioned that for purposes of the anti-hybrid rules under ATAD II, "a person who acts together with another person in respect of the voting rights or capital ownership of an entity shall be treated as holding a participation in all of the voting rights or capital ownership of that entity that are held by the other person." However, the Luxembourg law implementing ATAD II provides that an investor in an investment fund who holds directly or indirectly less than 10% of the interest in the investment fund and who is entitled to receive less than 10% of the fund's profits is presumed not to act together with the other investors in the same investment fund (since the investors have in principle no effective control over the investments realized by the fund), unless proved otherwise (the de minimis rule). As a consequence of this rebuttable presumption, any investor holding less than 10% in an investment fund should not be regarded as an "associated enterprise" of the fund and of any underlying Luxembourg entities. Any investor holding more than 10% will only be regarded as an "associated enterprise" if it meets the requisite threshold in its own right, or it can be demonstrated that it is acting together with other investors, which would cause it to be deemed to reach the requisite threshold. Our funds have sought their own tax advice in relation to these proposed new rules and their potential impact on future investments.

The impacts of ATAD II on interest and other finance costs in the context of European investments are jurisdiction specific and will be examined on an investment-by-investment basis.

Further to the BEPS Project, and in particular BEPS Action 1 (“Addressing the Tax Challenges of the Digital Economy”), the OECD published a Report on May 31, 2019 entitled “Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy” (as updated on several occasions since and most recently on October 8, 2021 by the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy”), which proposes fundamental changes to the international tax system. The proposals (commonly referred to as “BEPS 2.0”) are based on two “pillars”, involving the reallocation of taxing rights (“Amount A of Pillar One”), and a new global minimum corporate tax rate (“Pillar Two”). Under Amount A of Pillar One, multinational enterprises (“MNEs”) with total group revenues exceeding EUR 20 billion (or equivalent) in a given period and pre-tax profitability exceeding 10% calculated using an averaging mechanism will be subject to rules allocating 25% of profits in excess of a 10% profit margin to the jurisdictions within which they carry on business (subject to threshold rules). Certain entities are excluded, including certain investment funds and real estate investment vehicles (as respectively defined) which are the ultimate parent entity of the MNE group (and certain holding vehicles of such entities). There are also specific exclusions for MNEs carrying on specific low-risk activities, including “regulated financial services” (as defined). Pillar Two imposes a minimum effective tax rate of 15% on MNEs that have consolidated revenues of at least EUR 750 million in at least two out of the last four years (i.e., broadly those MNEs which are required to undertake country by country reporting). Pillar Two introduces two related tax measures (the “GloBE Rules”): the income inclusion rule (“IIR”) imposes a top up tax on a parent entity where a constituent member of the MNE group has low taxed income while the undertaxed payment rule (“UTPR”) applies as a backstop if the constituent member’s income is not taxed by an IIR. Specified classes of entities which are typically exempt from tax are outside the scope of the Pillar Two GloBE Rules, including investment funds and real estate investment vehicles (as respectively defined) which are the ultimate parent entity of the MNE group (and certain holding vehicles of such entities). Additionally, and part of Pillar Two but separate from the GloBE Rules, a subject to tax rule (“STTR”) will permit source jurisdictions to impose limited additional taxation on certain cross-border related party payments where the recipient is subject to a nominal corporate income tax rate (subject, in some circumstances, to certain adjustments) below 9%, which will be creditable against the GloBE Rules tax liability. The GloBE Rules must be implemented through domestic legislation, and on December 20, 2021 the OECD released Pillar Two model rules providing a template for this purpose. Many jurisdictions have begun that process, including EU member states pursuant to the EU minimum tax directive and the U.K., with a view to the IIR and the UTPR taking effect for fiscal years beginning on or after December 31, 2023 and December 31, 2024, respectively. Amount A of Pillar One will be implemented through a multilateral convention and the STTR will be implemented, where applicable, either through modifications to bilateral tax treaties or alternatively through a multilateral instrument. The timeline for implementation of both Amount A of Pillar One and the STTR remains uncertain. Subject to the development and implementation of both Amount A of Pillar One and Pillar Two (including the implementation of the EU minimum tax directive by EU member states) and the details of any domestic legislation, double taxation treaty amendments and multilateral agreements which are necessary to implement them, effective tax rates could increase within the fund structure or on its investments, including by way of higher levels of tax being imposed than is currently the case, possible denial of deductions or increased withholding taxes and/or profits being allocated differently and/or penalties could be due. This could adversely affect the returns of investors in our funds. The implementation of BEPS 2.0 in relevant jurisdictions is complex and likely to remain uncertain for a number of years.

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the EU (the “Unshell Proposal”). Whilst the European Commission initially expected the Unshell Proposal to be adopted and published into EU member states’ national laws by June 30, 2023, and to come into effect as of January 1, 2024, the proposal has not yet been adopted and there is considerable uncertainty surrounding the development of the proposal and its implementation. If adopted in its current form, the proposal could result in additional reporting and disclosure obligations for funds and/or their subsidiaries (which may require the sharing with applicable taxing or other governmental authorities of information concerning investors) and/or additional tax being suffered by investors, funds or their subsidiaries.

Effective April 1, 2022, the U.K. implemented a domestic ‘Qualifying Asset Holding Company’ regime, with a view to broadly making the U.K. a more attractive holding company jurisdiction. The extent to which this regime may be applicable or beneficial to and/or utilized by our funds (or their subsidiaries) remains under consideration.

***Certain U.S. stockholders are subject to additional tax on “net investment income.”***

U.S. stockholders that are individuals, estates or trusts are subject to a surtax of 3.8% on “net investment income” (or undistributed “net investment income,” in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person’s adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes earnings from dividends and net gain attributable to the disposition of investment property. It is



anticipated that dividends and net gain attributable to an investment in shares of our Class A common stock will be included in a U.S. holder's "net investment income" subject to this surtax.

***Limitations on the amount of interest expense that we may deduct could materially increase our tax liability and negatively affect an investment in shares of our Class A common stock.***

Our deduction of net business interest expenses for each taxable year is limited generally to 30% of our "adjusted taxable income" for the relevant taxable year. Any excess business interest not allowed as a deduction in a taxable year as a result of the limitation generally will carry forward to the next year. There is no grandfather provision for outstanding debt prior to the effective date of these rules. Any failure to properly manage or address the foregoing risks may have a material adverse effect on our business, results and financial condition.

#### **General Risk Factors**

***Cybersecurity failures and data security incidents could adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential, personal or other sensitive information and/or damage to our business relationships or reputation, any of which could negatively impact our business, financial condition and operating results.***

The efficient operation of our business is dependent on computer hardware and software systems, as well as data processing systems and the secure processing, storage and transmission of information, all of which are potentially vulnerable to security breaches and cyber-attacks or other security breaches, which may include intentional attacks or accidental losses, either of which may result in unauthorized access to, or corruption of, our hardware, software, or data processing systems, or to our confidential, personal, or other sensitive information. In addition, we and our employees may be the target of fraudulent emails or other targeted attempts to gain unauthorized access to confidential, personal, or other sensitive information. The result of any cyber-attack or other security incidents may include disrupted operations, misstated or unreliable financial data, fraudulent transfers or requests for transfers of money, liability for stolen assets or information (including personal information), fines or penalties, investigations, increased cybersecurity protection and insurance costs, litigation, or damage to our business relationships and reputation, in each case, causing our business and results of operations to suffer. The rapid evolution and increasing prevalence of artificial intelligence technologies may also increase our cybersecurity risks.

Although we are not currently aware of any cyber-attacks or other incidents that, individually or in the aggregate, have materially affected, or would reasonably be expected to materially affect, our operations or financial condition, there has been an increase in the frequency and sophistication of the cyber and security threats that we face, with attacks ranging from those common to businesses generally to more advanced and persistent attacks. Cyber-attacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside or inside parties. We, or our third-party providers, may face a heightened risk of a security breach or disruption with respect to confidential, personal or other sensitive information resulting from an attack by foreign governments or cyber terrorists. We may be a target for attacks because, as an alternative asset management firm, we hold confidential and other sensitive information, including price information about existing and potential investments. Further, we are dependent on third-party service providers for hosting hardware, software and data processing systems that we do not control. We also rely on third-party service providers for certain aspects of our businesses, including for certain information systems, technology and administration of our funds and compliance matters. While we perform risk assessments on our third-party providers, our reliance on them and their potential reliance on other third-party service providers removes certain cybersecurity functions from outside of our immediate control, and cyber-attacks on our third-party service providers could adversely affect us, our business and our reputation. The costs related to cyber-attacks or other security threats or disruptions may not be fully insured or indemnified by others, including by our third-party service providers.

As our reliance on computer hardware and software systems, data processing systems, and other technology has increased, so have the risks posed to such systems, both those we control and those provided by our third-party service providers. Cyber-attacks may originate from a wide variety of sources, and while we have implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber-attacks, these measures do not guarantee that a cyber-attack will not occur or that our financial results, operations or confidential information, personal or other sensitive information will not be negatively impacted by such an incident, especially because the techniques of threat actors change frequently and are often not recognized until launched. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems, as well as our policies and procedures to protect against the unauthorized or unlawful disclosure of confidential, personal or other sensitive information. Although we take protective measures and endeavors to strengthen our computer systems, software, technology assets and networks to prevent and address potential cyber-attacks, there can be no assurance that any of these measures prove effective. We expect to

be required to devote increasing levels of funding and resources to comply with evolving cybersecurity and privacy laws and regulations and to continually monitor and enhance our cybersecurity procedures and controls.

Cybersecurity risks are exacerbated by the rapidly increasing volume of highly sensitive data, including our proprietary business information and intellectual property, personal information of our employees, our investors and others and other sensitive information that we collect, process and store in our data centers and on our networks or those of our third-party service providers. The secure processing, maintenance and transmission of this information are critical to our operations. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of investor, employee or other personal information, proprietary business data or other sensitive information, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant investigation, remediation and other costs, fines, penalties, litigation or regulatory actions against us and significant reputational harm, any of which could harm our business and results of operations.

Our funds' portfolio companies also rely on similar systems and face similar risks. A disruption or compromise of these systems could have a material adverse effect on the value of these businesses. Our funds may invest in strategic assets having a national or regional profile or in infrastructure assets, the nature of which could expose them to a greater risk of being subject to a terrorist attack or cyber-attack than other assets or businesses. Such an event may have material adverse consequences on our investment or assets of the same type or may require applicable portfolio companies to increase preventative security measures or expand insurance coverage.

In addition, we operate in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Cybersecurity has become a priority for regulators in the U.S. and around the world. In the latter half of 2021, the SEC brought three charges, sanctioning eight companies, all of which were registered as broker dealers, investment advisory firms or both, for deficient cybersecurity policies and procedures, and settled charges in two separate actions against public companies for deficient disclosure controls and procedures violations related to a cybersecurity vulnerability that exposed sensitive customer information. In 2023, the SEC charged a broker-dealer for allegedly making materially false and misleading statements and omissions regarding its efforts for preventing misuse of sensitive customer information. The SEC has also proposed new rules related to cybersecurity risk management for registered investment advisers, and registered investment companies and business development companies (funds), as well as amendments to certain rules that govern investment adviser and fund disclosures. In July 2023, the SEC also adopted rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy, and governance in annual reports. The rules became effective beginning with annual reports for fiscal years ending on or after December 15, 2023 and beginning with Form 8-Ks on December 18, 2023. With the SEC particularly focused on cybersecurity, we expect increased scrutiny of our policies and systems designed to manage our cybersecurity risks and our related disclosures. We also expect to face increased costs to comply with the new SEC rules, including increased costs for cybersecurity training and management. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including, the CCPA, the New York SHIELD Act, the GDPR and the U.K. GDPR. In addition, the SEC has indicated in recent periods that one of its examination priorities for the Office of Compliance Inspections and Examinations is to continue to examine cybersecurity procedures and controls, including testing the implementation of these procedures and controls.

There may be substantial financial penalties or fines for breach of privacy laws (which may include insufficient security for our personal or other sensitive information). For example, the maximum penalty for breach of the GDPR is the greater of 20 million Euros and 4% of group annual worldwide turnover, and fines for each violation of the CCPA are \$2,500, or \$7,500 per violation for intentional violations. Non-compliance with any applicable privacy or data security laws represents a serious risk to our business. Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal information. Breaches in security could potentially jeopardize our, our employees' or our fund investors' or counterparties' confidential or other information processed and stored in, or transmitted through, our computer systems and networks (or those of our third-party service providers), or otherwise cause interruptions or malfunctions in our, our employees', our fund investors', our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our business, liability to our fund investors and other counterparties, fines or penalties, litigation, regulatory intervention or reputational damage, which could also lead to loss of investors or clients.

***We may be subject to litigation risks and may face liabilities and damage to our professional reputation.***

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against investment managers have been increasing. We make investment decisions on behalf of investors in our funds that could result in substantial losses. This may subject us to the risk of legal liabilities or actions alleging misconduct, breach of fiduciary duty or breach of contract. Further, we may be subject to third-party litigation arising from allegations that we improperly exercised

control or influence over portfolio investments. In addition, we and our affiliates that are the investment managers and general partners of our funds, our funds themselves and those of our employees who are our, our subsidiaries' or the funds' officers and directors are each exposed to the risks of litigation specific to the funds' investment activities and portfolio companies and, in the case where our funds own controlling interests in public companies, to the risk of shareholder litigation by the public companies' other shareholders. Moreover, we are exposed to risks of litigation or investigation by investors or regulators relating to our having engaged, or our funds having engaged, in transactions that presented conflicts of interest that were not properly addressed.

We and our funds and their investment advisers are more generally subject to extensive regulation, which, from time to time, results in requests for information from us or our funds and their investment advisers or regulatory proceedings or investigations against us or our funds and their investment advisers, respectively. We may incur significant costs and expenses in connection with any such information requests, proceedings or investigations. Such investigations have previously and may in the future result in penalties and other sanctions. Regulatory actions and initiatives, including by the SEC, can have an adverse effect on our financial results, including as a result of the imposition of a sanction, a limitation on our or our personnel's activities, or changing our historic practices. Even if an investigation or proceeding did not result in a sanction, or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation.

Legal liability could have a material adverse effect on our businesses, financial condition or results of operations or cause reputational harm to us, which could harm our businesses. We depend, to a large extent, on our business relationships and our reputation for integrity and high-caliber professional service offerings to attract and retain investors and to pursue investment opportunities for our funds. As a result, allegations of improper conduct asserted by private litigants or regulators, regardless of whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities or the investment industry in general, whether valid or not, may harm our reputation, which may be damaging to our businesses.

In addition, the laws and regulations governing the limited liability of such issuers and portfolio companies vary from jurisdiction to jurisdiction, and in certain contexts, the laws of certain jurisdictions may provide not only for carve-outs from limited liability protection for the issuer or portfolio company that has incurred the liabilities, but also for recourse to assets of other entities under common control with, or that are part of the same economic group as such issuer.

***We may not be able to maintain sufficient insurance to cover us for potential litigation or other risks.***

We may not be able to obtain or maintain sufficient insurance on commercially reasonable terms or with adequate coverage levels against potential liabilities we may face in connection with potential claims, which could have a material adverse effect on our business. We may face a risk of loss from a variety of claims, including related to securities, antitrust, contracts, cybersecurity, fraud and various other potential claims, whether or not such claims are valid. Insurance and other safeguards might only partially reimburse us for our losses, if at all, and if a claim is successful and exceeds or is not covered by our insurance policies, we may be required to pay a substantial amount in respect of such claim. Certain losses of a catastrophic nature, such as losses arising as a result of wars, earthquakes, typhoons, terrorist attacks or other similar events, may be uninsurable or may only be insurable at rates that are so high that maintaining coverage would cause an adverse impact on our business, our funds and their portfolio companies. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total cost of casualty insurance for a property. As a result, we, our funds and their portfolio companies may not be insured against terrorism or certain other catastrophic losses.

***Events which harm our reputation or brand may impact our ability to attract and retain investors and raise new capital.***

As fiduciaries and stewards of our client's capital, we value and depend on the trust they place in us. Reputation is a significant factor that increases our competitive risk. See "—Risks Related to Our Businesses—The investment management business is intensely competitive." Increased regulatory scrutiny, actions or fines, litigation, employee misconduct, failures or perceived failures to appropriately mitigate and manage ESG incidents, conflicts of interest, data breaches and management of tax disputes, could among other events, harm our reputation and thus our ability to attract and retain investors and raise new capital for our funds, adversely affecting our business. While we have a robust compliance program in place and have successfully instituted a culture of compliance through our policies and procedures aimed to mitigate potential risks and enhanced regulatory action, we may be subject to new and heightened enforcement activity resulting in public sanctions or fines which could adversely impact our reputation. See "—Risks Related to Regulation." Similarly, to the extent we experience material litigation, employee turnover or employee misconduct, our businesses and our reputation could be adversely affected, and a loss of investor confidence could result, which could adversely impact our ability to raise future funds. Our ability to

appropriately mitigate, manage and address conflicts of interests among our stakeholders could also result in increased reputational risk. Further, the impact of events which may harm our reputation and brand are heightened given media and public focus on the externalities of activities unrelated to our business, the pervasiveness of social media and public interest in the financial services and alternative investment management industry generally. The increasing prevalence of artificial intelligence may lead to faster and wider dissemination of any adverse publicity or inaccurate information about us, making effective remediation more difficult and further magnifying the reputational risks associated with negative publicity.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

**Assessment, Identification and Management of Material Risks from Cybersecurity**

Our cybersecurity strategy prioritizes the detection and analysis of, and response to, known, anticipated or unexpected threats, effective management of security risks and resilience against cyber incidents. Our enterprise-wide cybersecurity program is aligned to the National Institute of Standards and Technology Cybersecurity Framework. Our cybersecurity risk management processes include technical security controls, policy enforcement mechanisms, monitoring systems, tools and related services, which include tools and services from third-party providers, and management oversight to assess, identify and manage risks from cybersecurity threats. We have implemented and continue to implement risk-based controls designed to prevent, detect and respond to information security threats and protect our information, our information systems, and the information of our investors, employees and other third parties who entrust us with their sensitive information.

Our cybersecurity program includes physical, administrative and technical safeguards, and we maintain plans and procedures designed to help us prevent and timely and effectively respond to cybersecurity threats and incidents. Through our cybersecurity risk management process, we seek to monitor cybersecurity vulnerabilities and potential attack vectors, evaluate the potential operational and financial effects of any threat and mitigate such threats. The assessment of cybersecurity risks is integrated into our Enterprise Risk Management program, which is overseen by our Enterprise Risk Committee (the “ERC”), as discussed below. In addition, we periodically engage third-party consultants and engage with key vendors to assist us in assessing, enhancing, implementing, and monitoring our cybersecurity risk management programs and responding to incidents.

Our cybersecurity risk management and awareness programs include periodic identification and testing of vulnerabilities, regular phishing simulations and annual general cybersecurity awareness and data protection training. We also have annual certification requirements for employees with respect to certain policies supporting the cybersecurity program including information security and electronic communications, data protection and privacy. We undertake periodic internal security reviews of our information systems and related controls, including systems affecting personal data and the cybersecurity risks of our critical third-party service providers and other partners. We also complete periodic external reviews of our cybersecurity program and practices, which include assessments of our data protection practices and targeted attack simulations.

In the event of a cybersecurity incident, we have developed an incident response plan that provides guidelines for responding to an incident and facilitates coordination across multiple operational functions. The incident response plan includes notification to the applicable members of cybersecurity leadership, including the Chief Information Security Officer (“CISO”), and, as appropriate, escalation to the full ERC and/or an internal ad-hoc group of senior employees, tasked with helping to manage the cybersecurity incident. Depending on their nature, incidents may also be reported to our audit committee of the board of directors and to our full board of directors, if appropriate.

**Material Impact of Cybersecurity Risks**

In the last three fiscal years, we have not experienced a material information security breach incident and the expenses we have incurred from information security breach incidents have been immaterial, and we are not aware of any cybersecurity risks that are reasonably likely to materially affect our business. However, future incidents could have a material impact on our business strategy, results of operations, or financial condition. For additional discussion of the risks posed by cybersecurity threats, see “Item 1A. Risk Factors—General Risk Factors—Cybersecurity failures and data security incidents could adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential, personal or other sensitive information and/or damage to our business relationships or reputation, any of which could negatively impact our business, financial condition and operating results.”

## **Oversight of Cybersecurity Risks**

Our cybersecurity program is managed by a dedicated internal cybersecurity team, which is responsible for enterprise-wide cybersecurity strategy, policies, standards, engineering, architecture and processes. The team is led by our CISO who has a Master's degree in Cybersecurity from Brown University and over 25 years of experience advising on, and managing risks from cybersecurity threats as well as developing and implementing cybersecurity policies and procedures. The CISO is also a member of the ERC. The ERC is a cross-functional committee that governs and oversees our Enterprise Risk Program, including cybersecurity. The ERC includes our Chief Executive Officer, Chief Financial Officer, General Counsel, Global Chief Compliance Officer, Chief Information Officer, CISO, and Head of Enterprise Risk, who acts as chairperson of the ERC. The ERC, through regular consultation with the internal cybersecurity team, assesses, discusses, and prioritizes our approach to high-level risks, mitigating controls, and ongoing cybersecurity efforts.

The audit committee has primary responsibility for oversight and review of guidelines and policies with respect to risk assessment and risk management, including cybersecurity. Certain members of the ERC periodically report to our audit committee as well as the full board of directors, as appropriate, on cybersecurity matters, primarily through presentations by the CISO and the Head of Enterprise Risk. Such reporting includes updates on our cybersecurity program, the external threat environment, and our programs to address and mitigate the risks associated with the evolving cybersecurity threat environment. These reports also include updates on our preparedness, prevention, detection, responsiveness, and recovery with respect to cyber incidents.

### **Item 2. Properties**

Our principal executive offices are located in leased office space at 2000 Avenue of the Stars, 12<sup>th</sup> Floor, Los Angeles, California. We also lease office space in Culver City, New York, London and other cities around the world. We do not own any real property. We consider these facilities to be suitable and adequate for the management and operation of our businesses.

### **Item 3. Legal Proceedings**

From time to time, we, our executive officers, directors and our funds and their investment advisers, and their respective affiliates and/or any of their respective principals and employees are subject to legal proceedings in the ordinary course of business, including those arising from our management of such funds, and may, as a result, incur significant costs and expenses in connection with such legal proceedings. Legal proceedings may increase to the extent we find it necessary to foreclose or otherwise enforce remedies with respect to loans that are in default, which borrowers may seek to resist by asserting counterclaims and defenses against us. As of December 31, 2023, we were not subject to any material pending legal proceedings.

We and our funds and their investment advisers are also subject to extensive regulation, which, from time to time, results in requests for information from us or our funds and their investment advisers or regulatory proceedings or investigations against us or our funds and their investment advisers, respectively. We may incur significant costs and expenses in connection with any such information requests, proceedings or investigations.

### **Item 4. Mine Safety Disclosures**

Not applicable.

**PART II.**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Our Class A common stock is traded on the NYSE under the symbol “ARES.” Our common shares began trading on the NYSE on May 2, 2014.

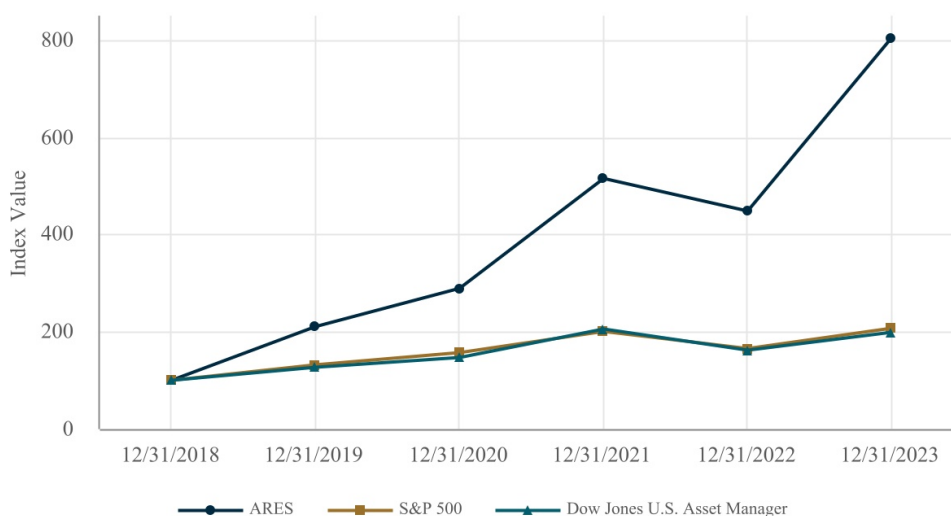
The number of holders of record of our Class A common stock as of February 20, 2024 was 19, which does not include the number of shareholders that hold shares in “street name” through banks or broker-dealers. Ares Management GP LLC is the sole holder of shares of our Class B common stock and Ares Voting LLC is the sole holder of shares of our Class C common stock.

**Stock Performance Graph**

The following graph depicts the total return to holders of our Class A common stock from the closing price on December 31, 2018 through December 31, 2023, relative to the performance of the S&P 500 Index and the Dow Jones U.S. Asset Managers Index. The graph assumes \$100 invested on December 31, 2018 and dividends received reinvested in the security or index.

The performance graph is not intended to be indicative of future performance. The performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act or the Exchange Act.

**Total Return Performance Table**



## Issuer Purchases of Equity Securities

None.

## Dividend Policy for Class A and Non-Voting Common Stock

During 2022, we declared a dividend each quarter of \$0.61 (totaling \$2.44 annually) per share to Class A common stockholders and non-voting common stockholders, or approximately \$429.1 million. During 2023, we declared a dividend each quarter of \$0.77 (totaling \$3.08 annually) per share to Class A and non-voting common stockholders at the close of business on March 17, 2023, June 16, 2023, September 15, 2023, and December 15, 2023, respectively, or approximately \$571.9 million.

In February 2024, the Company's board of directors declared a quarterly dividend of \$0.93 per share of Class A and non-voting common stock with respect to the first quarter of 2024 payable on March 29, 2024 to common stockholders of record at the close of business on March 15, 2024.

Our dividend policy for our Class A and non-voting common stock is more closely aligned with our core management fee business. We intend to provide a fixed quarterly dividend for each calendar year that will be based on our expected fee related earnings after an allocation of current taxes paid, with future potential changes based on the level and growth of the metric. Subject to the approval of our board of directors, we intend to pay a dividend of \$0.93 per share of our Class A and non-voting common stock per quarter in 2024.

Our fixed dividend will be reassessed each year based upon the level and growth of our fee related earnings after an allocation of current taxes paid. As fee related earnings reflect the core earnings of our business and consist of management fee and fee related performance revenues less compensation and general and administrative expenses, having our dividend based on this amount removes volatility from our dividend and provides more predictability to investors on an annual basis.

Our dividend policy reflects our intention to retain net performance income, which excludes our fee related performance revenues. We expect to use such retained earnings to fund future growth with the objective of accelerating our fee related earnings growth per share, as well as for potential stock repurchases. However, the declaration, payment and determination of the amount of future dividends, if any, is at the sole discretion of our board of directors, which may change our dividend policy at any time.

The payment of cash dividends is subject to compliance with DGCL. In addition, under the Credit Facility, certain subsidiaries of the Ares Operating Group are prohibited from paying dividends in certain circumstances, including if an Event of Default (as defined in the Credit Facility) has occurred and is continuing.

Because AMC is a holding company and has no material assets other than its indirect ownership of AOG Units, we fund dividends by AMC on shares of our Class A and non-voting common stock, if any, in three steps:

- first, we cause the AOG entities to make distributions to their partners, including AMC and its direct subsidiaries. If the AOG entities make such distributions, the partners of the AOG entities will be entitled to receive equivalent distributions based on their partnership units in the Ares Operating Group (except as set forth in the following paragraph);
- second, we cause AMC's direct subsidiaries to distribute to AMC their share of such distributions, net of any taxes and amounts payable under the tax receivable agreement by such direct subsidiaries; and
- third, AMC pays such distributions to our holders of our Class A and non-voting common stock, net of any taxes and amounts payable under the tax receivable agreement, on a pro rata basis.

Because we and our direct subsidiaries that are corporations for U.S. federal income tax purposes may be required to pay corporate income and franchise taxes and make payments under the tax receivable agreement, the dividend amounts ultimately paid by us to holders of our Class A and non-voting common stock are expected to be generally less, on a per share basis, than the amounts distributed by the AOG entities to their respective partners in respect of their AOG Units.

In addition, governing agreements of the AOG entities provide for cash distributions, which we refer to as "tax distributions," to the partners of such entities if the general partners of the AOG entities determine that the taxable income of the AOG entities gives rise to taxable income for its partners. Generally, these tax distributions are computed based on our

estimate of the net taxable income of the entity multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in Los Angeles, California or New York, New York, whichever is higher (taking into account the non-deductibility of certain expenses and the character of our income). The Ares Operating Group makes tax distributions only if and to the extent distributions from such entities for the relevant year were otherwise insufficient to cover such tax liabilities.

We expect any dividends paid out of current or accumulated earnings and profits to U.S. individuals and certain other qualifying holders of our Class A and non-voting common stock to constitute “qualified dividend” income that is generally taxed at a more favorable tax rate than the ordinary income tax rate, if the requisite holding periods have been met. If the dividend exceeds current and accumulated earnings and profits, the excess is treated as a nontaxable return of capital, reducing the stockholder’s tax basis in its shares to the extent of such shareholder’s tax basis in such shares. Any remaining excess is treated as capital gain. Because U.S. corporations are taxed on their own taxable income, and because owners of such entities are taxed on any dividends paid from such entities, there are two levels of potential tax upon income earned by such entities.

#### **Unregistered Sales of Equity Securities and Purchases of Equity Securities**

None.

#### **Item 6. [Reserved]**

#### **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*AMC is a Delaware corporation. Unless the context otherwise requires, references to “Ares,” “we,” “us,” “our,” and the “Company” are intended to mean the business and operations of AMC and its consolidated subsidiaries. The following discussion analyzes the financial condition and results of operations of the Company. “Consolidated Funds” refers collectively to certain Ares funds, co-investment vehicles, CLOs and SPACs that are required under generally accepted accounting principles in the United States (“GAAP”) to be consolidated within our consolidated financial statements included in this Annual Report on Form 10-K. Additional terms used by the Company are defined in the Glossary and throughout the Management’s Discussion and Analysis in this Annual Report on Form 10-K.*

*The following discussion and analysis should be read in conjunction with the consolidated financial statements of AMC and the related notes included in this Annual Report on Form 10-K.*

*This section of the Annual Report on Form 10-K discusses activity as of and for the years ended December 31, 2023 and 2022. For discussion on activity for the year ended December 31, 2021 and period-over-period analysis on results for the year ended December 31, 2022 to 2021, refer to Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022.*

*Amounts and percentages presented throughout our discussion and analysis of financial condition and results of operations may reflect rounded results in thousands (unless otherwise indicated) and consequently, totals may not appear to sum. In addition, illustrative charts may not be presented at scale.*

*“NM” refers to not meaningful. Period-over-period analysis for current year compared to prior year may be deemed to be not meaningful and are designated as “NM” within the discussion and analysis of financial condition and results of operations.*

#### **Trends Affecting Our Business**

We believe that our disciplined investment philosophy across our distinct but complementary investment groups contributes to the stability of our performance throughout market cycles. For the year ended December 31, 2023, approximately 95% of our management fees were derived from perpetual capital vehicles and long-dated funds. Our funds have a stable base of committed capital enabling us to invest in assets with a long-term focus over different points in a market cycle and to take advantage of market volatility. However, our results from operations, including the fair value of our AUM, are affected by a



variety of factors. Conditions in the global financial markets and economic and political environments may impact our business, particularly in the U.S., Western Europe and Asia.

The following table presents returns of selected market indices:

Type of Index	Name of Index	Region	Returns (%)	
			Year ended December 31, 2023	Year ended December 31, 2022
High yield bonds	ICE BAML High Yield Master II Index	U.S.	13.5	(11.2)
High yield bonds	ICE BAML European Currency High Yield Index	Europe	12.2	(11.5)
Leveraged loans	Credit Suisse Leveraged Loan Index (“CSLLI”)	U.S.	13.0	(1.1)
Leveraged loans	Credit Suisse Western European Leveraged Loan Index	Europe	12.5	(3.3)
Equities	S&P 500 Index	U.S.	26.3	(18.1)
Equities	MSCI All Country World Ex-U.S. Index	Non-U.S.	15.6	(16.0)
Real estate equities	FTSE NAREIT All Equity REITs Index	U.S.	11.4	(24.9)
Real estate equities	FTSE EPRA/NAREIT Developed Europe Index	Europe	17.4	(36.5)

During 2023, global markets endured heightened volatility but finished the year positively with improving investor sentiment amid the possibility of monetary easing in 2024. Despite the macroeconomic headwinds and escalated conflicts in the Middle East and Ukraine, U.S. and European high yield bonds and leveraged loans returned positive performance. The Asian markets experienced mixed performance as the region overall continued to show growth primarily driven by resilient demand in Southeast Asia and India. India, in particular, demonstrated healthy economic growth driven by its manufacturing and services sectors. On the other hand, China’s weaker than expected economic recovery led Chinese policymakers to continue taking measures to support economic growth. Overall, reduced lending activity by banks and limited capital accessibility continued to fuel private credit growth.

Global equity markets similarly rallied during the fourth quarter to finish the year on a positive note. While the public markets ended the year positively, the private markets continued to experience challenges with downward pressure on valuations and muted the opportunities for realizations. The private equity markets also experienced a prolonged slowdown in deal activity, and we believe potential liquidity constraints from investors have increased the need for flexible capital solutions. In addition, businesses have struggled to navigate this challenging growth and inflationary environment, which we believe has heightened the need for partnerships with value-add managers. This environment underscores the importance of investing in resilient industries with long-term secular tailwinds where we have expertise. Our focus continues to be on investment opportunities in the healthcare and services sectors, with limited exposure to energy, and we continue to invest opportunistically in consumer and industrials. Asset selectivity, deliberate portfolio construction, a flexible investment mandate and a differentiated view to drive value creation through earnings growth will be instrumental in delivering attractive returns to investors.

The commercial real estate markets continued to be impacted by the macroeconomic environment throughout 2023. European and U.S. real estate deal activity remained subdued with limited transactional liquidity. Given the higher interest rate environment, property valuations remain soft, with capitalization rate yields widening further over the year. However, we believe certain of these market trends will be offset by continued strong fundamentals, such as occupancy and rental rates, in property types that include multifamily and industrial.

The current market environment has had a more pronounced negative impact on certain industries, including energy, which is an industry in which few of our funds have made investments. As of December 31, 2023, 1% of our total AUM was invested in debt and equity investments in the energy sector (of which less than 1% of our total AUM was invested in midstream investments and also includes oil and gas exploration) and less than 1% of our total AUM was invested in renewable energy investments.

We believe our portfolios across all strategies are well positioned for a fluctuating interest rate environment. On a market value basis, approximately 85% of our debt assets and 57% of our total assets were floating rate instruments as of December 31, 2023.

In 2023, some of the considerations pertaining to our strategic decisions included:

- *Our ability to fundraise and increase AUM and fee paying AUM.* During the year ended December 31, 2023, we raised \$74.5 billion of gross new capital across our commingled funds, SMAs and other vehicles, and continued to expand our investor base, raising capital from over 125 different investment vehicles and over 625 institutional investors, including

approximately 300 direct institutional investors that were new to Ares. Our fundraising efforts helped drive AUM growth of 19% for 2023. During 2024, we expect that our fundraising will come from a combination of our existing and new strategies in the U.S., Europe and APAC. As of December 31, 2023, AUM not yet paying fees includes \$62.9 billion of AUM available for future deployment which could generate approximately \$621.6 million in potential incremental annual management fees. Our potential future deployment, coupled with our future fundraising prospects, gives us the opportunity to increase our management fees in 2024.

- *Our ability to attract new capital and investors with our broad multi-asset class product offering.* Our ability to attract new capital and investors in our funds is driven, in part, by the extent to which they continue to see the alternative asset management industry generally, and our investment products specifically, as an attractive vehicle for capital appreciation and income generation. We continually seek to create avenues to meet our investors' evolving needs by offering an expansive range of funds, developing new products and creating managed accounts and other investment vehicles tailored to our investors' goals. We continue to expand our distribution channels, expanding into the retail channel through our global wealth management offerings, as well as the needs of traditional institutional investors, such as pension funds, sovereign wealth funds, and endowments. If market volatility persists or increases, investors may seek absolute return strategies that seek to mitigate volatility. We offer a variety of investment strategies depending upon investors' risk tolerance and expected returns.

- *Our disciplined investment approach and successful deployment of capital.* Our ability to maintain and grow our revenue base is dependent upon our ability to successfully deploy the capital that our investors have committed to our funds. Greater competition, high valuations, cost of credit and other general market conditions have affected and may continue to affect our ability to identify and execute attractive investments. Under our disciplined investment approach, we deploy capital only when we have sourced a suitable investment opportunity at an attractive price. During the year ended December 31, 2023, we deployed \$68.1 billion of gross capital across our investment groups compared to \$79.8 billion deployed in 2022. We believe we continue to be well-positioned to invest our assets opportunistically. As of December 31, 2023, we had \$111.4 billion of capital available for investment compared to \$84.6 billion as of December 31, 2022.

- *Our ability to invest capital and generate returns through market cycles.* The strength of our investment performance affects investors' willingness to commit capital to our funds. The flexibility of the capital we are able to attract is one of the main drivers of the growth of our AUM and the management fees we earn. Current market conditions and a changing regulatory environment have created opportunities for Ares' businesses, which utilize flexible investment mandates to manage portfolios through market cycles.

See "Item 1A. Risk Factors" included in this Annual Report on Form 10-K for a discussion of the risks our businesses are subject to.

## Managing Business Performance

### Operating Metrics

We measure our business performance using certain operating metrics that are common to the alternative asset management industry, which are discussed below.

### Assets Under Management

AUM refers to the assets we manage and is viewed as a metric to measure our investment and fundraising performance as it reflects assets generally at fair value plus available uncalled capital.

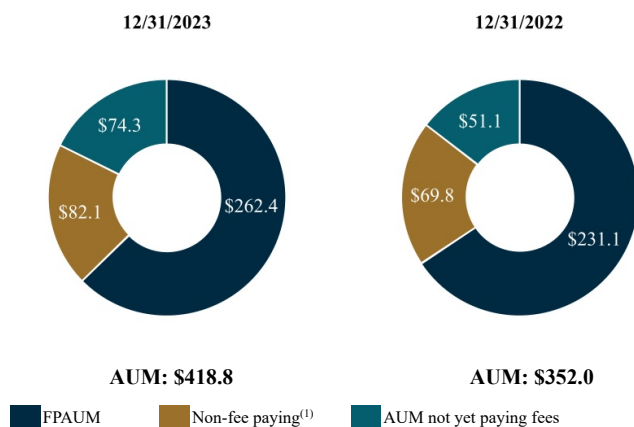
The tables below present rollforwards of our total AUM by segment (\$ in millions):

	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other Businesses	Total AUM
<b>Balance at 12/31/2022</b>	\$ 225,579	\$ 34,749	\$ 66,061	\$ 21,961	\$ 3,647	\$ 351,997
Acquisitions	—	3,697	—	—	—	3,697
Net new par/equity commitments	40,393	1,621	6,076	3,648	7,008	58,746
Net new debt commitments	14,897	—	726	—	—	15,623
Capital reductions	(3,858)	(9)	(480)	—	—	(4,347)
Distributions	(7,185)	(2,309)	(4,796)	(1,116)	(423)	(15,829)
Redemptions	(3,345)	—	(1,759)	(1)	(1,046)	(6,151)
Net allocations among investment strategies	4,258	—	—	5	(4,263)	—
Change in fund value	14,057	1,356	(415)	263	(151)	15,110
<b>Balance at 12/31/2023</b>	\$ 284,796	\$ 39,105	\$ 65,413	\$ 24,760	\$ 4,772	\$ 418,846

	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other Businesses	Total AUM
<b>Balance at 12/31/2021</b>	\$ 201,405	\$ 33,404	\$ 45,919	\$ 22,119	\$ 2,928	\$ 305,775
Acquisitions	—	—	8,184	199	—	8,383
Net new par/equity commitments	18,149	2,202	10,638	2,510	4,848	38,347
Net new debt commitments	14,462	—	3,253	—	—	17,715
Capital reductions	(1,280)	(208)	(516)	—	—	(2,004)
Distributions	(6,057)	(1,333)	(3,183)	(2,787)	(1,788)	(15,148)
Redemptions	(2,415)	—	(951)	—	—	(3,366)
Net allocations among investment strategies	1,975	—	—	—	(1,975)	—
Change in fund value	(660)	684	2,717	(80)	(366)	2,295
<b>Balance at 12/31/2022</b>	\$ 225,579	\$ 34,749	\$ 66,061	\$ 21,961	\$ 3,647	\$ 351,997

The components of our AUM are presented below (\$ in billions):



(1) Includes \$15.1 billion and \$14.4 billion of AUM of funds from which we indirectly earn management fees as of December 31, 2023 and 2022, respectively and includes \$4.3 billion and \$3.4 billion of non-fee paying AUM based on our general partner commitment as of December 31, 2023 and 2022, respectively.

Please refer to “— Results of Operations by Segment” for a more detailed presentation of AUM by segment for each of the periods presented.

*Fee Paying Assets Under Management*

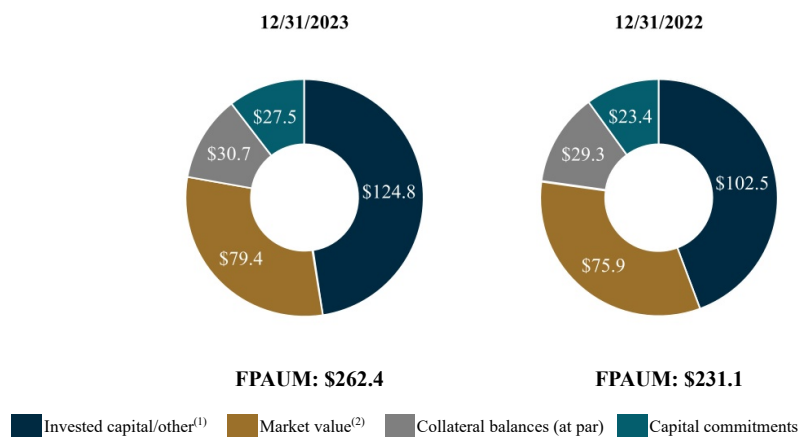
FPAUM refers to AUM from which we directly earn management fees and is equal to the sum of all the individual fee bases of our funds that directly contribute to our management fees.

The tables below present rollforwards of our total FPAUM by segment (\$ in millions):

	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other Businesses	Total
<b>Balance at 12/31/2022</b>	<b>\$ 151,275</b>	<b>\$ 18,447</b>	<b>\$ 41,607</b>	<b>\$ 17,668</b>	<b>\$ 2,064</b>	<b>\$ 231,061</b>
Acquisitions	—	1,692	—	—	—	1,692
Commitments	8,333	—	3,674	1,645	6,181	19,833
Deployment/subscriptions/increase in leverage	23,701	2,752	2,968	473	150	30,044
Capital reductions	(3,657)	—	(455)	—	—	(4,112)
Distributions	(7,927)	(1,232)	(3,862)	(613)	(415)	(14,049)
Redemptions	(4,474)	—	(1,775)	(1)	—	(6,250)
Net allocations among investment strategies	4,363	—	—	30	(4,393)	—
Change in fund value	5,176	—	(917)	(164)	317	4,412
Change in fee basis	—	(45)	98	2	(329)	(274)
<b>Balance at 12/31/2023</b>	<b>\$ 176,790</b>	<b>\$ 21,614</b>	<b>\$ 41,338</b>	<b>\$ 19,040</b>	<b>\$ 3,575</b>	<b>\$ 262,357</b>

	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other Businesses	Total
<b>Balance at 12/31/2021</b>	<b>\$ 122,110</b>	<b>\$ 16,689</b>	<b>\$ 28,615</b>	<b>\$ 18,364</b>	<b>\$ 2,067</b>	<b>\$ 187,845</b>
Acquisitions	—	—	4,855	131	—	4,986
Commitments	11,327	—	6,680	2,042	3,607	23,656
Deployment/subscriptions/increase in leverage	32,780	4,489	4,002	560	(38)	41,793
Capital reductions	(3,913)	—	(200)	—	—	(4,113)
Distributions	(7,365)	(1,902)	(2,101)	(1,319)	(734)	(13,421)
Redemptions	(2,684)	—	(965)	—	—	(3,649)
Net allocations among investment strategies	1,935	—	—	—	(1,935)	—
Change in fund value	(2,071)	(4)	1,572	772	(665)	(396)
Change in fee basis	(844)	(825)	(851)	(2,882)	(238)	(5,640)
<b>Balance at 12/31/2022</b>	<b>\$ 151,275</b>	<b>\$ 18,447</b>	<b>\$ 41,607</b>	<b>\$ 17,668</b>	<b>\$ 2,064</b>	<b>\$ 231,061</b>

The charts below present FPAUM by its fee bases (\$ in billions):



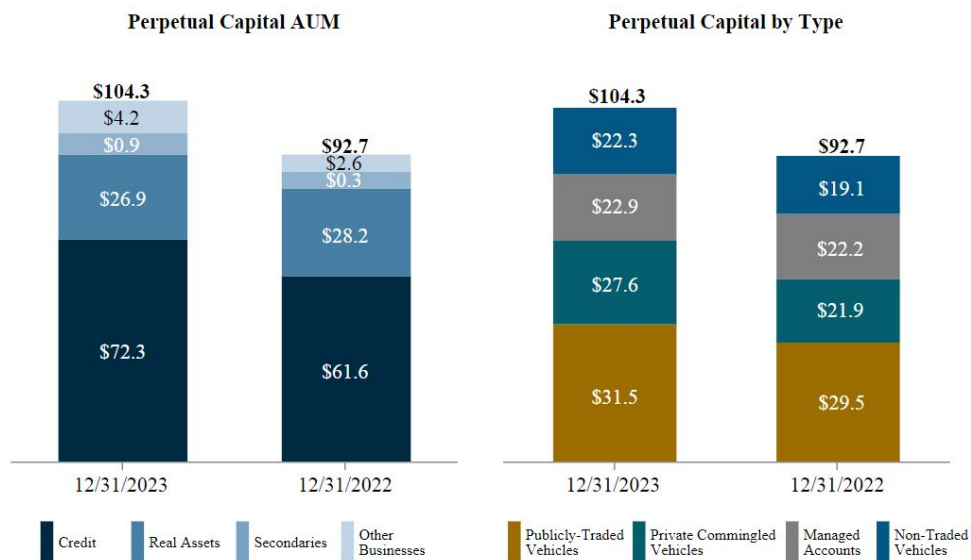
(1) Other consists of ACRE’s FPAUM, which is based on ACRE’s stockholders’ equity.

(2) Includes \$58.8 billion and \$56.0 billion from funds that primarily invest in illiquid strategies as of December 31, 2023 and 2022, respectively. The underlying investments held in these funds are generally subject to less market volatility than investments held in liquid strategies.

Please refer to “— Results of Operations by Segment” for detailed information by segment of the activity affecting total FPAUM for each of the periods presented.

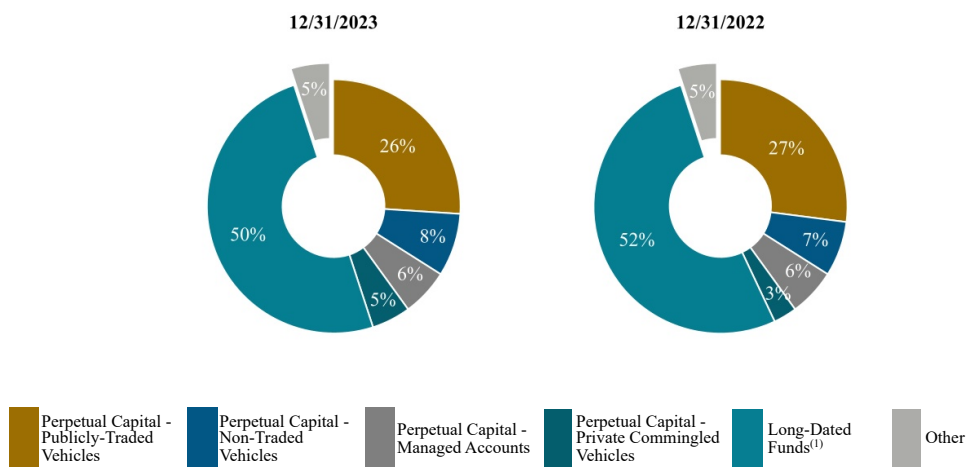
*Perpetual Capital Assets Under Management*

The chart below presents our perpetual capital AUM by segment and type (\$ in billions):



*Management Fees By Type*

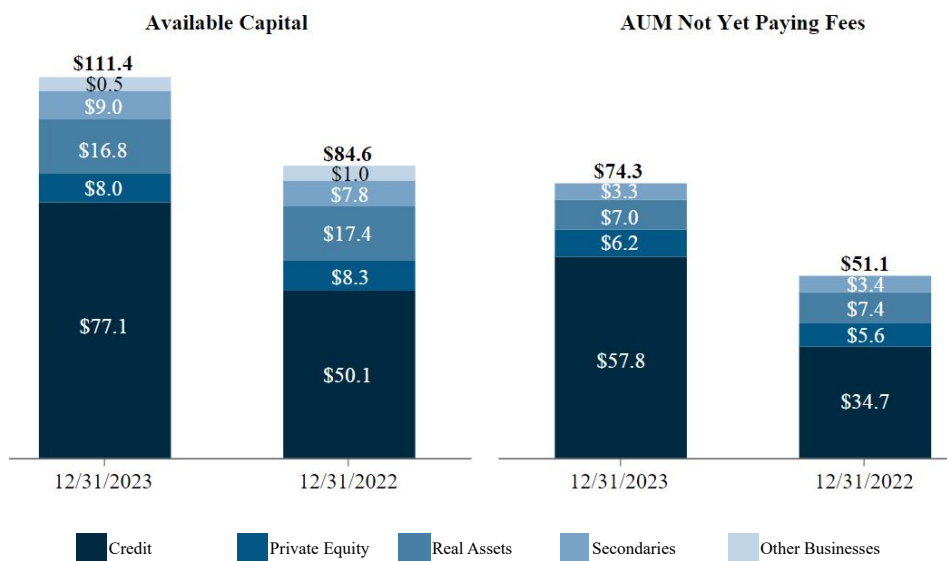
We view the duration of funds we manage as a metric to measure the stability of our future management fees. For both the years ended December 31, 2023 and 2022, 95% of management fees were earned from perpetual capital or long-dated funds. The charts below present the composition of our segment management fees by the initial fund duration:



(1) Long-dated funds generally have a contractual life of five years or more at inception.

*Available Capital and Assets Under Management Not Yet Paying Fees*

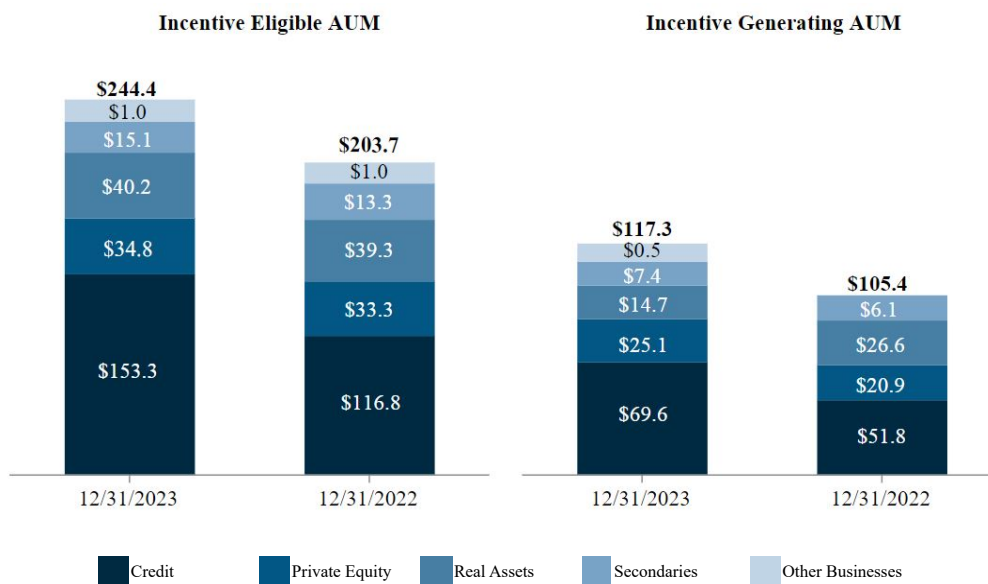
The charts below present our available capital and AUM not yet paying fees by segment (\$ in billions):



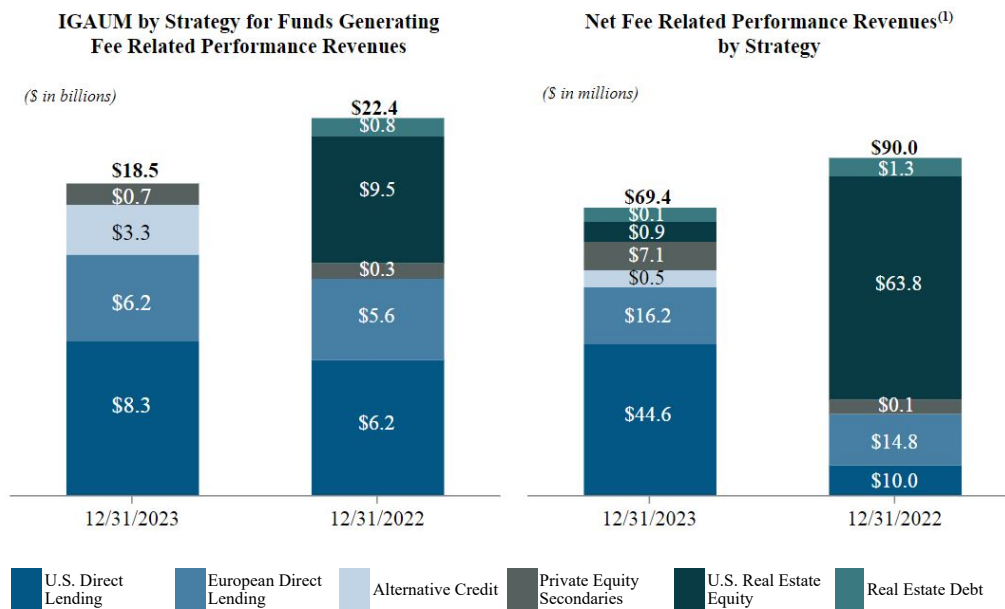
As of December 31, 2023, AUM Not Yet Paying Fees includes \$62.9 billion of AUM available for future deployment that could generate approximately \$621.6 million in potential incremental annual management fees. As of December 31, 2022, AUM Not Yet Paying Fees included \$41.8 billion of AUM available for future deployment that could generate approximately \$410.9 million in potential incremental annual management fees.

*Incentive Eligible Assets Under Management and Incentive Generating Assets Under Management*

The charts below present our IEAUM and IGAUM by segment (\$ in billions):



The charts below present our IGAUM by strategy for funds generating fee related performance revenues and net fee related performance revenues by strategy as of and for the years ended:



(1) Fee related performance revenues by strategy is presented net of the associated fee related performance compensation.

**Fund Performance Metrics**

Fund performance information for our funds considered to be “significant funds” is included throughout this discussion with analysis to facilitate an understanding of our results of operations for the periods presented. Our significant funds are commingled funds that either contributed at least 1% of our total management fees or represented at least 1% of the Company’s total FPAUM for the past two consecutive quarters. In addition to management fees, each of our significant funds may generate carried interest or incentive fees upon the achievement of performance hurdles. The fund performance information reflected in this discussion and analysis is not indicative of our overall performance. An investment in Ares is not an investment in any of our funds. Past performance is not indicative of future results. As with any investment, there is always the potential for gains as well as the possibility of losses. There can be no assurance that any of these funds or our other existing and future funds will achieve similar returns.

Fund performance metrics for significant funds may be marked as “NM” as they may not be considered meaningful due to the limited time since the initial investment and/or early stage of capital deployment.

To further facilitate an understanding of the impact a significant fund may have on our results, we present our drawdown funds as either harvesting investments or deploying capital to indicate the fund’s stage in its life cycle. A fund harvesting investments is generally not seeking to deploy capital into new investment opportunities, while a fund deploying capital is generally seeking new investment opportunities.

**Components of Consolidated Results of Operations****Revenues**

*Management Fees.* The investment adviser of our funds generally receives an annual management fee based on a percentage of the fund's capital commitments, contributed capital, net asset value or invested capital during the investment period, which may then change at the end of the investment period. For certain of our SMAs, we receive an annual management fee based on a percentage of invested capital, contributed capital or net asset value throughout the term of the SMA. We also may receive special fees, including agency and arrangement fees. In certain circumstances, we are contractually required to offset certain amounts of such special fees against management fees relating to the applicable fund.

The investment adviser of each of our CLOs typically receives annual management fees based on the gross aggregate collateral balance for CLOs, at par, adjusted for cash and defaulted or discounted collateral. The management fees of CLOs accounted for approximately 2% of our total management fees on a consolidated basis and 4% on an unconsolidated basis for the year ended December 31, 2023.

The management fees we receive from our drawdown style funds are typically payable on a quarterly basis over the life of the fund and do not fluctuate with the changes in investment performance of the fund. The investment management agreements we enter into with clients in connection with contractual SMAs may generally be terminated by such clients with reasonably short prior written notice. Typically, terminations do not require liquidation of the SMAs and such SMAs will continue to exist until the underlying investments are liquidated. The management fees we receive from our SMAs are generally paid on a periodic basis (typically quarterly, subject to the termination rights described above) and are based on either invested capital or on the net asset value of the separately managed account.

We receive management fees in accordance with the investment advisory and management agreements of our retail vehicles, including both our publicly-traded and non-traded vehicles, that must be reviewed or approved annually by their independent boards of directors.

Details regarding our management fees from our retail vehicles are presented below:

	Annual Fee Rate	Fee Base
ACRE	1.50%	Stockholders' equity
AIREIT	1.25%	NAV
APMF	1.40%	Total assets (including any assets relating to indebtedness or preferred shares that may be issued) minus liabilities (other than liabilities relating to indebtedness)
ARCC	1.50%	Total assets (other than cash and cash equivalents)
ARCC Part I Fees	20.00%	Net investment income (before ARCC Part I Fees and ARCC Part II Fees), subject to a fixed hurdle rate of 1.75% per quarter, or 7.00% per annum. No fees are recognized until ARCC's net investment income exceeds a 1.75% hurdle rate, with a catch-up provision to ensure that the Company receives 20.00% of the net investment income from the first dollar earned
ARDC	1.00%	Total assets minus liabilities (other than liabilities relating to indebtedness)
AREIT	1.10%	NAV
ASIF	1.25%	NAV
ASIF Part I Fees	12.50%	Net investment income (before ASIF Part I Fees and ASIF Part II Fees), subject to a fixed hurdle rate of 1.25% per quarter, or 5.00% per annum. No fees are recognized until ASIF's net investment income exceeds a 1.25% hurdle rate, with a catch-up provision to ensure that the Company receives 12.50% of the net investment income from the first dollar earned
CADC	1.25%	Total assets minus liabilities (other than liabilities relating to indebtedness)
CADC Part I Fees	15.00%	Net investment income (before CADC Part I Fees), subject to a fixed hurdle rate of 1.50% per quarter, or 6.00% per annum. No fees are recognized until CADC's net investment income exceeds the hurdle rate, with a catch-up provision to ensure that the Company receives 15.00% of the net investment income from the first dollar earned



Details regarding our management fees by strategy are presented below:

	Fee Rate	Fee Base	Average Remaining Contract Term <sup>(1)</sup>
<b>Credit Group</b>			
Liquid Credit <sup>(2)</sup>	0.25% - 1.00%	Par plus cash or NAV	9.0 years <sup>(2)</sup>
Alternative Credit	0.50% - 1.50%	NAV, gross asset value, capital commitments or invested capital	4.4 years
U.S. and European Direct Lending <sup>(3)</sup>	0.75% - 1.50%	Invested capital, NAV or total assets (in certain cases, excluding cash and cash equivalents)	4.4 years
APAC Credit <sup>(4)</sup>	1.15% - 2.00%	Capital commitments, aggregate cost basis of unrealized portfolio investments or a combination thereof	3.7 years
<b>Private Equity Group</b>			
Corporate Private Equity <sup>(5)</sup>	1.50%	Capital commitments	5.2 years
Special Opportunities <sup>(6)</sup>	1.50%	Invested capital or aggregate cost basis of unrealized portfolio investments	7.8 years
APAC Private Equity <sup>(7)</sup>	1.00% - 2.00%	Invested capital, capital commitments or a combination thereof	3.9 years
<b>Real Assets Group</b>			
Real Estate Equity <sup>(8)</sup>	0.50% - 1.50%	Invested capital, NAV, capital commitments or a combination thereof	3.1 years
Real Estate Debt	0.50% - 1.00%	Invested capital or NAV	N/A <sup>(9)</sup>
Infrastructure Opportunities <sup>(10)</sup>	1.00% - 1.50%	Capital commitments	6.0 years
Infrastructure Debt	1.00%	Invested capital	5.1 years
<b>Secondaries Group</b>			
Private Equity, Real Estate, Infrastructure Secondaries and Credit Secondaries <sup>(11)</sup>	0.50% - 1.25%	Capital commitments, invested capital, reported value (largely represents NAV of each fund's underlying limited partnership interests), called capital plus unfunded commitments or reported value plus unfunded commitments	7.2 years
<b>Other Businesses</b>			
Ares Insurance Solutions <sup>(12)</sup>	0.30%	Monthly weighted average market value of the assets	N/A <sup>(12)</sup>

- (1) Represents the average remaining contract term pursuant to the funds' governing documents within each strategy, excluding perpetual capital vehicles, as of December 31, 2023.
- (2) Liquid credit includes the syndicated loan, high yield bond and multi-asset credit strategies. Fee ranges for syndicated loans generally remain unchanged at the close of the re-investment period. In certain cases, CLOs may be called upon demand by subordinated noteholders prior to the management contract term expiration date. The funds in the high yield bond and multi-asset credit strategies are generally open-ended or managed account structures, which typically do not have investment period termination or management contract expiration dates.
- (3) Following the expiration or termination of the investment period, the fee basis for certain closed-end funds and managed accounts in this strategy generally change either to the aggregate cost or to market value of the portfolio investments.
- (4) Certain funds pay a lower management fee rate on committed capital which increases when such capital is invested. The funds in this strategy are comprised of closed-end funds, with investment period termination or management contract termination dates. The funds also include co-investment accounts with fees ranging from 0.50% to 1.50%, which generally do not include investment period termination or management contract termination dates.
- (5) Fee range represents typical range during the investment period. Management fees for corporate private equity funds generally step down to between 0.75% and 1.25% of the aggregate adjusted cost of unrealized portfolio investments following the earlier to occur of: (i) the expiration or termination of the investment period; and (ii) the activation of a successor fund.
- (6) Fee range represents typical range during the investment period. Management fees for special opportunities funds generally step down to between 1.00% to 1.25% of the invested capital or the aggregate cost basis of unrealized portfolio investments following the expiration or termination of the investment period.
- (7) Fee range represents typical range during the investment period. Management fees for APAC private equity funds generally step down to 2.00% of the aggregate adjusted cost of unrealized portfolio investments following the expiration or termination of the investment period. The funds also include co-investment vehicles with fees rates of 2.00%, which generally do not include investment period termination or management contract termination dates.
- (8) Certain funds pay a lower management fee rate on committed capital which increases when such capital is invested. Following the expiration or termination of the investment period the basis on which management fees are earned for certain closed-end funds, managed accounts and co-investment vehicles in this strategy changes from committed capital to invested capital with no change in the management fee rate. AIREIT and AREIT pay management fees based on NAV plus net capital raised and outstanding from our 1031 exchange programs.
- (9) The funds in this strategy are generally open-ended or managed account structures, which typically do not have investment period termination or management contract expiration dates.
- (10) Fee range represents typical range during the investment period. Certain funds pay a lower management fee rate on committed capital which increases when such capital is invested. The infrastructure opportunities funds generally step down the fee base to the aggregated adjusted cost of unrealized portfolio investments, while retaining the same fee rate, following the expiration or termination of the investment period.
- (11) Funds in each strategy are comprised of closed-end funds with either investment period termination or management contract termination dates and certain open-end accounts that generally do not have termination dates.
- (12) Ares Insurance Solutions earns a tiered management fee that starts at 0.30% and steps down to 0.15% of the monthly weighted average market value. Ares Insurance Solutions generally includes open-ended or managed account structures, which typically do not have investment period termination or management contract expiration dates.

*Incentive Fees.* The general partners, managers or similar entities of certain of our funds receive performance-based fees. These fees are generally based on the annual investment returns of the applicable fund, subject to certain net loss carry-forward provisions, high-watermarks and/or preferred returns. Such performance-based fees may also be based on a fund's cumulative net investment returns for the measurement period, in some cases subject to a high-watermark or a preferred return. Incentive fees are realized at the end of a measurement period, typically quarterly or annually. Realized incentive fees are generally higher during the second half of the year due to the nature of certain funds that typically realize incentive fees at the end of the calendar year. Once realized, such incentive fees are not subject to repayment. Cash from the realizations is typically received in the period subsequent to the measurement period. Incentive fees are composed of both fee related performance revenues, which are based on perpetual capital, and those incentive fees earned from funds with stated investment periods:

Details regarding our fee related performance revenues are presented below:

	Fee Rate	Fee Base	Annual Hurdle Rate
<b>Credit Group</b>			
Open-ended core alternative credit fund	15.0%	Incentive eligible fund's profits	6.0%
U.S. and European Direct Lending	10.0% - 15.0%	Incentive eligible fund's profits	5.0% to 8.0%
<b>Real Assets Group</b>			
AIREIT and AREIT	12.5%	Annual investment returns, subject to certain net loss carry-forward provisions	5.0%
ACRE	20.0%	The difference between ACRE's core earnings (as defined in ACRE's management agreement) and its shareholders' return on equity	8.0%
<b>Secondaries Group</b>			
APMF	12.5%	Annual investment returns, subject to certain net loss carry-forward provisions	N/A

Details regarding our incentive fees earned from funds with stated investment periods, which are generally based on a fund's eligible profits, are presented below:

	Fee Rate	Annual Hurdle Rate
<b>Credit Group</b>		
Liquid Credit	10.0% - 20.0%	3.0% to 12.0%
Alternative Credit	12.5% - 20.0%	5.0% to 7.0%
U.S. and European Direct Lending <sup>(1)</sup>	10.0% - 15.0%	5.0% to 8.0%
<b>Real Assets Group</b>		
Real Estate Equity	15.0% - 18.0%	6.0% to 8.0%

(1) We may receive Part II Fees, which are not paid unless ARCC and ASIF achieve cumulative aggregate realized capital gains (net of cumulative aggregate realized capital losses and aggregate unrealized capital depreciation). For ARCC and ASIF, incentive fees represent 20.0% and 12.5%, respectively, of the cumulative aggregate realized capital gains (net of cumulative aggregate realized losses and aggregate unrealized capital depreciation) and such fees are presented as incentive fees earned from funds with stated investment periods.

*Performance Income.* We may receive performance income from our funds that may be either incentive fees earned from funds with stated investment periods as described above, or a special allocation of income, which we refer to as carried interest. Performance income is recognized when specified investment returns are achieved by the fund.

*Carried Interest Allocation.* Carried interest allocation is recognized based on changes in valuation of our funds' investments that exceed certain preferred returns as set forth in each respective partnership agreement. Carried interest allocation is based on the amount that would be due to us pursuant to the fund partnership agreement at each period end as if the funds were liquidated at such date. Accordingly, the amount recognized as carried interest allocation reflects our share of the fair value gains and losses of the associated funds' underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. Investment returns of one fund are not offset between or among funds.

Funds generally follow either an American-style waterfall or a European-style waterfall. For American-style waterfalls, the general partner is entitled to receive carried interest after a fund investment is realized if the investors in the fund have received distributions in excess of the capital contributed for such investment and all prior realized investments (plus allocable expenses), as well as the preferred return. For European-style waterfalls, the general partner is entitled to receive carried interest if the investors in the fund have received distributions in an amount equal to all prior capital contributions plus a preferred return.

For most funds, the carried interest is subject to a preferred return ranging from 5.0% to 10.0%, after which there is typically a catch-up allocation to the general partner. Generally, if at the termination of a fund (and in some cases at interim points in the life of a fund), the fund has not achieved investment returns that exceed the preferred return threshold or the general partner receives net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, the general partner will be obligated to repay an amount equal to the extent the previously distributed carried interest exceeds the amounts to which the general partner is entitled. These repayment obligations may be related to amounts previously distributed to us and our senior professionals and are generally referred to as contingent repayment obligations.

Contingent repayment obligations operate with respect to only a given fund’s net investment performance and carried interest of other funds are not netted for determining this contingent obligation. Although a contingent repayment obligation is several to each person who received a distribution, and not a joint obligation, and our professionals who receive carried interest have guaranteed repayment of such contingent obligation, the governing agreements of our funds generally provide that, if a recipient does not fund his or her respective share, we may have to fund such additional amounts beyond the amount of carried interest we retained, although we generally will retain the right to pursue remedies against those carried interest recipients who fail to fund their obligations.

Certain funds may make distributions to their partners to provide them with cash sufficient to pay applicable federal, state and local tax liabilities attributable to the fund’s income that is allocated to them. These distributions are referred to as tax distributions and are not subject to contingent repayment obligations. Tax distributions from European-style waterfall funds generally precede investors in the fund receiving the preferred return.

Details regarding our carried interest, which is generally based on a fund’s eligible profits, are presented below:

	Fee Rate	Annual Hurdle Rate
<b>Credit Group</b>		
Liquid Credit and Alternative Credit	15.0% - 20.0%	6.0% to 8.0%
U.S. and European Direct Lending	10.0% - 20.0%	5.0% to 8.0%
APAC Credit	15.0% - 20.0%	7.0% to 8.0%
<b>Private Equity Group</b>		
Corporate Private Equity, Special Opportunities and APAC Private Equity	20.0%	8.0%
<b>Real Assets Group</b>		
Real Estate	10.0% - 20.0%	6.0% to 10.0%
Infrastructure	15.0% - 20.0%	5.0% to 8.0%
<b>Secondaries Group</b>		
Private Equity, Real Estate, Infrastructure and Credit Secondaries	10.0% - 12.5%	8.0%
<b>Other Businesses</b>		
Ares Insurance Solutions	20.0%	8.0%

For detailed discussion of contingencies on carried interest, see “Note 8. Commitments and Contingencies,” within our consolidated financial statements and “Item 1A. Risk Factors—Risks Related to Our Funds—We may need to pay “clawback” or “contingent repayment” obligations if and when they are triggered under the governing agreements with our funds” included in this Annual Report on Form 10-K.

*Principal Investment Income (Loss).* Principal investment income (loss) consists of interest and dividend income and net realized and unrealized gains (losses) on equity method investments where we serve as general partner. Interest and dividend income are recognized on an accrual basis to the extent that such amounts are expected to be collected. A realized gain (loss) may be recognized when all or a portion of our investment is returned to us. Unrealized gains (losses) on investments result from appreciation (depreciation) in the fair value of our investments, as well as reversals of previously recorded unrealized appreciation (depreciation) at the time the gain (loss) on an investment becomes realized.

*Administrative, Transaction and Other Fees.* Details regarding our administrative, transaction and other fees are presented below:

Administrative fees	Represent fees that we earn for providing administrative services to certain funds and may reflect either an expense reimbursements for costs incurred by certain professionals in performing services for a fund or may be based on fixed percentage of a fund's invested capital
Transaction fees	Typically represent fees earned from the arrangement and origination of loans and are generated primarily from funds within our direct lending and infrastructure debt strategies
<b>Other fees:</b>	
Property-related fees represent fees earned within funds in our real estate equity strategies and include the following:	
Acquisition fees	Based on a percentage of a property's cost at the time of property acquisition
Development fees	Based on a percentage of development costs over the development period
Property management fees	Based on tenancy of properties over the time associated property management services are provided
Sale and distribution fees represent fees earned through AWMS for the sale and distribution of fund shares in our non-traded vehicles and include the following:	
Sales-based fees	Based on a percentage of shares sold to retail investors in our non-traded vehicles. Sales-based fees are reported net of amounts re-allowed to participating broker-dealers for their ongoing shareholder services
Asset-based fees	Based on the NAV of the applicable asset class. Asset-based fees are reported net of amounts re-allowed to participating broker-dealers for their ongoing shareholder services
Exchange program fees	Based on a percentage of the value associated with the properties transacted through our 1031 exchange programs. Exchange program fees are recognized when investors contribute real property through like-kind 1031 exchanges for fund shares and through other private placements and are composed of a program administration fee and a facilitation fee for advisory services and sales-based efforts, respectively

## Expenses

*Compensation and Benefits.* Compensation generally includes salaries, bonuses, health and welfare benefits, payroll related taxes, equity compensation, Part I Fee incentive compensation and fee related performance compensation expenses. Compensation and benefits expenses are typically correlated to the operating performance of our segments, which is used to determine incentive-based compensation for each segment. Incentive-based compensation is accrued over the service period to which it relates. Our discretionary incentive-based compensation generally represents our annual bonus pool, is based on our operating performance and may fluctuate throughout the year until payments are made. The majority of our incentive-based compensation is paid during the fourth quarter. Certain of our senior partners are not paid an annual salary or bonus, instead they only receive distributions based on their ownership interest when declared by our board of directors. We use changes in headcount, which represents the full-time equivalency of active employees during each period, to analyze changes in compensation and benefits. Part I Fee incentive compensation and fee related performance compensation represent approximately 60% of Part I Fees and of fee related performance revenues, respectively, before giving effect to payroll related taxes. Compensation expense also includes employee commissions that are generated in connection with our like-kind 1031 exchange program and other private placement transactions conducted through AWMS. Incremental changes in fair value of certain contingent liabilities established in connection with our various acquisitions are recognized ratably over the service period and are also presented within compensation and benefits.

Equity compensation represents a form of non-cash compensation that we use to align our employees with the long-term interests of our shareholders. Equity-based awards are typically granted in the form of restricted units that generally vest over a service period between three and five years. We issue equity awards with a long-term focus of limiting the average dilutive impact on our Class A common stockholders to no more than 1.5% annually. Because we withhold shares equal to the fair value of our employee tax withholding liabilities and pay the taxes on their behalf in cash, fewer net shares are issued upon vesting. This result has reduced the average annual dilutive impact of these awards to less than 1.0% annually. We expect the expenses recognized in connection with these awards to fluctuate with changes in the price of our Class A common stock.

*Performance Related Compensation.* Performance related compensation includes compensation directly related to carried interest allocation and incentive fees earned from funds with stated investment periods, generally consisting of percentage interests that we grant to our professionals. Depending on the nature of each fund, the performance related compensation generally represents 60% to 80% of the carried interest allocation and aforementioned incentive fees recognized by us before giving effect to payroll related taxes. We have an obligation to pay our professionals a portion of the carried interest allocation earned from certain funds. The performance related compensation payable is calculated based upon the recognition of carried interest allocation and is not paid to recipients until the carried interest allocation is received. Performance related compensation may include allocations to charitable organizations as part of our philanthropic initiatives.

Although changes in performance related compensation are directly correlated with changes in carried interest allocation and incentive fees reported within our segment results, this correlation does not always exist when our results are reported on a fully consolidated basis in accordance with GAAP. This discrepancy is caused when carried interest allocation

and incentive fees earned from our Consolidated Funds is eliminated upon consolidation and performance related compensation is not.

*General, Administrative and Other Expenses.* General and administrative expenses include costs primarily related to occupancy, professional services, travel, information services and information technology costs, placement fees, depreciation, amortization of intangibles, supplemental distribution fees and other general operating items. Placement fees are paid to placement agents and include: (i) upfront fees based on commitments to a fund; and (ii) service fees for periodic investor services that are recognized as services are provided. Supplemental distribution fees are paid to brokerage firms, banks or other financial intermediaries for the distribution of shares in our non-traded vehicles and may be calculated on either sales volumes or levels of assets under management.

*Expenses of Consolidated Funds.* Consolidated Funds' expenses consist primarily of costs incurred by our Consolidated Funds, including professional services fees, research expenses, trustee fees, travel expenses and other costs associated with organizing and offering these funds.

#### **Other Income (Expense)**

*Net Realized and Unrealized Gains (Losses) on Investments.* A realized gain (loss) may be recognized when all or a portion of our investment is returned to us. Unrealized gains (losses) on investments result from the change in appreciation (depreciation) in the fair value of our investments.

*Interest and Dividend Income.* Interest and dividend income is primarily generated from investments in CLOs and other strategic investments where we do not serve as general partner. Interest and dividend income are both recognized on an accrual basis to the extent that such amounts are expected to be collected.

*Interest Expense.* Interest expense includes interest related to our Credit Facility, which has a variable interest rate based upon SOFR plus a credit spread that is adjusted with changes to corporate credit ratings and with the achievement of certain ESG-related targets, and to our senior and subordinated notes, each of which have fixed coupon rates.

*Other Income (Expense), Net.* Other income (expense), net consists of transaction gains (losses) on the revaluation of assets and liabilities denominated in non-functional currencies and of other non-operating and non-investment related activities, such as bargain purchase gain, changes in fair value of contingent obligations, loss on disposal of assets, among other items.

*Net Realized and Unrealized Gains (Losses) on Investments of Consolidated Funds.* Realized gains (losses) may arise from dispositions of investments held by our Consolidated Funds. Unrealized gains (losses) are recorded to reflect the change in appreciation (depreciation) of investments held by the Consolidated Funds due to changes in fair value of the investments.

*Interest and Other Income of Consolidated Funds.* Interest and other income of Consolidated Funds primarily includes interest and dividend income generated from the underlying investments of our Consolidated Funds.

*Interest Expense of Consolidated Funds.* Interest expense primarily consists of interest related to our Consolidated CLOs' loans payable and, to a lesser extent, revolving credit lines, term loans and notes of other Consolidated Funds. The interest expense of the Consolidated CLOs is solely the responsibility of such CLOs and there is no recourse to us if the CLO is unable to make interest payments.

#### **Income Taxes**

AMC is a corporation for U.S. federal income tax purposes and is subject to U.S. federal, state and local corporate income taxes at the entity level on its share of net taxable income. In addition, the AOG entities and certain of AMC's subsidiaries operate in the U.S. as partnerships or disregarded entities for U.S. federal income tax purposes and as corporate entities in certain foreign jurisdictions. These entities, in some cases, are subject to U.S. state or local income taxes or foreign income taxes. Our effective tax rate is the result of AMC's net taxable income and the applicable U.S. federal, state and local income taxes as well as, in some cases, foreign income taxes. Net taxable income is based on AMC's ownership of the AOG entities. As such, our effective tax rate will be directly impacted by changes in AMC's ownership of the AOG entities and changes to statutory rates in the U.S. and other foreign jurisdictions and, to a lesser extent, income taxes that are recorded for certain affiliated funds and co-investment vehicles that are consolidated in our financial results.

The majority of our Consolidated Funds are not subject to income tax as the funds' investors are responsible for reporting their share of income or loss. To the extent required by federal, state and foreign income tax laws and regulations, certain funds may incur income tax liabilities.

### ***Redeemable and Non-Controlling Interests***

Net income (loss) attributable to redeemable and non-controlling interests in Consolidated Funds represents the income (loss) attributable to ownership interests that third parties hold in entities that are consolidated within our consolidated financial statements.

Net income (loss) attributable to redeemable and non-controlling interests in AOG entities represents results attributable to the owners of AOG Units and other ownership interests that are not held by AMC.

In connection with our acquisition of SSG in July 2020, the former owners of SSG retained a 20% ownership interest in a subsidiary of an AOG entity that is reflected as redeemable interest in AOG entities. Net income (loss) attributable to redeemable interest in AOG entities is allocated based on the ownership percentage attributable to the redeemable interest. On March 31, 2023, we acquired a portion of the remaining ownership interest in SSG that was retained by the former owners of SSG (the “SSG Buyout”), and we now own 100% of Ares SSG’s fee-generating business. Following the SSG Buyout, legacy owners of SSG retained an ownership interest in certain non-controlled investments that will continue to be reflected as redeemable interests, and the income generated by these investments will continue to be allocated ratably based on ownership.

Net income (loss) attributable to non-controlling interests in AOG entities is generally allocated based on the weighted average daily ownership of the other AOG unitholders, except for income (loss) generated from certain joint venture partnerships. Net income (loss) is allocated to other strategic distribution partners with whom we have established joint ventures based on the respective ownership percentages and based on the activity of certain membership interests.

For additional discussion on components of our consolidated results of operations, see “Note 2. Summary of Significant Accounting Policies,” within our consolidated financial statements included in this Annual Report on Form 10-K.

### **Consolidation and Deconsolidation of Ares Funds**

Consolidated Funds represented approximately 4% of our AUM as of December 31, 2023, 2% of our management fees and 2% of our carried interest and incentive fees for the year ended December 31, 2023. As of December 31, 2023, we consolidated 28 CLOs, 10 private funds and one SPAC, and as of December 31, 2022, we consolidated 25 CLOs, 10 private funds and one SPAC.

The activity of the Consolidated Funds is reflected within the consolidated financial statement line items indicated by reference thereto. The impact of consolidation also typically will decrease management fees, carried interest allocation and incentive fees reported under GAAP to the extent these amounts are eliminated upon consolidation.

The assets and liabilities of our Consolidated Funds are held within separate legal entities and, as a result, the liabilities of our Consolidated Funds are typically non-recourse to us. Generally, the consolidation of our Consolidated Funds has a significant gross-up effect on our assets, liabilities and cash flows but has no net effect on the net income attributable to us or our stockholders’ equity, except where accounting for a redemption or liquidation preference requires the reallocation of ownership based on specific terms of a profit sharing agreement. The net economic ownership interests of our Consolidated Funds, to which we have no economic rights, are reflected as redeemable and non-controlling interests in the Consolidated Funds within our consolidated financial statements. Redeemable interest in Consolidated Funds represent the shares issued by our SPACs that are redeemable for cash by the public shareholders in the event that the SPAC does not complete a business combination or tender offer associated with shareholder approval provisions.

We generally deconsolidate funds and CLOs when we are no longer deemed to have a controlling interest in the entity. During the year ended December 31, 2023, we deconsolidated one SPAC as a result of liquidation and one private fund as a result of a significant change in ownership. During the year ended December 31, 2022, we did not deconsolidate any entities.

The performance of our Consolidated Funds is not necessarily consistent with, or representative of, the combined performance trends of all of our funds.

For the actual impact that consolidation had on our results and further discussion on consolidation and deconsolidation of funds, see “Note 15. Consolidation” within our consolidated financial statements included herein.

## Results of Operations

### Consolidated Results of Operations

Although the consolidated results presented below include the results of our operations together with those of the Consolidated Funds and other joint ventures, we separate our analysis of those items primarily impacting the Company from those of the Consolidated Funds.

The following table presents our summarized consolidated results of operations (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Total revenues	\$ 3,631,884	\$ 3,055,443	\$ 576,441	19%
Total expenses	(2,797,858)	(2,749,085)	(48,773)	(2)
Total other income, net	499,037	204,448	294,589	144
Less: Income tax expense	172,971	71,891	(101,080)	(141)
<b>Net income</b>	<b>1,160,092</b>	<b>438,915</b>	<b>721,177</b>	<b>164</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	274,296	119,333	154,963	130
<b>Net income attributable to Ares Operating Group entities</b>	<b>885,796</b>	<b>319,582</b>	<b>566,214</b>	<b>177</b>
Less: Net income (loss) attributable to redeemable interest in Ares Operating Group entities	226	(851)	1,077	NM
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	411,244	152,892	258,352	169
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 474,326</b>	<b>\$ 167,541</b>	<b>306,785</b>	<b>183</b>

### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

#### Consolidated Results of Operations of the Company

The following discussion sets forth information regarding our consolidated results of operations:

#### Revenues

Revenues	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Management fees	\$ 2,551,150	\$ 2,136,433	\$ 414,717	19%
Carried interest allocation	618,579	458,012	160,567	35
Incentive fees	276,627	301,187	(24,560)	(8)
Principal investment income	36,516	12,279	24,237	197
Administrative, transaction and other fees	149,012	147,532	1,480	1
<b>Total revenues</b>	<b>\$ 3,631,884</b>	<b>\$ 3,055,443</b>	<b>576,441</b>	<b>19</b>

*Management Fees.* Capital deployment in direct lending funds within the Credit Group led to a rise in FPAUM and additional management fees of \$166.1 million for the year ended December 31, 2023 compared to the prior year. Part I Fees contributed \$109.6 million to the increase for the year ended December 31, 2023 compared to the prior year. The increase in Part I Fees was primarily due to the increase in pre-incentive fee net investment income generated by ARCC and CADC, driven by an increase in the average size of their portfolios and the impact of rising interest rates, given their primarily floating-rate loan portfolios. Of the total increase in Part I Fees, ASIF contributed \$5.1 million as it began generating fees during the third quarter of 2023. Within the Real Assets Group, AIREIT and AREIT contributed additional management fees of \$11.4 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 driven by increases in the average capital base of AIREIT and AREIT. Also, management fees from Ares Infrastructure Debt Fund V L.P. (“IDF V”) increased by \$9.3 million for the year ended December 31, 2023 compared to the prior year, primarily driven by deployment of capital. Within the Private Equity Group, the Crescent Point Acquisition contributed \$7.4 million to the increase in management fees for the year ended December 31, 2023. For detail regarding the fluctuations of management fees within each of our segments see “—Results of Operations by Segment.”

*Carried Interest Allocation.* The activity was principally composed of the following (\$ in millions):

	Year ended December 31, 2023	Primary Drivers	Year ended December 31, 2022	Primary Drivers
Credit funds	\$ 498.7	Primarily from six direct lending funds and one alternative credit fund with \$28.2 billion of IGAUM generating returns in excess of their hurdle rates. Ares Capital Europe V, L.P. ("ACE V"), Ares Private Credit Solutions II, L.P. ("PCS II"), Ares Sports Media and Entertainment Finance, L.P. and our sixth European direct lending fund generated carried interest allocation of \$181.1 million, \$37.6 million, \$22.0 million and \$16.6 million, respectively, driven by net investment income on an increasing invested capital base. Pathfinder I generated \$ carried interest allocation of \$66.3 million driven by market appreciation of certain investments and net investment income during the period. Ares Capital Europe IV, L.P. ("ACE IV") and Ares Private Credit Solutions, L.P. ("PCS I") generated carried interest allocation of \$58.4 million and \$45.3 million, respectively, primarily driven by net investment income during the period. Our credit funds have benefited from rising interest rates on predominately floating-rate loans.	200.0	Primarily from four direct lending funds and one alternative credit fund with \$22.4 billion of IGAUM generating returns in excess of their hurdle rates. ACE V generated carried interest allocation of \$80.9 million driven by net investment income on an increasing invested capital base. ACE IV, Pathfinder I, Ares Capital Europe III, L.P. ("ACE III") and PCS I generated carried interest allocation of \$60.0 million, \$25.7 million, \$18.7 million and \$6.5 million, respectively, primarily driven by net investment income during the period.
Private equity funds	124.6	Ares Corporate Opportunities Fund VI, L.P. ("ACOF VI") generated carried interest allocation of \$190.0 million, driven by improving operating performance of portfolio companies that primarily operate in the retail and healthcare industries and market appreciation of an investment in a services company. In addition, appreciation of Ares Special Opportunities Fund, L.P. ("ASOF I") and Ares Special Situations Fund IV, L.P. ("SSF IV") generated carried interest allocation of \$82.7 million and \$79.8 million, respectively, predominately driven by market appreciation and improved operating performance of portfolio companies that operate in the services industry. Ares Special Opportunities Fund II, L.P. ("ASOF II") generated carried interest allocation of \$80.9 million, driven by improving operating performance of portfolio companies that operate in the healthcare industry. The appreciation was partially offset by the reversal of unrealized carried interest allocation of \$268.1 million from Ares Corporate Opportunities Fund V, L.P. ("ACOF V"), primarily driven by a lower stock price for Savers Value Village, Inc. ("SVV"), and \$35.8 million from Ares Corporate Opportunities Fund IV, L.P. ("ACOF IV"), primarily driven by lower operating performance metrics of a portfolio company that operates in the healthcare industry.	187.4	Appreciation across several portfolio company investments, driven by improving operating performance metrics from portfolio companies that primarily operate in industries such as services, technology, retail, healthcare and energy, generated carried interest allocation of \$76.9 million from ACOF V, \$73.9 million from ACOF VI, \$68.5 million from ASOF I and \$42.6 million from SSF IV. The appreciation was partially offset by the reversal of unrealized carried interest allocation of \$62.4 million and \$27.0 million from ACOF IV and Ares Corporate Opportunities Fund III, L.P. ("ACOF III"), respectively, primarily driven by lower stock prices for certain publicly-traded investments.
Real assets funds	8.5	IDF V generated carried interest allocation of \$37.9 million driven by net investment income during the period. Ares Climate Infrastructure Partners, L.P. ("ACIP I") generated carried interest allocation of \$13.8 million due to market appreciation of certain investments. Appreciation from properties, driven by increasing operating income primarily from industrial and multifamily investments, generated carried interest allocation of \$3.1 million from U.S. Real Estate Fund IX, L.P. ("US IX"). The appreciation was partially offset by the reversal of unrealized carried interest allocation of \$12.6 million from Ares European Real Estate Fund IV SCSp. ("EF IV"), \$5.7 million from Ares Real Estate Opportunity Fund III, L.P. ("AREOF III"), \$5.5 million from Ares European Real Estate Fund V SCSp. ("EF V") and \$19.1 million from two European real estate equity funds, primarily driven by lower valuations of certain properties, which were impacted by the market environment.	49.6	ACIP I and Ares Energy Investors Fund V, L.P. ("EIF V") generated carried interest allocation of \$38.1 million and \$31.8 million, respectively, due to market appreciation of certain investments. Appreciation from properties within real estate equity funds, driven by increasing operating income primarily from industrial and multifamily investments, generated carried interest allocation of \$15.0 million from U.S. Real Estate Fund VIII, L.P. ("US VIII"), \$7.4 million from US IX and \$4.2 million from Ares U.S. Real Estate Fund X, L.P. ("US X"). In addition, realized gains from the sale of properties generated carried interest allocation of \$17.3 million from AREOF III. The activity was partially offset by the reversal of unrealized carried interest of \$64.4 million from EF V, driven by a lower stock price for one of its publicly-traded investments.
Secondaries funds	(13.2)	Depreciation across several investments in Landmark Equity Partners XVI, L.P. ("LEP XVI"), led to the reversal of unrealized carried interest of \$12.5 million.	21.0	Market appreciation of certain investments held in Landmark Real Estate Fund VIII, L.P. ("LREF VIII") generated carried interest allocation of \$32.8 million. The activity was partially offset by the reversal of unrealized carried interest of \$18.4 million from LEP XVI, driven primarily by losses from the revaluation of limited partnership interests denominated in foreign currencies.
<b>Carried interest allocation</b>	<b>\$ 618.6</b>		<b>\$ 458.0</b>	



*Incentive Fees.* The activity was principally composed of the following (\$ in millions):

	Year ended December 31, 2023		Primary Drivers	Year ended December 31, 2022		Primary Drivers
Credit funds	\$	248.4	Incentive fees generated from 24 U.S. direct lending funds, ten European direct lending funds and seven alternative credit funds.	\$	101.2	Incentive fees generated from 15 European direct lending funds, 12 U.S. direct lending funds and two alternative credit funds.
Real assets funds		15.4	Incentive fees generated from an open-ended industrial real estate fund.		199.4	Incentive fees generated from U.S. real estate equity funds, including \$140.5 million from AIREIT, \$31.6 million from an open-ended industrial real estate fund and \$23.7 million from AREIT.
Secondaries funds		12.8	Incentive fees generated from APMF.		0.6	Incentive fees generated from a private equity secondaries fund and APMF.
<b>Incentive fees</b>	<b>\$</b>	<b>276.6</b>		<b>\$</b>	<b>301.2</b>	

*Principal Investment Income.* The activity for the year ended December 31, 2023 was primarily composed of: (i) appreciation of our investments in certain funds in our European and U.S. direct lending, special opportunities, infrastructure debt and alternative credit strategies; (ii) dividend income from SSF IV and a European real estate fund; (iii) interest income from an open-ended core alternative credit fund; partially offset by (iv) unrealized losses of our investments in certain funds in our corporate private equity and real estate secondaries strategies.

The activity for the year ended December 31, 2022 was primarily composed of appreciation of our investments in certain funds in our infrastructure opportunities strategy, dividend income from various investments in funds within our U.S. direct lending strategy and realized gains from the sale of underlying properties held by funds in our U.S. real estate equity strategy.

*Administrative, Transaction and Other Fees.* The increase in administrative, transaction and other fees for the year ended December 31, 2023 compared to the prior year was primarily driven by: (i) higher administrative fees of \$13.6 million as a result of the deconsolidation of a commercial finance fund during the second quarter of 2023; (ii) an increase of \$8.7 million in administrative service fees based on invested capital primarily from certain private funds within our Credit Group, driven by deployment; (iii) higher credit transaction fees of \$2.4 million primarily from the infrastructure debt strategy that are generated periodically and relate to the arrangement and origination of loans; partially offset by (iv) lower acquisition and development fees of \$11.4 million, resulting from a reduction in property-related activities within certain industrial U.S. real estate equity funds; (v) a decrease of \$10.8 million in facilitation fees and program administration fees from reduced sales activity within the 1031 exchange programs associated with our non-traded REITs.

### Expenses

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Expenses</b>				
Compensation and benefits	\$ 1,486,698	\$ 1,498,590	\$ 11,892	1%
Performance related compensation	607,522	518,829	(88,693)	(17)
General, administrative and other expenses	660,146	695,256	35,110	5
Expenses of Consolidated Funds	43,492	36,410	(7,082)	(19)
<b>Total expenses</b>	<b>\$ 2,797,858</b>	<b>\$ 2,749,085</b>	<b>48,773</b>	<b>2</b>

*Compensation and Benefits.* The decrease in compensation and benefits was primarily driven by the performance-based, acquisition-related compensation arrangements (“earnouts”) that were established in connection with the acquisition of Black Creek Group’s real estate investment advisory and distribution business (the “Black Creek Acquisition”). The maximum contingent payment associated with the Black Creek Acquisition earnout was achieved and the incremental expense of \$218.1 million was recorded during the year ended December 31, 2022. Conversely, the earnout associated with a Landmark private equity secondaries fund was not achieved because revenue targets associated with fundraising did not meet certain thresholds. As a result, the associated compensation expense of \$21.0 million was reversed during the year ended December 31, 2022.

Excluding the impact of earnouts as described above, compensation and benefits increased by 14% for the year ended December 31, 2023 compared to the prior year, primarily driven by: (i) an increase in salary expense of \$74.4 million, primarily attributable to headcount growth to support the expansion of our business; (ii) higher Part I Fees compensation of \$58.3 million; and (iii) higher equity-based compensation expense of \$55.6 million as the number of unvested restricted units being amortized

has increased as has the value of these units with our rising stock price. Average headcount increased by 16% to 2,674 professionals for the year-to-date period in 2023 from 2,305 professionals in 2022.

For detail regarding the fluctuations of compensation and benefits within each of our segments see “—Results of Operations by Segment.”

*Performance Related Compensation.* Changes in performance related compensation are directly associated with the changes in carried interest allocation and incentive fees described above and include associated payroll related taxes as well as carried interest and incentive fees allocated to charitable organizations as part of our philanthropic initiatives.

*General, Administrative and Other Expenses.* For each year presented, we recognized impairment charges and recorded accelerated amortization expense in connection with acquired intangible assets (as discussed further below). Before giving effect to these costs, general, administrative and other expenses increased by 13% for the year ended December 31, 2023 compared to the prior year. However, due to the recognition of higher impairment charges in the prior year, general, administrative and other expenses over the comparative period has actually decreased by \$35.1 million, or 5%, but this trend is not expected to continue.

Travel, marketing and certain fringe benefits collectively increased by \$26.8 million for the year ended December 31, 2023 compared to the prior year as we: (i) continued to increase our marketing efforts driven by more investor meetings and events; and (ii) conducted more in-person company meetings and events with a focus on promoting collaboration and integration of acquired businesses. Occupancy costs, information services and information technology costs also increased during the comparative period, to support our growing headcount, the expansion of our business and the build out of our new corporate headquarters. Collectively, these expenses increased by \$25.9 million for the year ended December 31, 2023 compared to the prior year. Additionally, professional service fees increased by \$9.8 million for the year ended December 31, 2023 compared to 2022 primarily due to the reorganization of our income tax compliance function and to higher consulting fees to support various ongoing initiatives to enhance our operations.

Separately, we expect to incur higher supplemental distribution fees in future periods as we continue to develop our distribution relationships and expand our retail product offerings. These expenses were \$20.2 million and increased by \$7.3 million for the year ended December 31, 2023 when compared to prior year and will fluctuate with sales volumes and assets under management of our non-traded products.

During the year ended December 31, 2023, we recognized non-cash impairment charges of \$78.7 million related to certain intangible assets comprised of: (i) \$65.7 million to the fair value of certain client relationships from Landmark in connection with lower expected FPAUM in a private equity secondaries fund from existing investors; (ii) \$7.8 million to the carrying value of SSG’s trade name as we rebranded Ares SSG as APAC credit and discontinued the use of the SSG trade name; and (iii) \$5.2 million to the fair value of management contracts of certain funds in connection with lower than expected future fee revenue generated from these funds, of which \$4.6 million was due to the shortened investment period of an infrastructure debt fund as we directed existing limited partner commitments to other investment vehicles within the strategy. During the year ended December 31, 2022, we recognized non-cash impairment charges of \$181.6 million, in connection with intangible assets associated with Landmark’s trade name, management contracts of certain Landmark funds, Black Creek funds and SSG funds and resulted in the amortization expense associated with these intangible assets to decrease in subsequent periods. Excluding the non-cash impairment charges described above, amortization expense decreased by \$7.6 million for the year ended December 31, 2023 compared to the prior year, as we no longer recognize amortization expense for the aforementioned intangible assets.

#### *Other Income (Expense)*

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Other income (expense)</b>				
Net realized and unrealized gains on investments	\$ 77,573	\$ 4,732	\$ 72,841	NM
Interest and dividend income	19,276	9,399	9,877	105
Interest expense	(106,276)	(71,356)	(34,920)	(49)
Other income, net	4,819	13,119	(8,300)	(63)
Net realized and unrealized gains on investments of Consolidated Funds	262,700	73,386	189,314	258
Interest and other income of Consolidated Funds	995,545	586,529	409,016	70
Interest expense of Consolidated Funds	(754,600)	(411,361)	(343,239)	(83)
<b>Total other income, net</b>	<b>\$ 499,037</b>	<b>\$ 204,448</b>	294,589	144

*Net Realized and Unrealized Gains on Investments.* The activity for the year ended December 31, 2023 primarily includes a net gain of \$70.9 million from our investment in X-energy. AAC I entered into a contract to merge with X-energy that ultimately did not occur as the shareholders of AAC I elected to redeem the investments held in trust in lieu of completing the merger. As the merger was not completed, we directly invested in X-energy. The net gain is primarily a result of the increase in value of various common and preferred equity securities in X-energy. The fair value of these investments are sensitive to changes in underlying assumptions and may demonstrate significant volatility over the short term.

The year ended December 31, 2023 also included: (i) unrealized gains from the appreciation of certain strategic investments in companies that manage portfolios of non-performing loans and real estate owned properties; (ii) unrealized gains and dividend income from our investment in APMF; and partially offset by (iii) unrealized losses from our strategic investment in a U.S. financial technology company.

The activity for the year ended December 31, 2022 reflects unrealized gains from the same strategic investments that manage portfolios of non-performing loans and real estate owned properties and was partially offset by unrealized losses from our investments in the subordinated notes of U.S. CLOs.

*Interest Expense.* Higher average interest rates driven by rising SOFR rates and a higher average outstanding balance of the Credit Facility contributed to an increase in interest expense for the year ended December 31, 2023 compared to 2022. The issuance of the 2028 Senior Notes in November 2023 also increased interest expense by \$4.6 million for the year ended December 31, 2023 compared to the same period in 2022 and will result in interest expense of \$8.2 million for the full quarter prospectively.

*Other Income, Net.* The activity for the years ended December 31, 2023 and 2022 primarily included transaction gains (losses) associated with currency fluctuations impacting the revaluation of assets and liabilities denominated in foreign currencies other than an entity's functional currency. We recognized transaction losses for the year ended December 31, 2023 primarily due to the Euro weakening against the British pound for the year-to-date period. Transaction gains for the year ended December 31, 2022 were primarily attributable to the British pound weakening against the Euro.

**Income Tax Expense**

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Income before taxes	\$ 1,333,063	\$ 510,806	\$ 822,257	161%
Less: Income tax expense	172,971	71,891	(101,080)	(141)
<b>Net income</b>	<b>\$ 1,160,092</b>	<b>\$ 438,915</b>	<b>721,177</b>	<b>164</b>

The increase in income tax expense was attributable to higher pre-tax income allocable to AMC for the year ended December 31, 2023 compared to the prior year as the income attributed to redeemable and non-controlling interests is generally passed through to partners and not subject to corporate income taxes. The calculation of income taxes is also sensitive to any changes in weighted average daily ownership.

The following table summarizes weighted average daily ownership:

	Year ended December 31,	
	2023	2022
AMC common stockholders	60.83 %	59.76 %
Non-controlling AOG unitholders	39.17 %	40.24 %

The change in ownership was primarily driven by the issuance of Class A common stock in connection with stock option exercises, vesting of restricted stock awards, the completion of the SSG Buyout and the Crescent Point Acquisition. The increase in the weighted average daily ownership for AMC common stockholders was partially offset by the issuance of AOG Units in connection with the settlement of the Black Creek earnout that increased the ownership of AOG Units not held by AMC.

**Redeemable and Non-Controlling Interests**

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Net income</b>	<b>\$ 1,160,092</b>	<b>\$ 438,915</b>	<b>\$ 721,177</b>	<b>164%</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	274,296	119,333	154,963	130
<b>Net income attributable to Ares Operating Group entities</b>	<b>885,796</b>	<b>319,582</b>	<b>566,214</b>	<b>177</b>
Less: Net income (loss) attributable to redeemable interest in Ares Operating Group entities	226	(851)	1,077	NM
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	411,244	152,892	258,352	169
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 474,326</b>	<b>\$ 167,541</b>	<b>306,785</b>	<b>183</b>

The change in net income attributable to non-controlling interests in AOG entities over the comparative periods was a result of the respective changes in income before taxes and weighted average daily ownership, as presented above.

**Consolidated Results of Operations of the Consolidated Funds**

The following table presents the results of operations of the Consolidated Funds (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Expenses of the Consolidated Funds	\$ (43,492)	\$ (36,410)	\$ (7,082)	(19)%
Net realized and unrealized gains on investments of Consolidated Funds	262,700	73,386	189,314	258
Interest and other income of Consolidated Funds	995,545	586,529	409,016	70
Interest expense of Consolidated Funds	(754,600)	(411,361)	(343,239)	(83)
Income before taxes	460,153	212,144	248,009	117
Less: Income tax expense of Consolidated Funds	3,823	331	(3,492)	NM
Net income	456,330	211,813	244,517	115
Less: Revenues attributable to Ares Management Corporation eliminated upon consolidation	188,155	110,809	77,346	70
Other expense, net attributable to Ares Management Corporation eliminated upon consolidation	5,688	18,074	12,386	69
General, administrative and other expense attributable to Ares Management Corporation eliminated upon consolidation	433	255	(178)	(70)
<b>Net income attributable to non-controlling interests in Consolidated Funds</b>	<b>\$ 274,296</b>	<b>\$ 119,333</b>	154,963	130

The results of operations of the Consolidated Funds primarily represent activities from certain funds that we are deemed to control. When a fund is consolidated, we reflect the revenues and expenses of the entity on a gross basis, subject to eliminations from consolidation. Substantially all of our results of operations related to the Consolidated Funds are attributable to ownership interests that third parties hold in those funds. The Consolidated Funds are not necessarily the same funds in each year presented due to changes in ownership, changes in limited partners' or investor rights, and the creation or termination of funds and entities. Accordingly, such amounts may not be comparable for the periods presented, and in any event have no material impact on net income attributable to Ares Management Corporation.

## Segment Analysis

For segment reporting purposes, revenues and expenses are presented before giving effect to the results of our Consolidated Funds and the results attributable to non-controlling interests of joint ventures that we consolidate. As a result, segment revenues from management fees, fee related performance revenues, performance income and investment income are different than those presented on a consolidated basis in accordance with GAAP. Revenues recognized from Consolidated Funds are eliminated in consolidation and those attributable to the non-controlling interests of joint ventures have been excluded by us. Furthermore, expenses and the effects of other income (expense) are different than related amounts presented on a consolidated basis in accordance with GAAP due to the exclusion of the results of Consolidated Funds and the non-controlling interests of joint ventures.

### Non-GAAP Financial Measures

We use the following non-GAAP measures to make operating decisions, assess performance and allocate resources:

- Fee Related Earnings (“FRE”)
- Realized Income (“RI”)

These non-GAAP financial measures supplement and should be considered in addition to and not in lieu of, the results of operations, which are discussed further under “—Components of Consolidated Results of Operations” and are prepared in accordance with GAAP. We operate through our distinct operating segments. On March 31, 2023, we completed the SSG Buyout. We rebranded Ares SSG as Ares Asia and the Ares SSG credit business, including the Asian special situations, Asian secured lending and APAC direct lending strategies, as APAC credit. APAC credit has been reclassified effective January 1, 2023 and is now presented within the Credit Group. In connection with this reclassification, we will no longer use Strategic Initiatives to describe all other operating segments, instead reporting the collective results as Other. Separately, the Private Equity Group includes APAC private equity following the Crescent Point Acquisition. Historical periods have been modified to conform to the current period presentation.

In February 2024, we announced that our special opportunities strategy, historically reported as a component of our Private Equity Group, will be integrated into the Credit Group to align management of this strategy and will form the foundation for a new opportunistic credit strategy. For segment reporting purposes, the change will require the reclassification of the special opportunities strategy from the Private Equity Group to the Credit Group and will be presented in our results beginning in 2024. Adjusted for this change, as of December 31, 2023, the Credit Group managed \$299.4 billion in AUM with approximately 490 investment professionals and the Private Equity Group managed \$24.5 billion in AUM with approximately 85 investment professionals, with both groups continuing to manage investments across the U.S., Europe and Asia-Pacific.

The following table sets forth FRE and RI by reportable segment and the OMG (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings:</b>				
Credit Group	\$ 1,257,528	\$ 977,892	\$ 279,636	29%
Private Equity Group	112,541	84,467	28,074	33
Real Assets Group	218,807	271,626	(52,819)	(19)
Secondaries Group	104,387	110,501	(6,114)	(6)
Other	8,530	(2,252)	10,782	NM
Operations Management Group	(538,052)	(447,884)	(90,168)	(20)
<b>Fee Related Earnings</b>	<b>\$ 1,163,741</b>	<b>\$ 994,350</b>	169,391	17
<b>Realized Income:</b>				
Credit Group	\$ 1,368,671	\$ 1,055,634	\$ 313,037	30%
Private Equity Group	122,769	107,998	14,771	14
Real Assets Group	217,195	322,465	(105,270)	(33)
Secondaries Group	101,056	109,165	(8,109)	(7)
Other	(6,703)	(14,042)	7,339	52
Operations Management Group	(537,460)	(450,193)	(87,267)	(19)
<b>Realized Income</b>	<b>\$ 1,265,528</b>	<b>\$ 1,131,027</b>	134,501	12

Income before provision for income taxes is the GAAP financial measure most comparable to RI and FRE. The following table presents the reconciliation of income before taxes as reported within the Consolidated Statements of Operations to RI and FRE of the reportable segments and the OMG (\$ in thousands):

	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Income before taxes</b>	<b>\$ 1,333,063</b>	<b>\$ 510,806</b>
Adjustments:		
Depreciation and amortization expense	233,185	335,083
Equity compensation expense	255,419	198,948
Acquisition-related compensation expense <sup>(1)</sup>	7,334	206,252
Acquisition and merger-related expense	12,000	15,197
Placement fee adjustment	(5,819)	2,088
Other expense, net	976	1,874
Income before taxes of non-controlling interests in consolidated subsidiaries	(17,249)	(357)
Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(278,119)	(119,664)
Total performance income—unrealized	(305,370)	(106,978)
Total performance related compensation—unrealized	206,923	88,502
Total net investment income—unrealized	(176,815)	(724)
<b>Realized Income</b>	<b>1,265,528</b>	<b>1,131,027</b>
Total performance income—realized	(415,899)	(418,021)
Total performance related compensation—realized	282,406	274,541
Total investment loss—realized	31,706	6,803
<b>Fee Related Earnings</b>	<b>\$ 1,163,741</b>	<b>\$ 994,350</b>

(1) Represents earnouts in connection with the acquisition of Landmark Partners, LLC (the “Landmark Acquisition”), the acquisition of AMP Capital’s infrastructure debt platform (“Infrastructure Debt Acquisition”), the Black Creek Acquisition and the Crescent Point Acquisition that are recorded as compensation expense and are presented within compensation and benefits within the Company’s Consolidated Statements of Operations.

For the specific components and calculations of these non-GAAP measures, as well as additional reconciliations to the most comparable measures in accordance with GAAP, see “Note 14. Segment Reporting” within our consolidated financial statements included in this Annual Report on Form 10-K. Discussed below are our results of operations for our reportable segments and the OMG.

**Results of Operations by Segment**

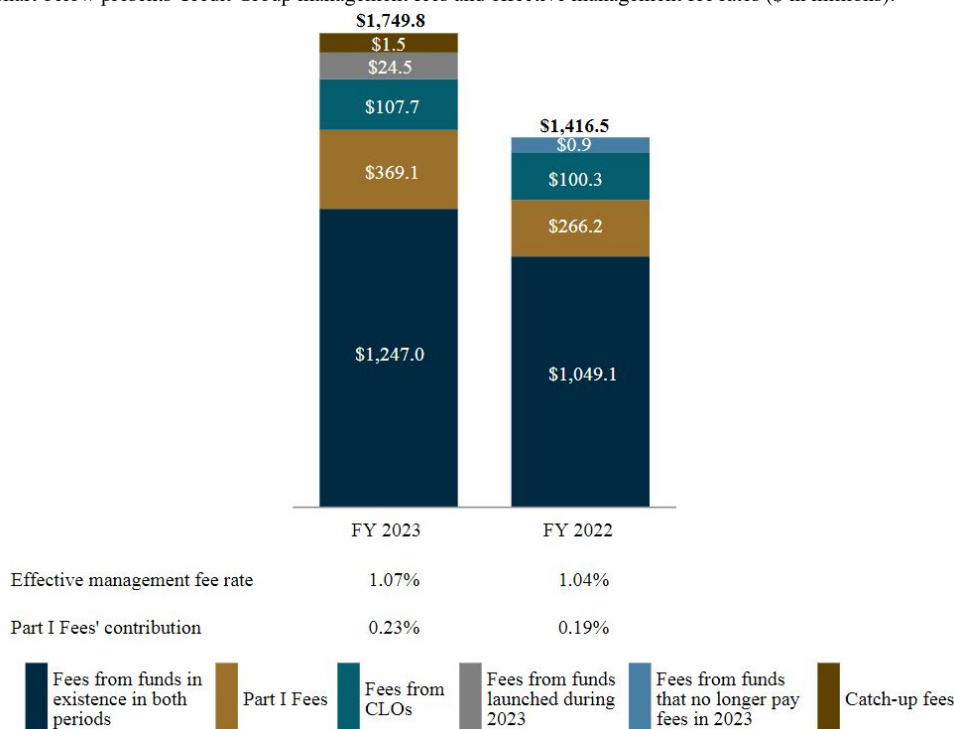
**Credit Group—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

**Fee Related Earnings**

The following table presents the components of the Credit Group’s FRE (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Management fees	\$ 1,749,796	\$ 1,416,518	\$ 333,278	24%
Fee related performance revenues	167,333	71,497	95,836	134
Other fees	35,257	31,992	3,265	10
Compensation and benefits	(598,125)	(462,681)	(135,444)	(29)
General, administrative and other expenses	(96,733)	(79,434)	(17,299)	(22)
<b>Fee Related Earnings</b>	<b>\$ 1,257,528</b>	<b>\$ 977,892</b>	279,636	29

*Management Fees.* The chart below presents Credit Group management fees and effective management fee rates (\$ in millions):



Management fees on existing funds increased primarily from deployment of capital with Pathfinder I, an open-ended core alternative credit fund, ACE V, PCS II and Ares Senior Direct Lending Fund II, L.P. (“SDL IP”) collectively generating additional management fees of \$97.0 million for the year ended December 31, 2023 compared to the prior year. Management fees from ARCC, excluding Part I Fees described below, increased by \$19.3 million for the year ended December 31, 2023 compared to the prior year primarily due to an increase in the average size of ARCC’s portfolio.

Excluding catch-up fees, management fees from Ares SSG Capital Partners VI, L.P. (“SSG Fund VI”) increased by \$13.7 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily due to new capital commitments. The remaining increase in management fees from funds in existence in both periods was primarily driven by deployment of capital in other direct lending funds and SMAs. Management fees from CLOs also increased for the year



ended December 31, 2023 compared to the prior year primarily due to the net addition of four CLOs for the year ended December 31, 2023.

Part I Fees increased for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily due to an increase in pre-incentive fee net investment income generated by ARCC and CADC, driven by an increase in the average size of their portfolios and by the impact of rising interest rates, given their primarily floating-rate loan portfolios. The increase in Part I Fees included fees from ASIF of \$5.1 million beginning in the third quarter of 2023.

The increase in effective management fee rate for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by the increase in Part I Fees' contribution to the effective management fee rate.

*Fee Related Performance Revenues.* The increase for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to higher returns from certain perpetual capital funds that have benefited from rising interest rates on predominately floating-rate loans. Incentive fees from perpetual capital were mostly generated from 14 U.S. direct lending funds, ten European direct lending funds and one alternative credit fund for the year ended December 31, 2023 compared to ten European direct lending and eight U.S. direct lending funds for the year ended December 31, 2022.

*Other Fees.* The increase in other fees for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by higher administrative service fees of \$8.1 million mostly earned from certain private funds that pay on invested capital. The increase in other fees is partially offset by a decrease of \$5.1 million in transaction fees, primarily from lower loan origination income generated from certain credit funds.

*Compensation and Benefits.* The increase in compensation and benefits for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by: (i) higher fee related performance compensation and Part I Fees compensation of \$59.4 million and \$58.3 million, respectively, corresponding to the increases in revenues; and (ii) an increase in salary expense of \$14.1 million, primarily attributable to headcount growth to support the expansion of our business. Separately, compensation and benefits increased by \$4.7 million for the nine months ended December 31, 2023 following the SSG Buyout on March 31, 2023, reflecting the costs associated with the 20% change in ownership that were previously not part of our cost structure.

Average headcount increased by 12% to 566 investment and investment support professionals for the year-to-date period in 2023 from 504 professionals in 2022 as we continued to add professionals primarily to support our growing direct lending and APAC credit platforms.

*General, Administrative and Other Expenses.* Certain expenses increased during the current period, including: (i) occupancy costs, which support our growing headcount that are based in higher cost locations; (ii) information services such as research and market data; and (iii) information technology costs. These expenses collectively increased by \$9.4 million for the year ended December 31, 2023 compared to the prior year. Additionally, supplemental distribution fees which fluctuate with sales volumes and managed assets of our non-traded products, contributed \$5.1 million of the increase for the year ended December 31, 2023 when compared to prior year. We expect to incur higher supplemental distribution fees in future periods as we continue to develop our distribution relationships and expand our retail product offerings. For the year ended December 31, 2023, travel and marketing expenses have also increased by \$4.1 million when compared to the year ended December 31, 2022, as marketing efforts continued to increase driven by more in-person investor meetings and events.

### Realized Income

The following table presents the components of the Credit Group's RI (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings</b>	<b>\$ 1,257,528</b>	<b>\$ 977,892</b>	<b>\$ 279,636</b>	<b>29%</b>
Performance income—realized	271,550	156,929	114,621	73
Performance related compensation—realized	(175,193)	(97,621)	(77,572)	(79)
<b>Realized net performance income</b>	<b>96,357</b>	<b>59,308</b>	<b>37,049</b>	<b>62</b>
Investment income—realized	20,111	7,078	13,033	184
Interest and other investment income—realized	21,975	27,288	(5,313)	(19)
Interest expense	(27,300)	(15,932)	(11,368)	(71)
<b>Realized net investment income</b>	<b>14,786</b>	<b>18,434</b>	<b>(3,648)</b>	<b>(20)</b>
<b>Realized Income</b>	<b>\$ 1,368,671</b>	<b>\$ 1,055,634</b>	<b>313,037</b>	<b>30</b>

Realized net performance income for the years ended December 31, 2023 and 2022 included aggregate tax distributions of \$54.7 million and \$48.1 million, respectively, from ACE IV, ACE V and PCS I, among other European direct lending funds. Realized net performance income for the year ended December 31, 2023 also included incentive fees primarily from ten direct lending funds and six alternative credit funds. Realized net performance income for the year ended December 31, 2022 also included incentive fees primarily from nine direct lending funds and two alternative credit funds.

Realized net investment income for the years ended December 31, 2023 and 2022 was primarily attributable to interest income generated from our CLO investments. In addition, the year ended December 31, 2023 included realized gains from the sale of our investment in a commercial finance fund during the second quarter of 2023.

Realized net investment income for the year ended December 31, 2022 was also attributable to: (i) realizations from the settlement of forward contracts entered into to hedge our exposure to foreign currency fluctuations, primarily from the Euro; (ii) distributions from a U.S. direct lending fund and a European direct lending fund; and (iii) income recognized in connection with distributions from a commercial finance fund.

Interest expense, which is allocated among our segments based on the cost basis of balance sheet investments, increased over the comparative periods primarily due to rising SOFR rates and a higher average outstanding balance of the Credit Facility and to the issuance of the 2028 Senior Notes in November 2023.

**Credit Group—Performance Income**

The following table presents the accrued carried interest, also referred to as accrued performance income, and related performance compensation for the Credit Group. Accrued net performance income excludes net performance income that has been realized but not yet received as of the reporting date (\$ in thousands):

	As of December 31,					
	2023			2022		
	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income
ACE III	\$ 92,546	\$ 57,948	\$ 34,598	\$ 100,774	\$ 60,465	\$ 40,309
ACE IV	149,584	97,123	52,461	168,204	104,286	63,918
ACE V	232,201	146,219	85,982	115,969	69,581	46,388
PCS I	123,979	73,258	50,721	98,143	57,994	40,149
PCS II	38,128	22,573	15,555	—	—	—
Pathfinder I	155,136	131,866	23,270	88,879	75,547	13,332
Other credit funds	184,783	106,447	78,336	93,640	52,482	41,158
<b>Total Credit Group</b>	<b>\$ 976,357</b>	<b>\$ 635,434</b>	<b>\$ 340,923</b>	<b>\$ 665,609</b>	<b>\$ 420,355</b>	<b>\$ 245,254</b>

The following table presents the change in accrued performance income for the Credit Group (\$ in thousands):

	Waterfall Type	As of December 31, 2022	Activity during the period			As of December 31, 2023
		Accrued Performance Income	Change in Unrealized	Realized	Other Adjustments	Accrued Performance Income
<b>Accrued Carried Interest</b>						
ACE III	European	\$ 100,774	\$ (1,931)	\$ (6,237)	\$ (60)	\$ 92,546
ACE IV	European	168,204	58,421	(77,097)	56	149,584
ACE V	European	115,969	181,054	(64,079)	(743)	232,201
PCS I	European	98,143	45,308	(19,867)	395	123,979
PCS II	European	—	37,621	—	507	38,128
Pathfinder I	European	88,879	66,257	—	—	155,136
Other credit funds	European	85,463	92,590	(19,078)	1,377	160,352
Other credit funds	American	8,177	19,394	(3,083)	(57)	24,431
<b>Total accrued carried interest</b>		<b>665,609</b>	<b>498,714</b>	<b>(189,441)</b>	<b>1,475</b>	<b>976,357</b>
Other credit funds	Incentive	—	82,109	(82,109)	—	—
<b>Total Credit Group</b>		<b>\$ 665,609</b>	<b>\$ 580,823</b>	<b>\$ (271,550)</b>	<b>\$ 1,475</b>	<b>\$ 976,357</b>

**Credit Group—Assets Under Management**

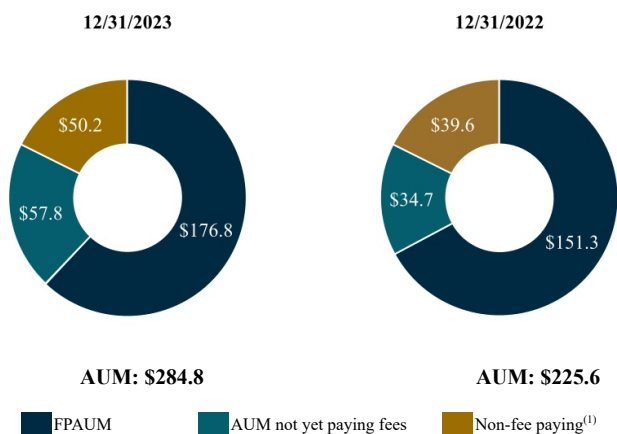
The tables below present rollforwards of AUM for the Credit Group (\$ in millions):

	Liquid Credit	Alternative Credit	U.S. Direct Lending	European Direct Lending	APAC Credit	Other <sup>(1)</sup>	Total Credit Group
<b>Balance at 12/31/2022</b>	\$ 43,864	\$ 21,363	\$ 98,327	\$ 50,642	\$ 11,383	\$ —	\$ 225,579
Net new par/equity commitments	2,808	8,351	15,960	12,508	387	379	40,393
Net new debt commitments	1,978	400	8,492	3,826	201	—	14,897
Capital reductions	(858)	—	(1,935)	(1,065)	—	—	(3,858)
Distributions	(319)	(1,484)	(2,976)	(1,977)	(429)	—	(7,185)
Redemptions	(2,069)	(984)	(290)	(2)	—	—	(3,345)
Net allocations among investment strategies	(33)	4,291	—	—	25	(25)	4,258
Change in fund value	1,928	1,949	5,495	4,332	353	—	14,057
<b>Balance at 12/31/2023</b>	\$ 47,299	\$ 33,886	\$ 123,073	\$ 68,264	\$ 11,920	\$ 354	\$ 284,796

	Liquid Credit	Alternative Credit	U.S. Direct Lending	European Direct Lending	APAC Credit	Other	Total Credit Group
<b>Balance at 12/31/2021</b>	\$ 40,335	\$ 17,424	\$ 85,849	\$ 49,102	\$ 8,695	\$ —	\$ 201,405
Net new par/equity commitments	3,126	4,628	7,137	1,476	1,782	—	18,149
Net new debt commitments	3,777	—	7,310	1,901	1,474	—	14,462
Capital reductions	(237)	(45)	(991)	(2)	(5)	—	(1,280)
Distributions	(117)	(1,752)	(2,269)	(1,182)	(737)	—	(6,057)
Redemptions	(1,699)	(456)	(260)	—	—	—	(2,415)
Net allocations among investment strategies	(8)	1,983	—	—	—	—	1,975
Change in fund value	(1,313)	(419)	1,551	(653)	174	—	(660)
<b>Balance at 12/31/2022</b>	\$ 43,864	\$ 21,363	\$ 98,327	\$ 50,642	\$ 11,383	\$ —	\$ 225,579

(1) Activity within Other represents equity commitments to the platform that have not yet been allocated to an investment strategy.

The components of our AUM for the Credit Group are presented below (\$ in billions):



(1) Includes \$15.1 billion and \$14.4 billion of AUM of funds from which we indirectly earn management fees as of December 31, 2023 and 2022, respectively, and includes \$1.5 billion and \$1.2 billion of non-fee paying AUM based on our general partner commitment as of December 31, 2023 and 2022, respectively.

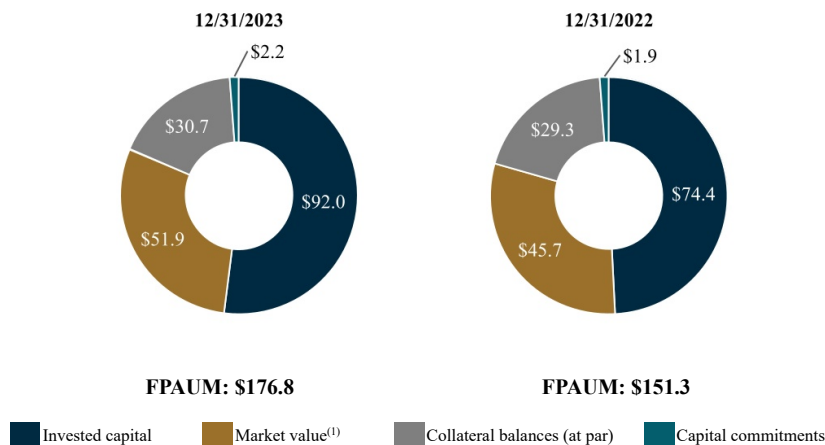
**Credit Group—Fee Paying AUM**

The tables below present rollforwards of fee paying AUM for the Credit Group (\$ in millions):

	Liquid Credit	Alternative Credit	U.S. Direct Lending	European Direct Lending	APAC Credit	Total Credit Group
<b>Balance at 12/31/2022</b>	<b>\$ 42,191</b>	<b>\$ 15,904</b>	<b>\$ 57,568</b>	<b>\$ 29,561</b>	<b>\$ 6,051</b>	<b>\$ 151,275</b>
Commitments	4,958	65	3,068	—	242	8,333
Deployment/subscriptions/increase in leverage	282	5,463	11,246	5,554	1,156	23,701
Capital reductions	(892)	—	(2,304)	(268)	(193)	(3,657)
Distributions	(335)	(1,913)	(3,707)	(450)	(1,522)	(7,927)
Redemptions	(2,067)	(901)	(305)	(1,201)	—	(4,474)
Net allocations among investment strategies	(33)	4,396	—	—	—	4,363
Change in fund value	2,036	204	2,030	1,050	(144)	5,176
<b>Balance at 12/31/2023</b>	<b>\$ 46,140</b>	<b>\$ 23,218</b>	<b>\$ 67,596</b>	<b>\$ 34,246</b>	<b>\$ 5,590</b>	<b>\$ 176,790</b>

	Liquid Credit	Alternative Credit	U.S. Direct Lending	European Direct Lending	APAC Credit	Total Credit Group
<b>Balance at 12/31/2021</b>	<b>\$ 38,673</b>	<b>\$ 8,742</b>	<b>\$ 46,128</b>	<b>\$ 23,847</b>	<b>\$ 4,720</b>	<b>\$ 122,110</b>
Commitments	6,739	369	2,291	—	1,928	11,327
Deployment/subscriptions/increase in leverage	21	7,128	14,137	9,194	2,300	32,780
Capital reductions	(289)	(25)	(1,645)	(1,563)	(391)	(3,913)
Distributions	(138)	(1,442)	(3,501)	(764)	(1,520)	(7,365)
Redemptions	(1,713)	(400)	(260)	(311)	—	(2,684)
Net allocations among investment strategies	(8)	1,943	—	—	—	1,935
Change in fund value	(1,094)	(410)	418	(842)	(143)	(2,071)
Change in fee basis	—	(1)	—	—	(843)	(844)
<b>Balance at 12/31/2022</b>	<b>\$ 42,191</b>	<b>\$ 15,904</b>	<b>\$ 57,568</b>	<b>\$ 29,561</b>	<b>\$ 6,051</b>	<b>\$ 151,275</b>

The charts below present FPAUM for the Credit Group by its fee bases (\$ in billions):



(1) Includes \$35.4 billion and \$31.1 billion from funds that primarily invest in illiquid strategies as of December 31, 2023 and 2022, respectively. The underlying investments held in these funds are generally subject to less market volatility than investments held in liquid strategies.

**Credit Group—Fund Performance Metrics as of December 31, 2023**

ARCC contributed approximately 37% of the Credit Group’s total management fees for the year ended December 31, 2023. In addition, eight other significant funds, CADC, Ares Senior Direct Lending Fund I, L.P. (“SDL I”), ACE IV, ACE V, PCS II, Pathfinder I, SDL II and an open-ended core alternative credit fund, collectively contributed approximately 27% of the Credit Group’s management fees for the year ended December 31, 2023.

The following table presents the performance data for our significant funds that are not drawdown funds in the Credit Group as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Returns(%)				Primary Investment Strategy
			Year-To-Date		Since Inception <sup>(1)</sup>		
			Gross	Net	Gross	Net	
ARCC <sup>(2)</sup>	2004	\$ 27,977	N/A	12.0	N/A	15.7	U.S. Direct Lending
CADC <sup>(3)</sup>	2017	5,030	N/A	13.8	N/A	6.4	U.S. Direct Lending

- (1) Since inception returns are annualized.
- (2) Returns are time-weighted rates of return and include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Net returns are calculated using the fund’s NAV and assume dividends are reinvested at the closest quarter-end NAV to the relevant quarterly ex-dividend dates. Additional information related to ARCC can be found in its filings with the SEC, which are not part of this report.
- (3) Returns are time-weighted rates of return and include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Returns are shown for institutional share class. Shares of other classes may have lower returns due to higher selling commissions and fees. Net returns are calculated using the fund’s NAV and assume distributions are reinvested at the NAV on the date of distribution. Additional information related to CADC can be found in its filings with the SEC, which are not part of this report.

The following table presents the performance data of the Credit Group's significant drawdown funds as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Original Capital Commitments	Capital Invested to Date	Realized Value <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MoIC		IRR(%)		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
<b>Funds Harvesting Investments</b>												
SDL I Unlevered	2018	\$ 4,818	\$ 922	\$ 872	\$ 342	\$ 711	\$ 1,053	1.3x	1.2x	9.0	6.9	U.S. Direct Lending
SDL I Levered			2,045	2,022	915	1,755	2,670	1.4x	1.3x	15.3	11.4	
ACE IV Unlevered <sup>(7)</sup>	2018	10,199	2,851	2,311	746	2,123	2,869	1.3x	1.2x	8.1	5.8	European Direct Lending
ACE IV Levered <sup>(7)</sup>			4,819	3,903	1,752	3,502	5,254	1.5x	1.3x	11.5	8.2	
<b>Funds Deploying Capital</b>												
ACE V Unlevered <sup>(8)</sup>	2020	17,270	7,026	5,201	555	5,433	5,988	1.2x	1.2x	11.4	8.5	European Direct Lending
ACE V Levered <sup>(8)</sup>			6,376	4,723	741	5,093	5,834	1.3x	1.2x	17.3	12.5	
PCS II	2020	5,524	5,114	3,240	223	3,409	3,632	1.2x	1.1x	10.1	7.2	U.S. Direct Lending
Pathfinder I	2020	4,286	3,683	2,702	201	3,127	3,328	1.3x	1.2x	18.1	12.9	Alternative Credit
SDL II Unlevered	2021	15,747	1,989	1,221	129	1,242	1,371	1.2x	1.1x	12.2	9.5	U.S. Direct Lending
SDL II Levered			6,047	3,567	602	3,655	4,257	1.3x	1.2x	20.2	15.2	
Open-ended core alternative credit fund <sup>(9)</sup>	2021	4,674	4,229	3,219	263	3,260	3,523	1.1x	1.1x	11.9	8.6	Alternative Credit

- Realized value represents the sum of all cash distributions to all partners and if applicable, exclude tax and incentive distributions made to the general partner.
- Unrealized value represents the fund's NAV reduced by the accrued incentive allocation, if applicable. There can be no assurance that unrealized values will be realized at the valuations indicated.
- The gross multiple of invested capital ("MoIC") is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The gross MoIC is before giving effect to management fees, carried interest and other expenses, as applicable, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the gross fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- The net MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes those interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The net MoIC is after giving effect to management fees and carried interest, other expenses and credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the net fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Gross IRR reflects returns to the fee-paying limited partners and, if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, carried interest and other expenses, as applicable, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Gross fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and, if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the net IRR calculations are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees and carried interest, other expenses and credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- ACE IV is made up of four parallel funds, two denominated in Euros and two denominated in pound sterling: ACE IV (E) Unlevered, ACE IV (G) Unlevered, ACE IV (E) Levered and ACE IV (G) Levered. The gross and net IRR and MoIC presented in the table are for ACE IV (E) Unlevered and ACE IV (E) Levered. Metrics for ACE IV (E) Levered are inclusive of a U.S. dollar denominated feeder fund, which has not been presented separately. The gross and net IRR for ACE IV (G) Unlevered are 9.7% and 7.0%, respectively. The gross and net MoIC for ACE IV (G) Unlevered are 1.4x and 1.3x, respectively. The gross and net IRR for ACE IV (G) Levered are 12.8% and 9.1%, respectively. The gross and net MoIC for ACE IV (G) Levered are 1.5x and 1.4x, respectively. Original capital commitments are converted to U.S. dollars at the prevailing exchange rate at the time of the fund's closing. All other values for ACE IV Unlevered and ACE IV Levered are for the combined levered and unlevered parallel funds and are converted to U.S. dollars at the prevailing quarter-end exchange rate.
- ACE V is made up of four parallel funds, two denominated in Euros and two denominated in pound sterling: ACE V (E) Unlevered, ACE V (G) Unlevered, ACE V (E) Levered, and ACE V (G) Levered, and two feeder funds: ACE V (D) Levered and ACE V (Y) Unlevered. ACE V (E) Levered includes the ACE V (D) Levered feeder fund and ACE V (E) Unlevered includes the ACE V (Y) Unlevered feeder fund. The gross and net IRR and gross and net MoIC presented in the table are for ACE V (E) Unlevered and ACE V (E) Levered. Metrics for ACE V (E) Levered exclude the ACE V (D) Levered feeder fund and metrics for ACE V (E) Unlevered exclude the ACE V (Y) Unlevered feeder fund. The gross and net IRR for ACE V (G) Unlevered are 13.3% and 10.0%, respectively. The gross and net MoIC for ACE V (G) Unlevered are 1.2x and 1.2x, respectively. The gross and net IRR for ACE V (G) Levered are 18.1% and 13.2%, respectively. The gross and net MoIC for ACE V (G) Levered are 1.3x and 1.2x, respectively. The gross and net IRR for ACE V (D) Levered are 16.6% and 12.3%, respectively. The gross and net MoIC for ACE V (D) Levered are 1.3x and 1.2x, respectively. The gross and net IRR for ACE V (Y) Unlevered are 11.1% and 8.0%, respectively. The gross and net MoIC for ACE V (Y) Unlevered are 1.2x and 1.1x, respectively. Original capital commitments are converted to U.S. dollars at the prevailing exchange rate at the time of the fund's closing. All other values for ACE V Unlevered and ACE V Levered are for the combined levered and unlevered parallel funds and are converted to U.S. dollars at the prevailing quarter-end exchange rate.
- Performance for the open-ended core alternative credit fund, a perpetual capital vehicle, is presented as a drawdown fund as investor commitments to the fund are drawn sequentially in order of closing date, typically over a period of approximately 12 to 18 months. The fund is made up of a Class M ("Main Class") and a Class C ("Constrained Class"). The Main Class includes investors electing to participate in all investments and the Constrained Class includes investors electing to be excluded from exposure to liquid investments. The gross and net IRR and gross and net MoIC presented in the table are for the Main Class. The gross and net IRRs for the Constrained Class are 10.8% and 7.7%, respectively. The gross and net MoIC for the Constrained Class are 1.2x and 1.1x, respectively.

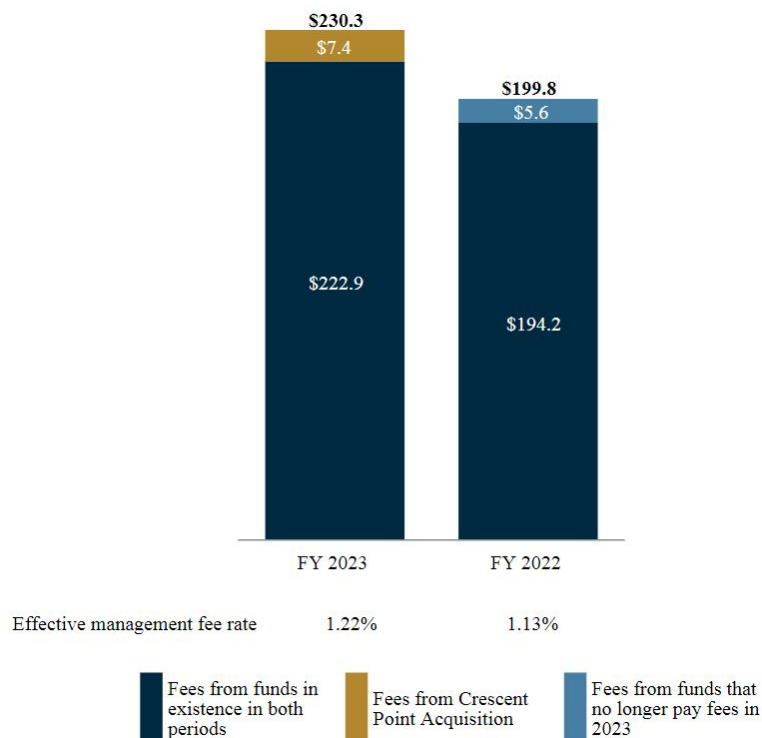
**Private Equity Group—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

**Fee Related Earnings**

The following table presents the components of the Private Equity Group’s FRE (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Management fees	\$ 230,251	\$ 199,837	\$ 30,414	15%
Other fees	3,076	1,888	1,188	63
Compensation and benefits	(85,024)	(86,561)	1,537	2
General, administrative and other expenses	(35,762)	(30,697)	(5,065)	(16)
<b>Fee Related Earnings</b>	<b>\$ 112,541</b>	<b>\$ 84,467</b>	<b>28,074</b>	<b>33</b>

*Management Fees.* The chart below presents Private Equity Group management fees and effective management fee rates (\$ in millions):



Management fees from ASOF II increased by \$35.3 million for the year ended December 31, 2023 compared to the prior year primarily driven by deployment. Management fees also increased by \$7.4 million for the year ended December 31, 2023 due to the Crescent Point Acquisition. The increase in management fees was partially offset by decrease of \$5.0 million in fees from ACOF IV for the year ended December 31, 2023 compared to the prior year as the fund stopped paying management fees during the fourth quarter of 2022. Management fees from ASOF I also decreased by \$5.6 million for the year ended December 31, 2023 compared to the prior year due to asset realizations that reduced the fee base.

The increase in effective management fee rate for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by deployment of capital in ASOF II, which has a higher effective management fee rate than the Private Equity Group’s average effective management fee rate. In addition, certain funds from the Crescent Point Acquisition contributed to the increase in effective management fee rate as those funds have a higher effective management fee rate than the Private Equity Group’s average effective management fee rate.



*Other Fees.* Other fees increased year ended December 31, 2023 compared to the prior year primarily due to higher administrative service fees on funds that pay on invested capital, driven by deployment from ASOF II and ACOF VI.

*Compensation and Benefits.* Although salary and benefits costs have modestly increased during the year ended December 31, 2023 compared to the prior year to reflect merit increases for existing personnel, as well as changes in headcount from the Crescent Point Acquisition, compensation and benefits have decreased over the comparative period, primarily driven by lower incentive-based compensation which is discretionary and may fluctuate each year. In connection to the Crescent Point Acquisition, we recognized \$3.1 million of compensation and benefits for the three months ended December 31, 2023 following the transaction close date of October 2, 2023.

Average headcount increased by 6% to 129 investment and investment support professionals for the year-to-date period in 2023 from 122 professionals in 2022, primarily due to the Crescent Point Acquisition.

*General, Administrative and Other Expenses.* Placement fees increased by \$2.9 million for the year ended December 31, 2023 compared to the prior year primarily driven by new capital commitments to ASOF II subsequent to the second quarter of 2022 and through its final close in the fourth quarter of 2022. Additionally, occupancy costs which support our professionals that are based in higher cost locations, increased by \$1.4 million for the year ended December 31, 2023 when compared to the year ended December 31, 2022. Separately, the Crescent Point Acquisition that closed on October 2, 2023, contributed an additional \$1.2 million of expenses, primarily consisted of consulting fees and occupancy costs.

### Realized Income

The following table presents the components of the Private Equity Group's RI (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings</b>	<b>\$ 112,541</b>	<b>\$ 84,467</b>	<b>\$ 28,074</b>	<b>33%</b>
Performance income—realized	117,899	123,806	(5,907)	(5)
Performance related compensation—realized	(89,767)	(90,300)	533	1
<b>Realized net performance income</b>	<b>28,132</b>	<b>33,506</b>	<b>(5,374)</b>	<b>(16)</b>
Investment income (loss)—realized	(1,434)	3,432	(4,866)	NM
Interest and other investment income—realized	4,952	2,546	2,406	95
Interest expense	(21,422)	(15,953)	(5,469)	(34)
<b>Realized net investment loss</b>	<b>(17,904)</b>	<b>(9,975)</b>	<b>(7,929)</b>	<b>(79)</b>
<b>Realized Income</b>	<b>\$ 122,769</b>	<b>\$ 107,998</b>	<b>14,771</b>	<b>14</b>

Realized net performance income for the years ended December 31, 2023 and 2022 was primarily attributable to tax distributions from ASOF I. Realized net performance income for the year ended December 31, 2023 also included realized gains from the partial sale of ACOF IV's investment in AZEK, while the year ended December 31, 2022 included realized gains from the partial sale and recapitalization of ACOF IV's investment in an energy company.

Realized net investment loss for the years ended December 31, 2023 and 2022 was primarily attributable to interest expense exceeding investment income during these periods. Interest expense, which is allocated among our segments based on the cost basis of balance sheet investments, increased over the comparative periods primarily due to rising SOFR rates and a higher average outstanding balance of the Credit Facility and to the issuance of the 2028 Senior Notes in November 2023.

Realized net investment loss for the year ended December 31, 2023 also reflects realized losses from two corporate private equity funds, including the liquidation of one of those funds following the disposition of its remaining assets. The activity for the year ended December 31, 2023 was partially offset by dividend income from SSF IV and realized gains from the partial sale of ACOF IV's investment in AZEK.

**Private Equity Group—Performance Income**

The following table presents the accrued carried interest, also referred to as accrued performance income, and related performance compensation for the Private Equity Group (\$ in thousands):

	As of December 31,					
	2023			2022		
	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income
ACOF IV	\$ 181,317	\$ 145,197	\$ 36,120	\$ 282,624	\$ 226,099	\$ 56,525
ACOF V	474,878	380,807	94,071	742,962	594,369	148,593
ACOF VI	337,142	289,118	48,024	147,185	117,748	29,437
ASOF I	357,016	250,198	106,818	326,471	228,529	97,942
ASOF II	80,926	56,648	24,278	—	—	—
Other funds	192,167	141,481	50,686	108,997	75,583	33,414
<b>Total Private Equity Group</b>	<b>\$ 1,623,446</b>	<b>\$ 1,263,449</b>	<b>\$ 359,997</b>	<b>\$ 1,608,239</b>	<b>\$ 1,242,328</b>	<b>\$ 365,911</b>

The following table presents the change in accrued carried interest for the Private Equity Group (\$ in thousands):

	Waterfall Type	As of December 31, 2022		Activity during the period			As of December 31, 2023
		Accrued Carried Interest	Change in Unrealized	Realized	Other Adjustments	Accrued Carried Interest	
		ACOF IV	American	\$ 282,624	\$ (35,830)	\$ (65,477)	\$ —
ACOF V	American	742,962	(268,084)	—	—	474,878	
ACOF VI	American	147,185	189,957	—	—	337,142	
ASOF I	European	326,471	82,728	(52,183)	—	357,016	
ASOF II	European	—	80,926	—	—	80,926	
Other funds	European	92,509	82,079	—	8,479	183,067	
Other funds	American	16,488	(7,149)	(239)	—	9,100	
<b>Total Private Equity Group</b>		<b>\$ 1,608,239</b>	<b>\$ 124,627</b>	<b>\$ (117,899)</b>	<b>\$ 8,479</b>	<b>\$ 1,623,446</b>	

**Private Equity Group—Assets Under Management**

The tables below present rollforwards of AUM for the Private Equity Group (\$ in millions):

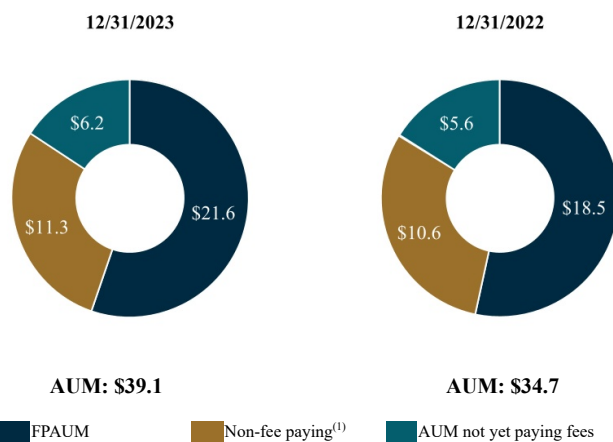
	Corporate Private Equity	Special Opportunities	APAC Private Equity	Other <sup>(1)</sup>	Total Private Equity Group
<b>Balance at 12/31/2022</b>	<b>\$ 20,939</b>	<b>\$ 13,720</b>	<b>\$ 90</b>	<b>\$ —</b>	<b>\$ 34,749</b>
Acquisitions	—	—	3,697	—	3,697
Net new par/equity commitments	1,482	—	—	139	1,621
Capital reductions	(9)	—	—	—	(9)
Distributions	(1,794)	(499)	(16)	—	(2,309)
Change in fund value	380	1,333	(357)	—	1,356
<b>Balance at 12/31/2023</b>	<b>\$ 20,998</b>	<b>\$ 14,554</b>	<b>\$ 3,414</b>	<b>\$ 139</b>	<b>\$ 39,105</b>

	Corporate Private Equity	Special Opportunities	APAC Private Equity	Other	Total Private Equity Group
<b>Balance at 12/31/2021</b>	<b>\$ 21,502</b>	<b>\$ 11,765</b>	<b>\$ 137</b>	<b>\$ —</b>	<b>\$ 33,404</b>
Net new par/equity commitments	—	2,202	—	—	2,202
Capital reductions	(8)	(200)	—	—	(208)
Distributions	(1,009)	(268)	(56)	—	(1,333)
Change in fund value	453	221	10	—	684
<b>Balance at 12/31/2022</b>	<b>\$ 20,938</b>	<b>\$ 13,720</b>	<b>\$ 91</b>	<b>\$ —</b>	<b>\$ 34,749</b>

(1) Activity within Other represents equity commitments to the platform that have not yet been allocated to an investment strategy.

The components of our AUM for the Private Equity Group are presented below (\$ in billions):



(1) Includes \$1.7 billion and \$1.3 billion of non-fee paying AUM based on our general partner commitment as of December 31, 2023 and 2022, respectively.

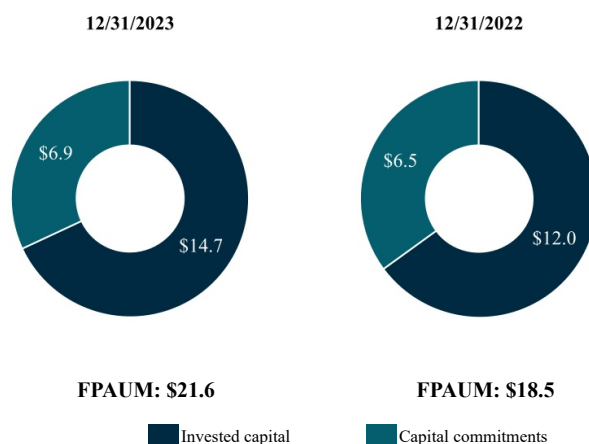
**Private Equity Group—Fee Paying AUM**

The tables below present rollforwards of fee paying AUM for the Private Equity Group (\$ in millions):

	Corporate Private Equity	Special Opportunities	APAC Private Equity	Total Private Equity Group
<b>Balance at 12/31/2022</b>	\$ 11,277	\$ 7,166	\$ 4	\$ 18,447
Acquisitions	—	—	1,692	1,692
Deployment/subscriptions/increase in leverage	220	2,518	14	2,752
Distributions	(38)	(1,194)	—	(1,232)
Change in fee basis	—	—	(45)	(45)
<b>Balance at 12/31/2023</b>	<b>\$ 11,459</b>	<b>\$ 8,490</b>	<b>\$ 1,665</b>	<b>\$ 21,614</b>

	Corporate Private Equity	Special Opportunities	APAC Private Equity	Total Private Equity Group
<b>Balance at 12/31/2021</b>	\$ 12,420	\$ 4,216	\$ 53	\$ 16,689
Deployment/subscriptions/increase in leverage	36	4,453	—	4,489
Distributions	(385)	(1,503)	(14)	(1,902)
Change in fund value	—	—	(4)	(4)
Change in fee basis	(794)	—	(31)	(825)
<b>Balance at 12/31/2022</b>	<b>\$ 11,277</b>	<b>\$ 7,166</b>	<b>\$ 4</b>	<b>\$ 18,447</b>

The charts below present FPAUM for the Private Equity Group by its fee bases (\$ in billions):



**Private Equity Group—Fund Performance Metrics as of December 31, 2023**

Four significant funds, ACOF V, ASOF I, ACOF VI and ASOF II, collectively contributed approximately 85% of the Private Equity Group’s management fees for the year ended December 31, 2023.

The following table presents the performance data of the Private Equity Group’s significant drawdown funds as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Original Capital Commitments	Capital Invested to Date	Realized Value <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MoIC		IRR(%)		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
<b>Funds Harvesting Investments</b>												
ACOF V	2017	\$ 8,765	\$ 7,850	\$ 7,611	\$ 3,505	\$ 8,253	\$ 11,758	1.5x	1.4x	11.6	8.3	Corporate Private Equity
ASOF I	2019	5,559	3,518	5,500	4,462	3,775	8,237	1.8x	1.6x	26.0	20.2	Special Opportunities
<b>Funds Deploying Capital</b>												
ACOF VI	2020	7,419	5,743	5,109	593	6,696	7,289	1.4x	1.3x	24.2	17.9	Corporate Private Equity
ASOF II	2021	7,580	7,128	5,926	1,371	5,241	6,612	1.2x	1.1x	14.4	9.6	Special Opportunities

- (1) Realized value represents the sum of all cash dividends, interest income, other fees and cash proceeds from realizations of interests in portfolio investments. Realized value excludes any proceeds related to bridge financings.
- (2) Unrealized value represents the fair market value of remaining investments. Unrealized value does not take into account any bridge financings. There can be no assurance that unrealized investments will be realized at the valuations indicated.
- (3) The gross MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The gross MoIC is before giving effect to management fees, carried interest, as applicable, and other expenses, but after giving effect to credit facility interest expenses, as applicable. The gross MoICs are also calculated before giving effect to any bridge financings. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the gross fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (4) The net MoIC is calculated at the fund-level. The net MoIC is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or performance fees. The net MoIC is after giving effect to management fees, carried interest, as applicable, and other expenses. The net MoICs are also calculated before giving effect to any bridge financings. Inclusive of bridge financings, the net MoIC would be 1.3x for ACOF V and 1.2x for ACOF VI. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the net fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (5) The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from the fund and the fund’s residual value at the end of the measurement period. Gross IRRs reflect returns to the fee-paying limited partners and, if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, carried interest, as applicable, and other expenses, but after giving effect to credit facility interest expenses, as applicable. The gross IRRs are also calculated before giving effect to any bridge financings. The funds may utilize a credit facility during the investment period and for general cash management purposes. Gross fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (6) The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund’s residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the net IRR calculation are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees, carried interest as applicable, and other expenses and exclude commitments by the general partner and Schedule I investors who do not pay either management fees or carried interest. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility. The net IRRs are also calculated before giving effect to any bridge financings. Inclusive of bridge financings, the net IRRs would be 8.4% for ACOF V and 16.6% for ACOF VI.

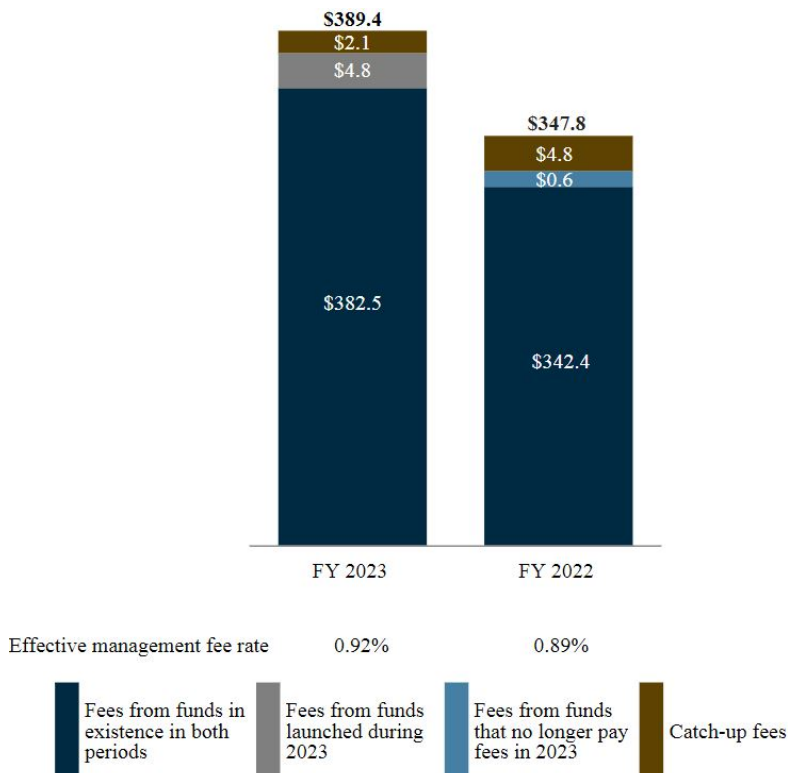
**Real Assets Group—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

**Fee Related Earnings**

The following table presents the components of the Real Assets Group’s FRE (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Management fees	\$ 389,437	\$ 347,808	\$ 41,629	12%
Fee related performance revenues	334	167,693	(167,359)	(100)
Other fees	29,695	35,879	(6,184)	(17)
Compensation and benefits	(153,870)	(240,015)	86,145	36
General, administrative and other expenses	(46,789)	(39,739)	(7,050)	(18)
<b>Fee Related Earnings</b>	<b>\$ 218,807</b>	<b>\$ 271,626</b>	<b>(52,819)</b>	<b>(19)</b>

*Management Fees.* The chart below presents Real Assets Group management fees and effective management fee rates (\$ in millions):



Management fees from IDF V increased by \$9.3 million for the year ended December 31, 2023 compared to the prior year primarily driven by deployment of capital. Our second climate infrastructure fund, which launched during the second quarter of 2023, contributed additional management fees of \$4.8 million primarily driven by new capital commitments for the year ended December 31, 2023. Management fees from AREIT and AIREIT also collectively increased by \$11.4 million for the year ended December 31, 2023 compared to the prior year driven by increases in the average capital base of AREIT and AIREIT. The increase over the comparative period also included \$1.5 million from make-whole termination fees, driven by the early termination of the advisory agreements of two U.S. industrial real estate equity funds, which resulted in the acceleration of contractual management fees.

Management fees for the year ended December 31, 2023 included: (i) \$1.8 million of catch-up fees from our fourth U.S. opportunistic real estate equity fund; and (ii) \$0.3 million of catch-up fees from Ares European Real Estate Fund VI, L.P. (“EF VI”). Catch-up fees for the year ended December 31, 2022 included \$4.8 million from US X.

Excluding catch-up fees previously discussed, management fees for the year ended December 31, 2023 compared to the prior year increased by: (i) \$15.1 million for our fourth U.S. opportunistic real estate equity fund; (ii) \$2.9 million for EF VI; and (iii) \$3.3 million for US X, which closed in the third quarter of 2022. The increase in management fees for these funds was primarily driven by new capital commitments. Management fees from our most recent real estate equity funds increase once capital is invested and deployment in these funds has also contributed to the increase in fees over the comparative period.

The increase in effective management fee rate for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to additional capital raised in our non-traded REITs, which have effective management fee rates between 1.10% and 1.25%.

*Fee Related Performance Revenues.* AREIT and AIREIT generated \$164.3 million of incentive fees for the year ended December 31, 2022 but did not meet the performance hurdles to generate incentive fees for the year ended December 31, 2023, resulting in a decrease in fee related performance revenues.

*Other Fees.* The decrease in other fees for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to a decrease of: (i) \$11.4 million in acquisition and development fees resulting from a reduction in property-related activities within certain industrial U.S. real estate equity funds; and (ii) \$2.9 million related to program administration fees resulting from the management and creation of our 1031 exchange program that is used by our non-traded REITs. The decrease for the year ended December 31, 2023 compared to the year ended December 31, 2022 was partially offset by higher credit transaction fees of \$7.5 million. Credit transaction fees are generated periodically within the infrastructure debt strategy and relate to the arrangement and origination of loans.

*Compensation and Benefits.* The decrease in compensation and benefits for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by lower fee related performance compensation of \$103.3 million, corresponding to the decrease in fee related performance revenues. The decrease over the comparative period was partially offset by higher salary expense of \$11.5 million, primarily attributable to headcount growth.

Average headcount increased by 13% to 356 investment and investment support professionals for the year-to-date period in 2023 from 314 professionals in 2022.

*General, Administrative and Other Expenses.* Certain expenses increased during the current period, including: (i) occupancy costs which support our growing headcount that are based in higher cost locations; (ii) information services such as research and market data; and (iii) information technology costs. Collectively, these expenses increased by \$4.0 million for the year ended December 31, 2023 compared to the prior year.

Additionally, the increase in general, administrative and other expenses was also driven by: (i) travel, marketing and certain fringe benefits, which collectively increased by \$3.1 million, as we continued to increase marketing efforts driven by more investor meetings and events and conducted more in-person company meetings and events with a focus on promoting collaboration; and (ii) placement fees, which increased by \$1.5 million, primarily attributable to new commitments in IDF V during 2022 and our fourth U.S. opportunistic real estate equity fund in connection with our fundraising efforts.

### Realized Income

The following table presents the components of the Real Assets Group's RI (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings</b>	<b>\$ 218,807</b>	<b>\$ 271,626</b>	<b>\$ (52,819)</b>	<b>(19)%</b>
Performance income—realized	20,990	133,130	(112,140)	(84)
Performance related compensation—realized	(12,768)	(83,105)	70,337	85
<b>Realized net performance income</b>	<b>8,222</b>	<b>50,025</b>	<b>(41,803)</b>	<b>(84)</b>
Investment income (loss)—realized	(4,498)	3,115	(7,613)	NM
Interest and other investment income—realized	11,055	9,045	2,010	22
Interest expense	(16,391)	(11,346)	(5,045)	(44)
<b>Realized net investment income (loss)</b>	<b>(9,834)</b>	<b>814</b>	<b>(10,648)</b>	<b>NM</b>
<b>Realized Income</b>	<b>\$ 217,195</b>	<b>\$ 322,465</b>	<b>(105,270)</b>	<b>(33)</b>

Realized net performance income for the years ended December 31, 2023 and 2022 included incentive fees generated from an open-ended industrial real estate fund and carried interest received upon realizations from US VIII, driven by multifamily property sales. Realized net performance income for the year ended December 31, 2023 also included carried interest received upon realizations from a U.S. real estate equity fund driven by multifamily property sales, while realized net performance income for the year ended December 31, 2022 included tax distributions from US IX.

Realized net investment loss for the year ended December 31, 2023 was primarily attributable to: (i) interest expense exceeding investment income during the periods; and (ii) realized losses recognized from a real estate debt vehicle, where financing costs are exceeding investment returns due to limited investment opportunities. This activity was partially offset by distributions of investment income from multiple real estate equity and real estate debt vehicles during the period.

Realized net investment income for the year ended December 31, 2022 included dividend income generated from an infrastructure opportunities fund.

Interest expense, which is allocated among our segments based on the cost basis of balance sheet investments, increased over the comparative periods primarily due to rising SOFR rates and a higher average outstanding balance of the Credit Facility and to the issuance of the 2028 Senior Notes in November 2023.

### Real Assets Group—Performance Income

The following table presents the accrued carried interest, also referred to as accrued performance income, and related performance compensation for the Real Assets Group. Accrued net performance income excludes net performance income that has been realized but not yet received as of the reporting date (\$ in thousands):

	As of December 31,					
	2023			2022		
	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income
US VIII	\$ 32,199	\$ 20,651	\$ 11,548	\$ 36,822	\$ 23,566	\$ 13,256
US IX	89,958	55,774	34,184	86,905	53,881	33,024
EF IV	49,150	29,490	19,660	61,791	37,075	24,716
IDF V	56,065	33,677	22,388	16,848	10,108	6,740
AREOF III	35,715	21,429	14,286	41,463	24,878	16,585
EIF V	93,598	69,969	23,629	94,398	70,562	23,836
Other real assets funds	140,167	92,468	47,699	154,641	97,894	56,747
<b>Total Real Assets Group</b>	<b>\$ 496,852</b>	<b>\$ 323,458</b>	<b>\$ 173,394</b>	<b>\$ 492,868</b>	<b>\$ 317,964</b>	<b>\$ 174,904</b>

The following table presents the change in accrued performance income for the Real Assets Group (\$ in thousands):

	Waterfall Type	As of December 31, 2022		Activity during the period			As of December 31, 2023	
		Accrued Performance Income	Change in Unrealized	Realized	Other Adjustments	Accrued Performance Income		
<b>Accrued Carried Interest</b>								
US VIII	European	\$ 36,822	\$ (2,162)	\$ (2,461)	\$ —	\$ —	\$ 32,199	
US IX	European	86,905	3,053	—	—	—	89,958	
EF IV	American	61,791	(12,641)	—	—	—	49,150	
IDF V	European	16,848	37,875	—	1,342	—	56,065	
AREOF III	European	41,463	(5,748)	—	—	—	35,715	
EIF V	European	94,398	(800)	—	—	—	93,598	
Other real assets funds	European	97,934	16,973	(2,462)	32	—	112,477	
Other real assets funds	American	56,707	(28,074)	(926)	(17)	—	27,690	
<b>Total accrued carried interest</b>		<b>492,868</b>	<b>8,476</b>	<b>(5,849)</b>	<b>1,357</b>	<b>—</b>	<b>496,852</b>	
Other real assets funds	Incentive	—	15,141	(15,141)	—	—	—	
<b>Total Real Assets Group</b>		<b>\$ 492,868</b>	<b>\$ 23,617</b>	<b>\$ (20,990)</b>	<b>\$ 1,357</b>	<b>\$ —</b>	<b>\$ 496,852</b>	

**Real Assets Group—Assets Under Management**

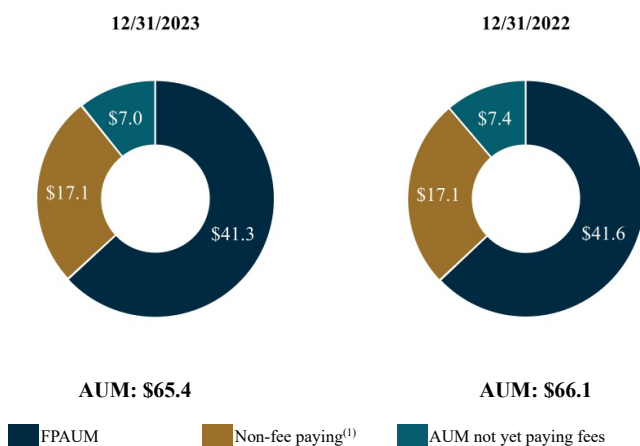
The tables below present rollforwards of AUM for the Real Assets Group (\$ in millions):

	U.S. Real Estate Equity	European Real Estate Equity	Real Estate Debt	Infrastructure Opportunities	Infrastructure Debt	Total Real Assets Group
<b>Balance at 12/31/2022</b>	<b>\$ 31,460</b>	<b>\$ 8,561</b>	<b>\$ 11,161</b>	<b>\$ 5,194</b>	<b>\$ 9,685</b>	<b>\$ 66,061</b>
Net new par/equity commitments	3,116	775	539	1,218	428	6,076
Net new debt commitments	—	326	400	—	—	726
Capital reductions	(245)	—	(235)	—	—	(480)
Distributions	(2,813)	(264)	(259)	(322)	(1,138)	(4,796)
Redemptions	(1,207)	—	(552)	—	—	(1,759)
Change in fund value	(1,134)	(12)	98	158	475	(415)
<b>Balance at 12/31/2023</b>	<b>\$ 29,177</b>	<b>\$ 9,386</b>	<b>\$ 11,152</b>	<b>\$ 6,248</b>	<b>\$ 9,450</b>	<b>\$ 65,413</b>

	U.S. Real Estate Equity	European Real Estate Equity	Real Estate Debt	Infrastructure Opportunities	Infrastructure Debt	Total Real Assets Group
<b>Balance at 12/31/2021</b>	<b>\$ 24,677</b>	<b>\$ 6,827</b>	<b>\$ 9,659</b>	<b>\$ 4,756</b>	<b>\$ —</b>	<b>\$ 45,919</b>
Acquisitions	—	—	—	—	8,184	8,184
Net new par/equity commitments	5,811	2,038	1,012	431	1,346	10,638
Net new debt commitments	1,305	719	1,229	—	—	3,253
Capital reductions	(234)	—	(282)	—	—	(516)
Distributions	(1,539)	(538)	(196)	(514)	(396)	(3,183)
Redemptions	(516)	—	(435)	—	—	(951)
Change in fund value	1,956	(485)	174	521	551	2,717
<b>Balance at 12/31/2022</b>	<b>\$ 31,460</b>	<b>\$ 8,561</b>	<b>\$ 11,161</b>	<b>\$ 5,194</b>	<b>\$ 9,685</b>	<b>\$ 66,061</b>



The components of our AUM for the Real Assets Group are presented below (\$ in billions):



(1) Includes \$0.6 billion of non-fee paying AUM based on our general partner commitment as of December 31, 2023 and 2022, respectively.

**Real Assets Group—Fee Paying AUM**

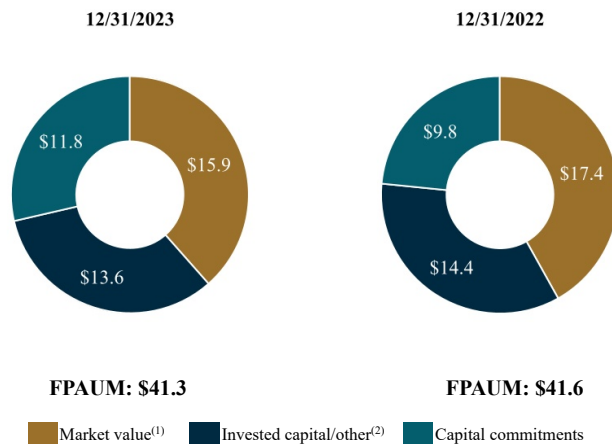
The tables below present rollforwards of fee paying AUM for the Real Assets Group (\$ in millions):

	U.S. Real Estate Equity	European Real Estate Equity	Real Estate Debt	Infrastructure Opportunities	Infrastructure Debt	Total Real Assets Group
<b>Balance at 12/31/2022</b>	<b>\$ 21,788</b>	<b>\$ 5,634</b>	<b>\$ 3,691</b>	<b>\$ 4,524</b>	<b>\$ 5,970</b>	<b>\$ 41,607</b>
Commitments	2,525	26	(5)	1,128	—	3,674
Deployment/subscriptions/increase in leverage	199	455	368	350	1,596	2,968
Capital reductions	(245)	(99)	(111)	—	—	(455)
Distributions	(1,125)	(7)	(264)	(854)	(1,612)	(3,862)
Redemptions	(1,207)	(3)	(565)	—	—	(1,775)
Change in fund value	(1,091)	85	163	—	(74)	(917)
Change in fee basis	—	98	—	—	—	98
<b>Balance at 12/31/2023</b>	<b>\$ 20,844</b>	<b>\$ 6,189</b>	<b>\$ 3,277</b>	<b>\$ 5,148</b>	<b>\$ 5,880</b>	<b>\$ 41,338</b>

	U.S. Real Estate Equity	European Real Estate Equity	Real Estate Debt	Infrastructure Opportunities	Infrastructure Debt	Total Real Assets Group
<b>Balance at 12/31/2021</b>	<b>\$ 15,687</b>	<b>\$ 4,916</b>	<b>\$ 3,516</b>	<b>\$ 4,496</b>	<b>\$ —</b>	<b>\$ 28,615</b>
Acquisitions	—	—	—	—	4,855	4,855
Commitments	4,947	1,627	106	—	—	6,680
Deployment/subscriptions/increase in leverage	871	433	740	363	1,595	4,002
Capital reductions	—	(17)	(183)	—	—	(200)
Distributions	(865)	(252)	(237)	(360)	(387)	(2,101)
Redemptions	(516)	—	(449)	—	—	(965)
Change in fund value	1,696	(254)	198	25	(93)	1,572
Change in fee basis	(32)	(819)	—	—	—	(851)
<b>Balance at 12/31/2022</b>	<b>\$ 21,788</b>	<b>\$ 5,634</b>	<b>\$ 3,691</b>	<b>\$ 4,524</b>	<b>\$ 5,970</b>	<b>\$ 41,607</b>

The charts below present FPAUM for the Real Assets Group by its fee bases (\$ in billions):



- (1) Amounts represent FPAUM from funds that primarily invest in illiquid strategies. The underlying investments held in these funds are generally subject to less market volatility than investments held in liquid strategies.  
 (2) Other consists of ACRE’s FPAUM, which is based on ACRE’s stockholders’ equity.

**Real Assets Group—Fund Performance Metrics as of December 31, 2023**

Five significant funds, AIREIT, AREIT, Ares Infrastructure Debt Fund IV L.P. (“IDF IV”), IDF V and an open-ended industrial real estate fund, collectively contributed approximately 44% of the Real Assets Group’s management fees for the year ended December 31, 2023.

The following table presents the performance data for our significant funds that are not drawdown funds in the Real Assets Group as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Returns(%)				Primary Investment Strategy
			Year-To-Date		Since Inception <sup>(1)</sup>		
			Gross	Net	Gross	Net	
AREIT <sup>(2)</sup>	2012	\$ 5,267	N/A	(4.8)	N/A	6.7	U.S. Real Estate Equity
AIREIT <sup>(3)</sup>	2017	7,718	N/A	(9.8)	N/A	9.9	U.S. Real Estate Equity
Open-ended industrial real estate fund <sup>(4)</sup>	2017	4,957	(8.1)	(7.7)	19.9	16.2	U.S. Real Estate Equity

- (1) Since inception returns are annualized.  
 (2) Performance is measured by total return, which includes income and appreciation and reinvestment of all distributions for the respective time period. Returns are shown for institutional share class. Shares of other classes may have lower returns due to higher selling commissions and fees. Actual individual stockholder returns will vary. Net returns are calculated using the fund’s NAV and assume distributions are reinvested at the NAV on the date of distribution. The inception date used in the calculation of the since inception return is the date in which the first shares of common stock were sold after converting to a NAV-based REIT. Additional information related to AREIT can be found in its filings with the SEC, which are not part of this report.  
 (3) Performance is measured by total return, which includes income and appreciation and reinvestment of all distributions for the respective time period. Returns are shown for institutional share class. Shares of other classes may have lower returns due to higher selling commissions and fees. Actual individual stockholder returns will vary. Net returns are calculated using the fund’s NAV and assume distributions are reinvested at the NAV on the date of distribution. Additional information related to AIREIT can be found in its filings with the SEC, which are not part of this report.  
 (4) Returns are time-weighted rates of return and include the reinvestment of income and other earnings from securities or other investments and reflect the deduction of all trading expenses. Gross returns do not reflect the deduction of management fees, incentive fees, as applicable, or other expenses. Net returns are calculated by subtracting the applicable management fees, incentive fees, as applicable and other expenses from the gross returns on a quarterly basis.

The following table presents the performance data of the Real Assets Group's significant drawdown funds as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Original Capital Commitments	Capital Invested to Date	Realized Value <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MoIC		IRR(%)		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
<b>Fund Harvesting Investments</b>												
IDF IV <sup>(7)</sup>	2018	\$ 3,120	\$ 4,012	\$ 4,531	\$ 2,235	\$ 2,875	\$ 5,110	1.2x	1.2x	6.9	5.3	Infrastructure Debt
<b>Fund Deploying Capital</b>												
IDF V <sup>(8)</sup>	2020	4,771	4,585	3,152	519	2,945	3,464	1.1x	1.1x	12.4	9.5	Infrastructure Debt

- (1) Realized value includes distributions of operating income, sales and financing proceeds received.
- (2) Unrealized value represents the fund's NAV reduced by the accrued incentive allocation, if applicable. There can be no assurance that unrealized values will be realized at the valuations indicated.
- (3) The gross MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The gross MoIC is before giving effect to management fees, carried interest, as applicable, and other expenses, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the gross fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (4) The net MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and, if applicable, excludes interests attributable to the non fee-paying limited partners and/or the general partner which does not pay management fees or carried interest. The net MoIC is after giving effect to management fees, carried interest, as applicable, credit facility interest expense, as applicable, and other expenses. The funds may utilize a credit facility during the investment period and for general cash management purposes. Early in the life of a fund, the net fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (5) The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Gross IRR reflects returns to the fee-paying limited partners and, if applicable, excludes interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, carried interest and other expenses, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Gross fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (6) The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund's residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and, if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The cash flow dates used in the net IRR calculations are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees and carried interest, other expenses and credit facility interest expenses, as applicable. The funds may utilize a credit facility during the investment period and for general cash management purposes. Net fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (7) IDF IV is made up of U.S. Dollar hedged, U.S. Dollar unhedged, Euro unhedged, Yen hedged parallel funds and a single investor U.S. Dollar parallel fund. The gross and net IRR and MoIC presented in the table are for the U.S. Dollar hedged parallel fund. The gross and net IRR for the U.S. Dollar unhedged parallel fund are 6.6% and 4.5%, respectively. The gross and net MoIC for the U.S. Dollar unhedged parallel fund are 1.2x and 1.1x, respectively. The gross and net IRR for the Euro unhedged parallel fund are 6.4% and 5.1%, respectively. The gross and net MoIC for the Euro unhedged parallel fund are 1.2x and 1.1x, respectively. The gross and net IRR for the Yen hedged parallel fund are 4.6% and 2.8%, respectively. The gross and net MoIC for the Yen hedged parallel fund are 1.1x and 1.1x, respectively. The gross and net IRR for the single investor U.S. Dollar parallel fund are 5.1% and 4.0%, respectively. The gross and net MoIC for the single investor U.S. Dollar parallel fund are 1.1x and 1.1x, respectively. Original capital commitments are converted to U.S. Dollars at the prevailing exchange rate at the time of fund's closing. All other values for IDF IV are for the combined fund and are converted to U.S. Dollars at the prevailing quarter-end exchange rate.
- (8) IDF V is made up of U.S. Dollar hedged, Euro unhedged, GBP hedged, Yen hedged and a single investor parallel fund. The gross and net IRR and MoIC presented in the table are for the U.S. Dollar hedged parallel fund. The gross and net IRR for the Euro unhedged parallel fund are 11.5% and 8.6%, respectively. The gross and net MoIC for the Euro unhedged parallel fund are 1.1x and 1.1x, respectively. The gross and net IRR for the GBP hedged parallel fund are 11.9% and 8.8%, respectively. The gross and net MoIC for the GBP hedged parallel fund are 1.1x and 1.1x, respectively. The gross and net IRR for the Yen hedged parallel fund are 9.5% and 6.7%, respectively. The gross and net MoIC for the Yen hedged parallel fund are 1.1x and 1.0x, respectively. The gross and net IRR for the single investor U.S. Dollar parallel fund are 10.0% and 7.7%, respectively. The gross and net MoIC for the single investor U.S. Dollar parallel fund are 1.1x and 1.1x, respectively. Original capital commitments are converted to U.S. Dollars at the prevailing exchange rate at the time of fund's closing. All other values for IDF V are for the combined fund and are converted to U.S. Dollars at the prevailing quarter-end exchange rate.

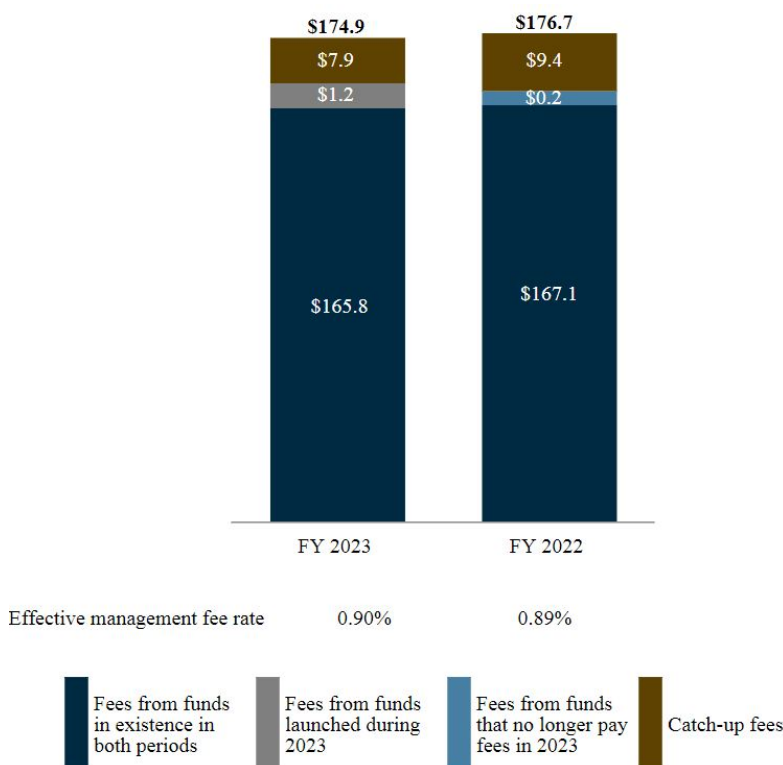
**Secondaries Group—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

**Fee Related Earnings**

The following table presents the components of the Secondaries Group’s FRE (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Management fees	\$ 174,942	\$ 176,694	\$ (1,752)	(1)%
Fee related performance revenues	12,782	235	12,547	NM
Other fees	22	—	22	NM
Compensation and benefits	(62,160)	(53,743)	(8,417)	(16)
General, administrative and other expenses	(21,199)	(12,685)	(8,514)	(67)
<b>Fee Related Earnings</b>	<b>\$ 104,387</b>	<b>\$ 110,501</b>	(6,114)	(6)

*Management Fees.* The chart below presents Secondaries Group management fees and effective management fee rates (\$ in millions):



Management fees from Landmark Equity Partners XV, L.P. (“LEP XV”) decreased by \$8.0 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily due to the change in fee base to reported value, which largely reflects the NAV of each fund’s limited partnership interests, from called capital plus unfunded commitments. Management fees also decreased by \$3.3 million from a real estate secondaries fund and three private equity secondaries funds due to distributions that reduced their fee bases.

Management fees for the year ended December 31, 2023 included: (i) \$7.9 million of catch-up fees from Landmark Real Estate Fund IX, L.P. (“LREF IX”). Management fees for the year ended December 31, 2022 included: (i) \$9.2 million of catch-up fees from Landmark Equity Partners XVII, L.P. (“LEP XVII”); and (ii) \$0.2 million from LREF IX.

The decrease in management fees was partially offset by: (i) additional management fees from LREF IX of \$7.7 million, generated from new commitments, excluding catch-up fees previously discussed; and (ii) higher management fees from APMF of \$4.0 million, as we contractually agreed to a reduced fee rate of 0.25% from inception through March 31, 2023 that subsequently increased to 1.40%.

The increase in effective management fee rate for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to the higher fee rate for APMF following the expiration of the contractually reduced rate.

*Fee Related Performance Revenues.* Fee related performance revenues reflects incentive fees recognized from APMF for the years ended December 31, 2023 and 2022.

*Compensation and Benefits.* The increase in compensation and benefits for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by: (i) higher fee related performance compensation of \$5.5 million corresponding to the increase in fee related performance revenue; and (ii) an increase in salary expense of \$3.8 million which primarily attributable to headcount growth.

Average headcount increased by 12% to 105 investment and investment support professionals for the year-to-date period in 2023 from 94 professionals in 2022.

*General, Administrative and Other Expenses.* In an effort to accelerate the growth of APMF's assets, we have entered into agreements that pay distribution partners a fee based on assets and/or sales. These agreements increased our expenses by \$3.7 million for the year ended December 31, 2023 when compared to prior year and are expected to fluctuate with sales and the growth in assets. Additionally, travel and marketing collectively increased by \$2.9 million for the year ended December 31, 2023 compared to the prior year driven by more in-person company meetings and events. Certain other expenses have also increased during the current period, primarily from occupancy costs which support our growing headcount that are based in higher cost locations and information technology costs. Collectively, these expenses increased by \$1.3 million for the year ended December 31, 2023 compared to the prior year.

### Realized Income

The following table presents the components of the Secondaries Group's RI (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings</b>	<b>\$ 104,387</b>	<b>\$ 110,501</b>	<b>\$ (6,114)</b>	<b>(6)%</b>
Performance income—realized	5,460	4,156	1,304	31
Performance related compensation—realized	(4,678)	(3,515)	(1,163)	(33)
<b>Realized net performance income</b>	<b>782</b>	<b>641</b>	<b>141</b>	<b>22</b>
Interest and other investment income—realized	4,867	3,683	1,184	32
Interest expense	(8,980)	(5,660)	(3,320)	(59)
<b>Realized net investment loss</b>	<b>(4,113)</b>	<b>(1,977)</b>	<b>(2,136)</b>	<b>(108)</b>
<b>Realized Income</b>	<b>\$ 101,056</b>	<b>\$ 109,165</b>	<b>(8,109)</b>	<b>(7)</b>

Realized net performance income for the years ended December 31, 2023 and 2022 was primarily attributable to tax distributions from LREF VIII.

Realized investment income for the year ended December 31, 2023 reflects dividend income received from APMF.

Realized investment income for the year ended December 31, 2022 included dividend income received from LREF VIII and an infrastructure secondaries fund.

Interest expense, which is allocated among our segments based on the cost basis of balance sheet investments, increased over the comparative periods primarily due to rising SOFR rates and a higher average outstanding balance of the Credit Facility and to the issuance of the 2028 Senior Notes in November 2023.

### Secondaries Group—Performance Income

The following table presents the accrued carried interest, also referred to as accrued performance income, and related performance compensation for the Secondaries Group. Accrued net performance income excludes net performance income that has been realized but not yet received as of the reporting date (\$ in thousands):

	As of December 31,					
	2023			2022		
	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income	Accrued Performance Income	Accrued Performance Compensation	Accrued Net Performance Income
LEP XVI	\$ 128,650	\$ 110,053	\$ 18,597	\$ 141,122	\$ 120,659	\$ 20,463
LREF VIII	97,366	84,256	13,110	109,928	94,538	15,390
Other secondaries funds	57,339	48,897	8,442	58,135	49,726	8,409
<b>Total Secondaries Group</b>	<b>\$ 283,355</b>	<b>\$ 243,206</b>	<b>\$ 40,149</b>	<b>\$ 309,185</b>	<b>\$ 264,923</b>	<b>\$ 44,262</b>

The following table presents the change in accrued performance income for the Secondaries Group (\$ in thousands):

	Waterfall Type	As of December 31, 2022		Activity during the period		As of December 31, 2023
		Accrued Carried Interest	Change in Unrealized	Realized	Accrued Carried Interest	
<b>Accrued Carried Interest</b>						
LEP XVI	European	\$ 141,122	\$ (12,472)	\$ —	\$ 128,650	
LREF VIII	European	109,928	(8,002)	(4,560)	97,366	
Other secondaries funds	European	58,135	104	(900)	57,339	
<b>Total Secondaries Group</b>		<b>\$ 309,185</b>	<b>\$ (20,370)</b>	<b>\$ (5,460)</b>	<b>\$ 283,355</b>	

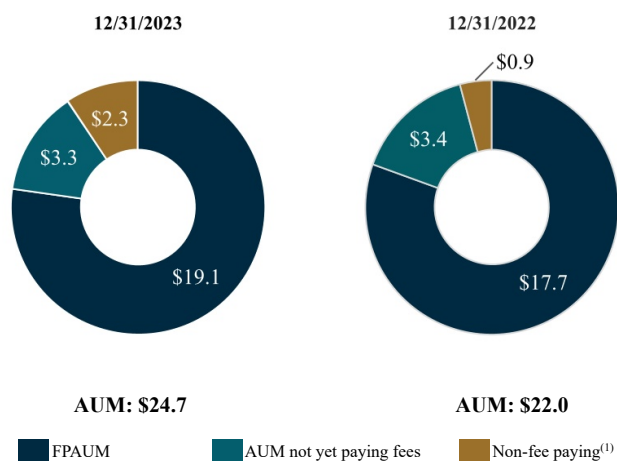
### Secondaries Group—Assets Under Management

The table below presents the rollforwards of AUM for the Secondaries Group (\$ in millions):

	Private Equity Secondaries	Real Estate Secondaries	Infrastructure Secondaries	Credit Secondaries	Other <sup>(1)</sup>	Total Secondaries Group
<b>Balance at 12/31/2022</b>	<b>\$ 12,769</b>	<b>\$ 7,552</b>	<b>\$ 1,640</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 21,961</b>
Net new par/equity commitments	567	952	721	1,358	50	3,648
Distributions	(477)	(537)	(102)	—	—	(1,116)
Redemptions	(1)	—	—	—	—	(1)
Net allocations among investment strategies	30	—	—	25	(50)	5
Change in fund value	286	(141)	121	(3)	—	263
<b>Balance at 12/31/2023</b>	<b>\$ 13,174</b>	<b>\$ 7,826</b>	<b>\$ 2,380</b>	<b>\$ 1,380</b>	<b>\$ —</b>	<b>\$ 24,760</b>
	Private Equity Secondaries	Real Estate Secondaries	Infrastructure Secondaries	Credit Secondaries	Other	Total Secondaries Group
<b>Balance at 12/31/2021</b>	<b>\$ 13,833</b>	<b>\$ 6,662</b>	<b>\$ 1,624</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 22,119</b>
Acquisitions	199	—	—	—	—	199
Net new par/equity commitments	1,011	1,425	74	—	—	2,510
Distributions	(1,632)	(932)	(223)	—	—	(2,787)
Change in fund value	(642)	397	165	—	—	(80)
<b>Balance at 12/31/2022</b>	<b>\$ 12,769</b>	<b>\$ 7,552</b>	<b>\$ 1,640</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 21,961</b>

(1) Activity within Other represents equity commitments to the platform that have not yet been allocated to an investment strategy.

The components of our AUM for the Secondaries Group are presented below (\$ in billions):



(1) Includes \$0.5 billion and \$0.3 billion of non-fee paying AUM based on our general partner commitment as of December 31, 2023 and 2022, respectively.

**Secondaries Group—Fee Paying AUM**

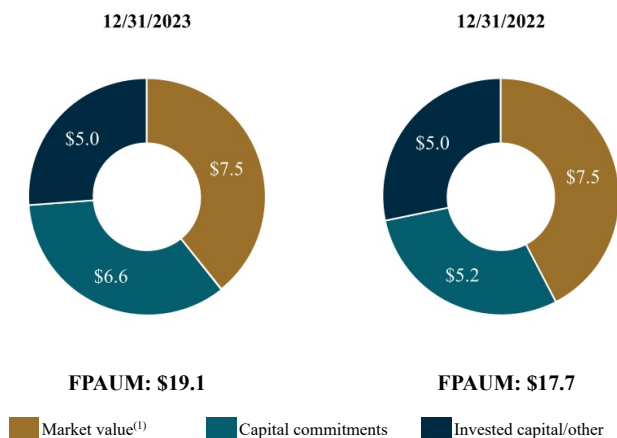
The table below presents the rollforwards of fee paying AUM for the Secondaries Group (\$ in millions):

	Private Equity Secondaries	Real Estate Secondaries	Infrastructure Secondaries	Credit Secondaries	Total Secondaries Group
<b>Balance at 12/31/2022</b>	<b>\$ 11,062</b>	<b>\$ 5,313</b>	<b>\$ 1,293</b>	<b>\$ —</b>	<b>\$ 17,668</b>
Commitments	367	772	506	—	1,645
Deployment/subscriptions/increase in leverage	51	317	20	85	473
Distributions	(95)	(421)	(88)	(9)	(613)
Redemptions	(1)	—	—	—	(1)
Net allocations among investment strategies	30	—	—	—	30
Change in fund value	(162)	(53)	32	19	(164)
Change in fee basis	(48)	50	—	—	2
<b>Balance at 12/31/2023</b>	<b>\$ 11,204</b>	<b>\$ 5,978</b>	<b>\$ 1,763</b>	<b>\$ 95</b>	<b>\$ 19,040</b>

	Private Equity Secondaries	Real Estate Secondaries	Infrastructure Secondaries	Credit Secondaries	Total Secondaries Group
<b>Balance at 12/31/2021</b>	<b>\$ 11,787</b>	<b>\$ 5,389</b>	<b>\$ 1,188</b>	<b>\$ —</b>	<b>\$ 18,364</b>
Acquisitions	131	—	—	—	131
Commitments	929	1,039	74	—	2,042
Deployment/subscriptions/increase in leverage	58	473	29	—	560
Distributions	(229)	(906)	(184)	—	(1,319)
Change in fund value	(130)	716	186	—	772
Change in fee basis	(1,484)	(1,398)	—	—	(2,882)
<b>Balance at 12/31/2022</b>	<b>\$ 11,062</b>	<b>\$ 5,313</b>	<b>\$ 1,293</b>	<b>\$ —</b>	<b>\$ 17,668</b>

The chart below presents FPAUM for the Secondaries Group by its fee bases (\$ in billions):



(1) Amounts represent FPAUM from funds that primarily invest in illiquid strategies. The underlying investments held in these funds are generally subject to less market volatility than investments held in liquid strategies.

**Secondaries Group—Fund Performance Metrics as of December 31, 2023**

One significant fund LEP XVI contributed approximately 26% of the Secondaries Group’s management fees for the year ended December 31, 2023.

The following table presents the performance data of the Secondaries Group’s significant drawdown fund as of December 31, 2023 (\$ in millions):

Fund	Year of Inception	AUM	Original Capital Commitments	Capital Invested to Date	Realized Value <sup>(1)</sup>	Unrealized Value <sup>(2)</sup>	Total Value	MoIC		IRR(%)		Primary Investment Strategy
								Gross <sup>(3)</sup>	Net <sup>(4)</sup>	Gross <sup>(5)</sup>	Net <sup>(6)</sup>	
<b>Fund Harvesting Investments</b>												
LEP XVI <sup>(7)</sup>	2016	\$ 4,769	\$ 4,896	\$ 3,571	\$ 1,990	\$ 2,952	\$ 4,942	1.5x	1.4x	26.9	18.1	Private Equity Secondaries

For all funds in the Secondaries Group, returns are calculated from results of the underlying portfolio that are generally reported on a three month lag and may not include the impact of economic and market activities occurring in the current reporting period.

- (1) Realized value represents the sum of all cash distributions to all limited partners and if applicable, exclude tax and incentive distributions made to the general partner.
- (2) Unrealized value represents the limited partners’ share of fund’s NAV reduced by the accrued incentive allocation, if applicable. There can be no assurance that unrealized values will be realized at the valuations indicated.
- (3) The gross MoIC is calculated at the fund-level and is based on the interests of all partners. If applicable, limiting the gross MoIC to exclude interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or carried interest would have no material impact on the result. The gross MoIC is before giving effect to management fees, carried interest, as applicable, and other expenses, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a short-term credit facility for general cash management purposes, as well as a long-term credit facility as permitted by the respective fund’s governing documentation. The gross fund-level MoIC would have generally been lower had such fund called capital from its partners instead of utilizing the credit facility.
- (4) The net MoIC is calculated at the fund-level and is based on the interests of the fee-paying limited partners and if applicable, excludes those interests attributable to the non-fee paying limited partners and/or the general partner which does not pay management fees or carried interest. The net MoIC is after giving effect to management fees and other expenses, carried interest and credit facility interest expense, as applicable. The funds may utilize a short-term credit facility for general cash management purposes, as well as a long-term credit facility as permitted by the respective fund’s governing documentation. The net fund-level MoICs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (5) The gross IRR is an annualized since inception gross internal rate of return of cash flows to and from the fund and the fund’s residual value at the end of the measurement period. Gross IRR reflects returns to all partners. If applicable, limiting the gross IRR to exclude interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or carried interest would have no material impact on the result. The cash flow dates used in the gross IRR calculation are based on the actual dates of the cash flows. The gross IRRs are calculated before giving effect to management fees, carried interest, as applicable, and other expenses, but after giving effect to credit facility interest expenses, as applicable. The funds may utilize a short-term credit facility for general cash management purposes, as well as a long-term credit facility as permitted by the respective fund’s governing documents. The gross fund-level IRR would generally have been lower had such fund called capital from its partners instead of utilizing the credit facility.
- (6) The net IRR is an annualized since inception net internal rate of return of cash flows to and from the fund and the fund’s residual value at the end of the measurement period. Net IRRs reflect returns to the fee-paying limited partners and, if applicable, exclude interests attributable to the non-fee paying limited partners and/or the general partner who does not pay management fees or carried interest. The cash flow dates used in the net IRR calculations are based on the actual dates of the cash flows. The net IRRs are calculated after giving effect to management fees and other expenses, carried interest and credit facility interest expenses, as applicable. The funds may utilize a short-term credit facility for general cash management purposes, as well as a long-term credit facility as permitted by the respective fund’s governing documents. Net fund-level IRRs would generally have been lower had such fund called capital from its limited partners instead of utilizing the credit facility.
- (7) The results of each fund is presented on a combined basis with the affiliated parallel funds or accounts, given that the investments are substantially the same.



**Operations Management Group—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**
**Fee Related Earnings**

The following table presents the components of the Operations Management Group's FRE (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Other fees	\$ 23,685	\$ 24,529	\$ (844)	(3)%
Compensation and benefits	(361,124)	(317,396)	(43,728)	(14)
General, administrative and other expenses	(200,613)	(155,017)	(45,596)	(29)
<b>Fee Related Earnings</b>	<b>\$ (538,052)</b>	<b>\$ (447,884)</b>	(90,168)	(20)

*Other Fees.* The decrease in other fees for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by lower: (i) facilitation fees from the 1031 exchange programs associated with our non-traded REITs of \$7.9 million; and (ii) sales-based, net distribution fees associated with our non-traded REITs of \$2.4 million. Conversely, asset-based, net distribution fees associated with our non-traded REITs increased by \$5.3 million. The year ended December 31, 2023 also included broker-dealer advisory fees of \$2.2 million, which were earned in connection with advisory services provided by AMCM for capital markets transactions executed during the period.

*Compensation and Benefits.* The increase in compensation and benefits for the year ended December 31, 2023, compared to the year ended December 31, 2022 was primarily driven by: (i) the expansion of our strategy and relationship management teams to support global fundraising; and (ii) the expansion of our business operations teams to support the growth of our business and other strategic initiatives. Average headcount increased by 19% to 1,492 operations management professionals for the year-to-date period in 2023 from 1,252 professionals in 2022.

Separately, compensation and benefits increased by \$3.4 million for the nine months ended December 31, 2023 following the SSG Buyout on March 31, 2023, reflecting the costs associated with the 20% change in ownership that were previously not part of our cost structure.

Our engagement of a third party subject matter expert to support the reorganization of our income tax compliance function during the third quarter of 2022 reduced salary expense by \$5.9 million for the first two quarters of 2023 with a corresponding increase in general, administrative and other expenses. As this reorganization occurred at the end of the second quarter of 2022, we did not have comparable results for the year ended December 31, 2023.

Employee commissions are earned in connection with the sale and distribution of fund shares in our non-traded, retail channel products and private placements of our exchange programs. Employee commissions have decreased over the comparative period primarily due to the lower sales volumes from our non-traded REITs and have begun to trend upward with increased sales volumes from ASIF and APMF.

*General, Administrative and Other Expenses.* Travel and marketing collectively increased by \$10.5 million for the year ended December 31, 2023 compared to the prior year as we continued to increase our marketing efforts driven by more investor meetings and events. AWMS has contributed \$3.7 million to the increase in travel and marketing over the comparative period. As we build out our retail distribution infrastructure and capabilities through AWMS to support our prospective sales and AUM growth, we expect marketing and distribution expenses, including travel, to increase in future periods.

Additionally, professional service fees increased by \$15.9 million for the year ended December 31, 2023 compared to the prior year primarily due to (i) tax related service fees of \$10.5 million from the reorganization of our income tax compliance function during the third quarter of 2022, with a corresponding decrease in compensation and benefits; and (ii) consulting fees to support various ongoing initiatives to enhance our operations.

Certain expenses have also increased during the current year to support our growing headcount, the expansion of our business and the build out of our new corporate headquarters. Most notably, occupancy costs, information technology and information services have collectively increased by \$9.1 million for the year ended December 31, 2023 compared to the prior year.

**Realized Income**

The following table presents the components of the OMG's RI (\$ in thousands):

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
<b>Fee Related Earnings</b>	<b>\$ (538,052)</b>	<b>\$ (447,884)</b>	<b>\$ (90,168)</b>	<b>(20)%</b>
Investment loss—realized	—	(37)	37	100
Interest and other investment income (loss)—realized	748	(1,588)	2,336	NM
Interest expense	(156)	(684)	528	77
<b>Realized net investment income (loss)</b>	<b>592</b>	<b>(2,309)</b>	<b>2,901</b>	<b>NM</b>
<b>Realized Income</b>	<b>\$ (537,460)</b>	<b>\$ (450,193)</b>	<b>(87,267)</b>	<b>(19)</b>

**Liquidity and Capital Resources**

Management assesses liquidity in terms of our ability to generate cash to fund operating, investing and financing activities. Management believes that the Company is well-positioned and its liquidity will continue to be sufficient for its foreseeable working capital needs, contractual obligations, dividend payments, pending acquisitions and strategic initiatives.

**Sources and Uses of Liquidity**

Our sources of liquidity are: (i) cash on hand; (ii) net working capital; (iii) cash from operations, including management fees and fee related performance revenues, which are collected monthly, quarterly or semi-annually, and net realized performance income, which may be unpredictable as to amount and timing; (iv) fund distributions related to our investments that are unpredictable as to amount and timing; and (v) net borrowing from the Credit Facility. As of December 31, 2023, our cash and cash equivalents were \$348.3 million, and we have \$430.0 million available under our Credit Facility. Our ability to draw from the Credit Facility is subject to leverage and other covenants. We remain in compliance with all covenants as of December 31, 2023. We believe that these sources of liquidity will be sufficient to fund our working capital requirements and to meet our commitments in the ordinary course of business and under the current market conditions for the foreseeable future. Cash flows from management fees may be impacted by a slowdown or declines in deployment, declines or write downs in valuations, or a slowdown or negatively impacted fundraising. In addition, management fees may be subject to deferral and fee related performance revenues may be subject to hold backs. Declines or delays and transaction activity may impact our fund distributions and net realized performance income which could adversely impact our cash flows and liquidity. Market conditions may make it difficult to extend the maturity or refinance our existing indebtedness or obtain new indebtedness with similar terms.

We expect that our primary liquidity needs will continue to be to: (i) provide capital to facilitate the growth of our existing investment management businesses; (ii) fund our investment commitments; (iii) provide capital to facilitate our expansion into businesses that are complementary to our existing investment management businesses as well as other strategic growth initiatives; (iv) pay operating expenses, including cash compensation to our employees; (v) fund capital expenditures; (vi) service our debt; (vii) pay income taxes and make payments under the tax receivable agreement (“TRA”); (viii) make dividend payments to our Class A and non-voting common stockholders in accordance with our dividend policy; and (ix) pay distributions to AOG unitholders.

In the normal course of business, we expect to pay dividends to our Class A and non-voting common stockholders that are aligned with our expected fee related earnings after an allocation of current taxes paid. For the purposes of determining this amount, we allocate the current taxes paid to FRE and to realized incentive and investment income in a manner that may be disproportionate to earnings generated by these metrics, and the actual taxes paid on these metrics should they be considered separately. Additionally, our methodology uses the tax benefits from certain expenses that are not included in these non-GAAP metrics, such as equity-based compensation from the vesting of restricted units and the exercise of stock options and from the amortization of intangible assets, among others. We allocate the taxes by multiplying the statutory tax rate currently in effect by our realized performance and net investment income and removing this amount from total current taxes. The remaining current tax paid is the amount that we allocate to FRE. We use this method to allocate the current provision for income taxes to approximate the amount of cash that is available to pay dividends to our stockholders. If cash flows from operations were insufficient to fund dividends over a sustained period of time, we expect that we would suspend or reduce paying such dividends. In addition, there is no assurance that dividends would continue at the current levels or at all.

Our ability to obtain debt financing and complete stock offerings provides us with additional sources of liquidity. For

further discussion of financing transactions occurring in the current period, see “Cash Flows” within this section and “Note 6. Debt” and “Note 13. Equity and Redeemable Interest” within our consolidated financial statements included in this Annual Report on Form 10-K.

Our consolidated financial statements reflect the cash flows of our operating businesses as well as those of our Consolidated Funds. The assets of our Consolidated Funds, on a gross basis, are significantly larger than the assets of our operating businesses and therefore have a substantial effect on the amounts reported within our consolidated statements of cash flows. The primary cash flow activities of our Consolidated Funds include: (i) raising capital from third-party investors, which is reflected as non-controlling interests of our Consolidated Funds; (ii) financing certain investments by issuing debt; (iii) purchasing and selling investment securities; (iv) generating cash through the realization of certain investments; (v) collecting interest and dividend income; and (vi) distributing cash to investors. Our Consolidated Funds are generally accounted for as investment companies under GAAP; therefore, the character and classification of all Consolidated Fund transactions are presented as cash flows from operations. Liquidity available at our Consolidated Funds is not available for corporate liquidity needs, and debt of the Consolidated Funds is non-recourse to the Company except to the extent of the Company’s investment in the fund.

### Cash Flows

The following tables summarize our consolidated statements of cash flows by activities attributable to the Company and Consolidated Funds. For more details on the activity of the Company and Consolidated Funds, refer to “Note 15. Consolidation” within our consolidated financial statements included in this Annual Report on Form 10-K.

	Year ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 473,107	\$ 632,968
Net cash used in the Consolidated Funds’ operating activities, net of eliminations	(706,368)	(1,367,080)
<b>Net cash used in operating activities</b>	<b>(233,261)</b>	<b>(734,112)</b>
<b>Net cash used in the Company’s investing activities</b>	<b>(111,079)</b>	<b>(337,379)</b>
Net cash used in the Company’s financing activities	(404,761)	(238,500)
Net cash provided by the Consolidated Funds’ financing activities, net of eliminations	696,887	1,366,563
<b>Net cash provided by financing activities</b>	<b>292,126</b>	<b>1,128,063</b>
Effect of exchange rate changes	10,501	(10,240)
<b>Net change in cash and cash equivalents</b>	<b>\$ (41,713)</b>	<b>\$ 46,332</b>

The Consolidated Funds had no effect on cash flows attributable to the Company for the periods presented and are excluded from the discussion below. The following discussion focuses on cash flow by activities attributable to the Company.

### Operating Activities

In the table below cash flows from operations have been summarized to present: (i) cash generated from our core operating activities, primarily consisting of profits generated principally from management fees and fee related performance revenues after covering for operating expenses and fee related performance compensation; (ii) net realized performance income; and (iii) net cash from investment related activities including purchases, sales, net realized investment income and interest payments. We generated meaningful cash flow from operations in each period presented.

	Year ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	% Change
Core operating activities	\$ 981,981	\$ 708,039	\$ 273,942	39%
Net realized performance income	50,119	161,141	(111,022)	(69)
Net cash used in investment related activities	(558,993)	(236,212)	(322,781)	137
<b>Net cash provided by operating activities</b>	<b>\$ 473,107</b>	<b>\$ 632,968</b>	<b>(159,861)</b>	<b>(25)</b>

Cash generated from our core operating activities increased as a result of growing fee revenues and sustained profitability. Net realized performance income represents a source of cash and includes incentive fees that are realized annually at the end of the measurement period, which is typically at the end of the calendar year. Cash from these realizations are generally received in the period subsequent to the measurement period. Our incentive fee realizations were higher in the fourth quarter of 2021 compared to the fourth quarter of 2022, which resulted in a decrease in cash payments received over the comparative periods.

Net cash used in investment related activities for the year ended December 31, 2023 primarily represents: (i) purchases associated with funding capital commitments and strategic investments in our investment portfolio; (ii) interest payments on our debt obligations; offset by (iii) distributions received from our capital investments; and (iv) sales of our capital investments to employees. Our investment related activities may fluctuate depending on timing of capital investments and distributions of each fund from year to year. For further discussion of our capital commitments, see “Note 8. Commitments and Contingencies,” within our consolidated financial statements included in this Annual Report on Form 10-K.

Our working capital needs are generally rising to support the growth of our business, while the capital requirements needed to support fund-related activities vary based upon the specific investment activities being conducted during such period.

*Investing Activities*

	Year ended December 31,	
	2023	2022
Purchase of furniture, equipment and leasehold improvements, net of disposals	\$ (67,183)	\$ (35,796)
Acquisitions, net of cash acquired	(43,896)	(301,583)
<b>Net cash used in investing activities</b>	<b>\$ (111,079)</b>	<b>\$ (337,379)</b>

Net cash used in the Company’s investing activities was principally composed of cash to purchase furniture, fixtures, equipment and leasehold improvements during both years to support the growth in our staffing levels and to expand our global presence. Net cash used in the Company's investing activities included cash used to complete the Crescent Point Acquisition in the current year and to complete the Infrastructure Debt Acquisition in the prior year.

*Financing Activities*

	Year ended December 31,	
	2023	2022
Net borrowings of Credit Facility	\$ 195,000	\$ 285,000
Proceeds from issuance of senior notes	499,010	488,915
Class A and non-voting common stock dividends	(599,934)	(447,634)
AOG unitholder distributions	(430,732)	(388,730)
Stock option exercises	85,959	21,205
Taxes paid related to net share settlement of equity awards	(157,007)	(201,311)
Other financing activities	2,943	4,055
<b>Net cash used in the Company’s financing activities</b>	<b>\$ (404,761)</b>	<b>\$ (238,500)</b>

As a result of generating higher fee related earnings, we increased the level of dividends paid to a growing shareholder base of Class A and non-voting common stockholders and distributions paid to AOG unitholders, resulting in net cash used in the Company’s financing activities for the years ended December 31, 2023 and 2022.

In connection with the vesting of restricted units that are granted to our employees under the 2023 Equity Incentive Plan (the “Equity Incentive Plan”) and the predecessor plan, we withhold shares equal to the fair value of our employees tax withholding liabilities and pay the taxes on their behalf in cash and thus net issue fewer shares. The use of cash decreased from the prior year primarily as a result of fewer restricted units that vested in the current year and that a greater number of restricted units vested in the prior year primarily due to certain non-recurring awards that cliff vested in their entirety on the fifth anniversary of their applicable grant dates. This decrease was partially offset by our higher stock price, which resulted in employees recognizing additional compensation. For the years ended December 31, 2023 and 2022, we net settled and did not issue 1.7 million shares and 2.4 million shares, respectively. The Company’s financing activities also included cash received from stock options exercises with 5.1 million and 1.1 million options exercised for the years ended December 31, 2023 and 2022, respectively.

Additionally, the Company’s financing activities for the years ended December 31, 2023 and 2022 included the net proceeds from the issuance of the 2028 Senior Notes and 2052 Senior Notes, respectively. A portion of these proceeds was used to repay borrowings under our Credit Facility and to fund strategic growth initiatives in the current year and to fund the Infrastructure Debt Acquisition in the prior year.

## **Capital Resources**

We intend to use a portion of our available liquidity to pay cash dividends to our Class A and non-voting common stockholders on a quarterly basis in accordance with our dividend policy. Our ability to make cash dividends is dependent on a myriad of factors, including among others: general economic and business conditions; our strategic plans and prospects; our business and investment opportunities; timing of capital calls by our funds in support of our commitments; our financial condition and operating results; working capital requirements and other anticipated cash needs; contractual restrictions and obligations; legal, tax and regulatory restrictions; restrictions on the payment of distributions by our subsidiaries to us and other relevant factors.

We are required to maintain minimum net capital balances for regulatory purposes for our broker-dealer entities. These net capital requirements are met in part by retaining cash, cash equivalents and investment securities. Additionally, certain of our subsidiaries operating outside the U.S. are also subject to capital adequacy requirements in each of the applicable jurisdictions. As a result, we may be restricted in our ability to transfer cash between different operating entities and jurisdictions. As of December 31, 2023, we were required to maintain approximately \$64.9 million in net assets within these subsidiaries to meet regulatory net capital and capital adequacy requirements. We remain in compliance with all regulatory requirements.

Holders of AOG Units, subject to the terms of the exchange agreement, may exchange their AOG Units for shares of our Class A common stock on a one-for-one basis. These exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of AMC that otherwise would not have been available. These increases in tax basis may increase depreciation and amortization for U.S. income tax purposes and thereby reduce the amount of tax that we would otherwise be required to pay in the future. We entered into the TRA that provides payment to the TRA recipients of 85% of the amount of actual cash savings, if any, in U.S. federal, state, local and foreign income tax or franchise tax that we actually realize as a result of these increases in tax basis and of certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA and interest accrued thereon (“Tax Benefit Payment”). Effective as of May 1, 2023, pursuant to an amendment to the TRA, to the extent Ares Owners Holdings L.P. would have been a recipient of certain Tax Benefit Payments under the TRA for taxable exchanges on or after May 1, 2023, Ares Owners Holdings L.P. will no longer be entitled to any Tax Benefit Payment for such exchanges. Future payments under the TRA in respect of subsequent exchanges are expected to be substantial. The TRA liability balance was \$191.3 million and \$118.5 million as of December 31, 2023 and 2022, respectively.

For a discussion of our debt obligations, including the debt obligations of our consolidated funds, see “Note 6. Debt,” within our consolidated financial statements included in this Annual Report on Form 10-K.

## **Critical Accounting Estimates**

We prepare our consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments, however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change the underlying assumptions, estimates or judgments. See “—Components of Consolidated Results of Operations” and “Note 2. Summary of Significant Accounting Policies,” within our consolidated financial statements included in this Annual Report on Form 10-K for a summary of our significant accounting policies.

## **Principles of Consolidation**

We consolidate entities based on either a variable interest model or voting interest model. As such, for entities that are determined to be variable interest entities (“VIEs”), we consolidate those entities where we have both significant economics and the power to direct the activities of the entity that impact economic performance. For limited partnerships and similar entities evaluated under the voting interest model, we do not consolidate those entities for which we act as the general partner unless we hold a majority voting interest.

The consolidation guidance requires qualitative and quantitative analysis to determine whether our involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., management fees and performance related income), would give us a controlling financial interest. This analysis requires judgment. These

judgments include: (i) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support; (ii) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the success of the entity; (iii) determining whether two or more parties' equity interests should be aggregated; (iv) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity; and (v) evaluating the nature of relationships and activities of the parties involved in determining which party within a related-party group is most closely associated with a VIE and hence would be deemed the primary beneficiary.

The creditors of the consolidated VIEs do not have recourse to us other than to the assets of the respective consolidated VIEs. The assets and liabilities of the consolidated VIEs are comprised primarily of investments and loans payable, respectively.

#### ***Fair Value Measurement***

GAAP establishes a hierarchical disclosure framework prioritizing the inputs used in measuring financial instruments at fair value into three levels based on their market observability. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available quoted prices from an active market or where fair value can be measured based on actively quoted prices generally have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value.

Financial assets and liabilities measured and reported at fair value are classified as follows:

- *Level I*—Quoted prices in active markets for identical instruments.
- *Level II*—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model-derived valuations with directly or indirectly observable significant inputs. Level II inputs include prices in markets with few transactions, non-current prices, prices for which little public information exists or prices that vary substantially over time or among brokered market makers. Other inputs include interest rate, yield curve, volatility, prepayment risk, loss severity, credit risk and default rate.
- *Level III*—Valuations that rely on one or more significant unobservable inputs. These inputs reflect the Company's assessment of the assumptions that market participants would use to value the instrument based on the best information available.

In some instances, an instrument may fall into multiple levels of the fair value hierarchy. In such instances, the instrument's level within the fair value hierarchy is based on the lowest of the three levels (with Level III being the lowest) that is significant to the fair value measurement. Our assessment of the significance of an input requires judgment and considers factors specific to the instrument. See "Note 5. Fair Value," within our consolidated financial statements included in this Annual Report on Form 10-K for a summary of our valuation of investments and other financial instruments by fair value hierarchy levels.

#### ***Acquisitions***

Management's determination of fair value of assets acquired and liabilities assumed at the acquisition date is based on the best information available in the circumstances and may incorporate management's own assumptions and involve a significant degree of judgment. We use our best estimates and assumptions to accurately assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets. For business combinations accounted for under the acquisition method, the purchase consideration, including the fair value of certain elements of contingent consideration as of the acquisition date, in excess of the fair value of net assets acquired is recorded as goodwill. Conversely, any excess of the fair value of the net assets acquired over the purchase consideration is recognized as a bargain purchase gain. Examples of critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful lives, discount rates and income tax rates. Our estimates for future cash flows are based on historical data, internal estimates and external sources, and are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying assets acquired. We estimate the useful lives of the intangible assets based on the expected period over which we anticipate generating economic benefit from the asset. We base our estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates or actual results.

### ***Impairment of Intangible Assets***

We evaluate intangible assets for impairment annually, or if certain events occur or circumstances change indicating that the carrying amount of the intangible asset may not be recoverable. We evaluate impairment by comparing the estimated undiscounted cash flows attributable to the intangible asset being evaluated with its carrying amount. If an impairment is determined to exist, we accelerate amortization expense so that the carrying amount represents fair value. We estimate fair value using a discounted future cash flow methodology. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our strategic plans. We base our estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Additionally, future estimates may differ materially from current estimates and assumptions.

### ***Income Taxes***

The Company is taxed as corporation for U.S. federal and state income tax purposes. We use the liability method of accounting for deferred income taxes pursuant to GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the statutory tax rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized during the year the change is enacted. A valuation allowance is recorded on our net deferred tax assets when it is more likely than not that such assets will not be realized or when timing is unknown. When evaluating the realizability of our deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies and expectations of future earnings.

Under GAAP, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. We analyze our tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where we are required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, we determine that uncertainties in tax positions exist, a liability is established. We recognize accrued interest and penalties related to unrecognized tax positions within interest expense and general, administrative and other expenses, respectively, within the Consolidated Statements of Operations.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties under GAAP. We review our tax positions quarterly and adjust our tax balances as new legislation is passed or new information becomes available.

### ***Recent Accounting Pronouncements***

Information regarding recent accounting pronouncements and their impact on the Company can be found in “Note 2. Summary of Significant Accounting Policies,” within our consolidated financial statements included in this Annual Report on Form 10-K.

**Contractual Obligations, Commitments and Contingencies and Other Arrangements**

In the normal course of business, we enter into contractual obligations that may require future cash payments. We may also engage in off-balance sheet arrangements, including guarantees, capital commitments to funds, indemnifications and potential contingent repayment obligations. The following table sets forth our contractual obligations and capital commitments of the Company and of the Consolidated Funds as of December 31, 2023 (\$ in thousands):

	Less than 1 year	1 - 3 years	4 - 5 years	Thereafter	Total
<b>The Company:</b>					
Operating lease obligations <sup>(1)</sup>	\$ 52,911	\$ 105,865	\$ 70,328	\$ 181,823	\$ 410,927
Debt obligations payable <sup>(2)</sup>	249,427	—	1,389,863	1,326,190	2,965,480
Interest obligations on debt <sup>(3)</sup>	130,259	240,518	168,462	866,069	1,405,308
Other long-term obligations <sup>(4)</sup>	1,892	1,524	91	—	3,507
Capital commitments <sup>(5)</sup>	1,030,623	—	—	—	1,030,623
<b>Subtotal</b>	<b>1,465,112</b>	<b>347,907</b>	<b>1,628,744</b>	<b>2,374,082</b>	<b>5,815,845</b>
<b>Consolidated Funds:</b>					
Debt obligations payable	125,241	1,057,053	71,025	11,429,585	12,682,904
Interest obligations on debt <sup>(3)</sup>	781,240	1,538,417	1,483,688	2,682,665	6,486,010
Capital commitments of Consolidated Funds <sup>(5)</sup>	771,485	—	—	—	771,485
	<b>\$ 3,143,078</b>	<b>\$ 2,943,377</b>	<b>\$ 3,183,457</b>	<b>\$ 16,486,332</b>	<b>\$ 25,756,244</b>

- (1) The table includes future minimum commitments for our operating leases, including leases that have been executed but have not yet commenced. The majority of our operating lease obligations represents office space agreements with expirations through June 2036. Rent expense includes only base contractual rent.
- (2) Debt obligations include \$1,650.0 million of senior notes and \$450.0 million of subordinated notes, net of unamortized discount, and outstanding balance under the Credit Facility as of December 31, 2023.
- (3) Interest obligations reflect future interest payments on outstanding debt obligations with stated interest rates for fixed rate debt and at the prevailing rate in effect as of the reporting date for floating rate debt.
- (4) Represents payment obligations with respect to long-term service contracts entered into by the Company and future minimum commitments for our finance leases.
- (5) Represents commitments to fund certain investments or to support certain strategic investments. These amounts are generally due on demand and are therefore presented as obligations payable in less than one-year.

We entered into a TRA with the TRA Recipients that requires us to pay them 85% of any cash tax savings, if any, realized by AMC from any step-up in tax basis resulting from an exchange of AOG Units for shares of our Class A common stock or, at our option, for cash. Because the timing of amounts to be paid under the TRA cannot be determined, this contractual commitment has not been presented in the table above. The cash tax savings, if any, achieved may not ensure that we have sufficient cash available to pay this liability, and we may be required to incur additional debt to satisfy this liability.

For further discussion of our capital commitments, indemnification arrangements and contingent obligations, see “Note 8. Commitments and Contingencies,” within our consolidated financial statements included in this Annual Report on Form 10-K.



## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Our primary exposure to market risk is related to our role as general partner or investment adviser to our funds and the sensitivity to movements in the fair value of their investments, including the effect on management fees, carried interest, incentive fees and investment income.

### **Market Risk**

The market price of investments may significantly fluctuate during the period of investment. Investments may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of an investment may decline due to general market conditions, which are not specifically related to such investment, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. It may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Our credit orientation has been a central tenet of our business across our debt and equity investment strategies. We believe the combination of high-quality proprietary information flow and a consistent, rigorous approach to managing investments across our strategies has been, and we believe will continue to be, a major driver of our strong risk-adjusted returns and the stability and predictability of our income.

### ***Effect on Management Fees***

Management fees are generally based on a defined percentage of fair value of assets, capital commitments, invested capital, NAV, net investment income, total assets or par value of the investment portfolios we manage. Management fees calculated based on fair value of assets or net investment income are affected by short-term changes in market values.

The overall impact of a short-term change in market value may be mitigated by a number of factors including, but not limited to, fee definitions that are not based on market value including invested capital and capital commitments, market value definitions that exclude the impact of realized and/or unrealized gains and losses, market value definitions based on beginning of the period values or a form of average market value including daily, monthly or quarterly averages as well monthly or quarterly payment terms.

For the year ended December 31, 2023, management fees from funds that are impacted by changes in market value and have underlying investments held in liquid strategies were approximately 3%. As such, a hypothetical 10% decrease in fair value of our managed funds' investments as of December 31, 2023 would not have a material impact on our management fees.

### ***Effect on Carried Interest and Incentive Fees***

We earn carried interest and incentive fees from certain of our funds when such funds achieve specified performance criteria. Our carried interest and incentive fees will be impacted by changes in market risk factors. However, several major factors will influence the degree of impact, including, but not limited to, the following:

- the performance criteria for each individual fund in relation to how that fund's results of operations are impacted by changes in market risk factors;
- whether such performance criteria are measured annually or over the life of the fund;
- to the extent applicable, the prior-period performance of each fund in relation to its performance criteria; and
- whether each funds' performance related distributions are subject to contingent repayment.

As a result, the impact of changes in market risk factors on carried interest and incentive fees will vary widely from fund to fund. An overall increase of 10% in the general equity markets would not necessarily drive the same impact on our funds' ability to generate income or its asset valuations, as a significant portion of our carried interest and incentive fees are from credit-based investments and are generally based on income. Additionally, as a large percentage of our carried interest and incentive fees are paid to employees as performance related compensation, the overall net impact to our income would be mitigated by lower compensation payments.

See “Note 8. Commitments and Contingencies,” within our consolidated financial statements included in this Annual Report on Form 10-K for discussion on amount of carried interest, net of tax distributions, subject to contingent repayment if we assumed all existing investments were worthless.

### ***Effect on Investment Income***

An investment gain (loss) is realized when all or a portion of our investment is returned to us. Unrealized investment gain (loss) results from changes in the fair value of the underlying investment as well as the reversal of unrealized appreciation (depreciation) at the time an investment is realized.

Changes in the fair values of our funds’ investments directly impact unrealized principal investment income and unrealized gains on investments. A hypothetical incremental 10% decrease in the fair value of our investments as of December 31, 2023 would result in declines in principal investment income and unrealized gains on investments of \$124.5 million and \$79.1 million, respectively.

### **Exchange Rate Risk**

We and our funds hold investments that are denominated in foreign currencies that may be affected by movements in the rate of exchange between those currencies and the U.S. dollar. Movements in the exchange rate between currencies impact the management fees, carried interest and incentive fees earned by funds with fee paying AUM denominated in foreign currencies as well as by funds with fee paying AUM denominated in U.S. dollars that hold investments denominated in foreign currencies. Additionally, movements in the exchange rate impact operating expenses for our global offices that transact in foreign currencies and the revaluation of assets and liabilities denominated in non-functional currencies, including cash balances and investments.

We manage our exposure to exchange rate risks through our regular operating activities, wherein we utilize payments received in foreign currencies to fulfill obligations in foreign currencies, and, when appropriate, through the use of derivative financial instruments to hedge the net foreign currency exposure in: the funds that we advise; the balance sheet exposure for certain direct investments denominated in foreign currencies; and the cash flow exposure for foreign currencies.

A portion of our management fees, carried interest, incentive fees and investments are denominated in foreign currencies that may be affected by movements in the rate of exchange between currencies. We estimate that as of December 31, 2023 a hypothetical 10% decline in the rate of exchange of all foreign currencies against the U.S. dollar would not result in a material change to management fees, carried interest, incentive fees or investments for the year ended December 31, 2023, and would be largely offset by the currency conversions of the expenses denominated in foreign currencies.

### **Interest Rate Risk**

Our Credit Facility provides a \$1.325 billion revolving line of credit with the ability to upsize to \$1.65 billion (subject to obtaining commitments for any such additional borrowing capacity) with a maturity date of March 31, 2027. As of December 31, 2023, we had \$895.0 million borrowings outstanding under the Credit Facility. For a further discussion of our Credit Facility, see “Note 6. Debt,” within our consolidated financial statements included in this Annual Report on Form 10-K.

We estimate that in the event of a 100 basis point increase in interest rates, to the extent there is an outstanding revolver balance, we would be subject to the variable rate and would expect our interest expense to increase commensurately.

As credit-oriented investors, we are also subject to interest rate risk through the securities we hold in our Consolidated Funds. A 100 basis point increase in interest rates would be expected to negatively affect the fair value of securities that accrue interest income at fixed rates and therefore negatively impact net change in unrealized gains on investments of the Company and the Consolidated Funds. The actual impact is dependent on the average duration and the amount of such holdings. Conversely, securities that accrue interest at variable rates would be expected to benefit from a 100 basis points increase in interest rates because these securities would generate higher levels of current income. This would positively impact interest and dividend income but have an offsetting decrease in the fair value of the securities and negatively impact the net change in unrealized gains. In the cases where our funds pay management fees based on NAV, we would expect our segment management fees to experience a change in direction and magnitude corresponding to that experienced by the underlying portfolios.

## **Credit Risk**

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting to reputable financial institutions the counterparties with which we enter into financial transactions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

In the ordinary course of business, we may extend loans to our funds or guarantee credit facilities held by our funds and could be subject to risk of loss or repayment if our funds do not perform.

Certain of our funds' investments include lower-rated and comparable quality unrated distressed investments and other instruments. These issuers can be more sensitive to adverse market conditions, such as a recession or increasing interest rates, as compared to higher rated issuers. We seek to minimize risk exposure by subjecting each prospective investment to our rigorous, credit-oriented investment approach.

## **Item 8. Financial Statements and Supplementary Data**

The information required by this item is incorporated by reference to the consolidated financial statements and accompanying notes set forth in the F-pages of this Annual Report on Form 10-K.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2023. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of December 31, 2023, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

### **Report of Management on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a material misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023. The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on the effectiveness of the Company's internal control over financial reporting. Their report follows.

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Ares Management Corporation

### Opinion on Internal Control Over Financial Reporting

We have audited Ares Management Corporation's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Ares Management Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 27, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, California  
February 27, 2024

## Item 9B. Other Information

### Rule 10b5-1 Trading Plans

During the three months ended December 31, 2023, certain executive officers and directors of the Company or a vehicle controlled by them (each, a “Plan Participant”) entered into Rule 10b5-1 trading plan (a “Rule 10b5-1 Trading Plan”) to sell shares of the Company’s Class A common stock, in each case, subject to any applicable volume limitations.

The table below provides certain information regarding each Plan Participant’s Rule 10b5-1 Trading Plan.

Name and Title	Plan Date	Maximum Shares That May Be Sold Under the Plan	Plan Expiration Date
Bennett Rosenthal, Director, Co-Founder and Chairman of Private Equity Group	December 14, 2023	250,000	December 1, 2024
David Kaplan, Director and Co-Founder	December 14, 2023	250,000	December 1, 2024
Michael Arougheti, Director, Co-Founder, Chief Executive Officer & President	December 14, 2023	999,585	February 1, 2025
Antony Ressler, Executive Chairman & Co-Founder	December 15, 2023	2,000,000	March 1, 2025

A Rule 10b5-1 Trading Plan is a written document that pre-establishes the amounts, prices and dates (or formulas for determining the amounts, prices and dates) of future purchases or sales of the Company’s common stock, including, if applicable, shares issued upon exercise of stock options or vesting of restricted stock units.

Each Plan Participant’s Rule 10b5-1 Trading Plan was adopted during an authorized trading period and when such Plan Participant was not in possession of material non-public information and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

### Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

## PART III.

### Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2023.

### Item 11. Executive Compensation

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2023.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2023.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2023.

**Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2023.

**PART IV.****Item 15. Exhibits, Financial Statement Schedules**

## (a) Documents Filed with Report:

Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)

Consolidated Statements of Financial Condition as of December 31, 2023 and 2022

Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021

Notes to Consolidated Financial Statements

## (b) Exhibits.

The following is a list of all exhibits filed or furnished as part of this report.

Exhibit No.	Description
<a href="#">3.1</a>	Second Amended and Restated Certificate of Incorporation of Ares Management Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on November 7, 2022).
<a href="#">3.2</a>	Bylaws of Ares Management Corporation (incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on November 15, 2018).
<a href="#">4.1*</a>	Description of Ares Management Corporation's Securities.
<a href="#">4.2</a>	Indenture dated as of October 8, 2014 among Ares Finance Co. LLC, Ares Management, L.P., Ares Holdings Inc., Ares Domestic Holdings Inc., Ares Real Estate Holdings LLC, Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., Ares Management LLC, Ares Investments Holdings LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on October 8, 2014).
<a href="#">4.3</a>	First Supplemental Indenture dated as of October 8, 2014 among Ares Finance Co. LLC, Ares Management, L.P., Ares Holdings Inc., Ares Domestic Holdings Inc., Ares Real Estate Holdings LLC, Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., Ares Management LLC, Ares Investments Holdings LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on October 8, 2014).
<a href="#">4.4</a>	First Amendment, dated as of August 7, 2015, to the First Supplemental Indenture, dated October 8, 2014, to the indenture, dated October 8, 2014, among Ares Finance Co. LLC, the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on August 7, 2015).
<a href="#">4.5</a>	Form of 4.000% Senior Note due 2024 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on October 8, 2014).
<a href="#">4.6</a>	Form of 7.00% Series A Preferred Stock Certificate (incorporated by reference to Exhibit 99.5 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on November 15, 2018).
<a href="#">4.7</a>	Indenture dated as of June 15, 2020 among Ares Finance Co. II LLC, Ares Holdings L.P., Ares Investments L.P., Ares Management LLC, Ares Investments Holdings LLC, Ares Finance Co. LLC and Ares Offshore Holdings L.P. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on June 15, 2020).
<a href="#">4.8</a>	First Supplemental Indenture dated as of June 15, 2020 among Ares Finance Co. II LLC, Ares Holdings L.P., Ares Investments L.P., Ares Management LLC, Ares Investments Holdings LLC, Ares Finance Co. LLC and Ares Offshore Holdings L.P. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on June 15, 2020).
<a href="#">4.9</a>	Form of 3.250% Senior Note due 2030 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on June 15, 2020).



Exhibit No.	Description
<a href="#">4.10</a>	Indenture dated as of June 30, 2021 among Ares Finance Co. III LLC, Ares Holdings L.P., Ares Investments Holdings LLC, Ares Management LLC, Ares Finance Co. LLC, Ares Finance Co. II LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on 8-K (File No. 001-36429) filed with the SEC on July 1, 2021).
<a href="#">4.11</a>	Form of 4.125% Fixed Rate Resetable Subordinated Notes due 2051 incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on July 1, 2021).
<a href="#">4.12</a>	Indenture dated as of January 21, 2022 among Ares Finance Co. IV LLC, Ares Holdings L.P., Ares Investments Holdings LLC, Ares Management LLC, Ares Finance Co. LLC, Ares Finance Co. II LLC, Ares Finance Co. III LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on 8-K (File No. 001-36429) filed with the SEC on January 21, 2022).
<a href="#">4.13</a>	First Supplemental Indenture dated as of January 21, 2022 among Ares Finance Co. IV LLC, Ares Holdings L.P., Ares Investments Holdings LLC, Ares Management LLC, Ares Finance Co. LLC, Ares Finance Co. II LLC, Ares Finance Co. III LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on January 21, 2022).
<a href="#">4.14</a>	Form of 3.650% Senior Note due 2052 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on January 21, 2022).
<a href="#">4.15</a>	Base Indenture, dated as of November 10, 2023, by and between Ares Management Corporation and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on November 13, 2023).
<a href="#">4.16</a>	First Supplemental Indenture, dated as of November 10, 2023, by and among Ares Management Corporation, Ares Holdings L.P., Ares Management LLC, Ares Investments Holdings LLC, Ares Finance Co. LLC, Ares Finance Co. II LLC, Ares Finance Co. III LLC and Ares Finance Co. IV LLC, as the guarantors, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on November 13, 2023).
<a href="#">4.17</a>	Form 6.375% Senior Notes due 2028 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on November 13, 2023).
<a href="#">10.1</a>	Fourth Amended and Restated Limited Partnership Agreement of Ares Holdings L.P., dated April 1, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.2</a>	Investor Rights Agreement, dated November 26, 2018 (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.3#</a>	Third Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.4</a>	Fifth Amended and Restated Exchange Agreement, dated April 1, 2021 (incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.5</a>	Fourth Amended and Restated Tax Receivable Agreement, dated May 1, 2023 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on May 8, 2023).
<a href="#">10.6</a>	Sixth Amended and Restated Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings LLC, Ares Domestic Holdings L.P., Ares Investments LLC, Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1/A (File No. 333-194919) filed with the SEC on April 28, 2014).
<a href="#">10.7</a>	Amendment No. 1, dated as of July 15, 2014, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on November 12, 2014).
<a href="#">10.8</a>	Amendment No. 2, dated as of September 24, 2014, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on November 12, 2014).

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.9</a>	Amendment No. 3, dated as of July 23, 2015, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on July 28, 2015).
<a href="#">10.10</a>	Amendment No. 4, dated as of August 5, 2015, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on August 7, 2015).
<a href="#">10.11</a>	Amendment No. 5, dated as of December 16, 2015, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on December 21, 2015).
<a href="#">10.12</a>	Amendment No. 6, dated as of May 23, 2016, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Domestic Holdings L.P., Ares Investments L.P., Ares Real Estate Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on May 26, 2016).
<a href="#">10.13</a>	Amendment No. 7, dated as of February 24, 2017, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Investments L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-36429), filed with the SEC on February 27, 2017).
<a href="#">10.14</a>	Amendment No. 8, dated as of March 21, 2019, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Investments L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on March 26, 2019).
<a href="#">10.15</a>	Amendment No. 9, dated as of March 30, 2020, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Investments L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on April 1, 2020).
<a href="#">10.16</a>	Amendment No. 10, dated as of March 31, 2021, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., Ares Investments L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on April 2, 2021).
<a href="#">10.17</a>	Restated Investment Advisory and Management Agreement between Ares Capital Corporation and Ares Capital Management LLC, dated as of June 6, 2011 (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1/A (File No. 333-194919) filed with the SEC on April 16, 2014).
<a href="#">10.18</a>	Second Amended and Restated Investment Advisory and Management Agreement, dated June 6, 2019, between Ares Capital Corporation and Ares Capital Management LLC (incorporated by reference to exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on November 6, 2019).
<a href="#">10.19#</a>	Form of Restricted Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-8 POS (File No. 333-225271) filed with the SEC on November 26, 2018).
<a href="#">10.20#</a>	Form of Option Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.21#</a>	Form of Phantom Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.22</a>	Form of ARCC Incentive Fee Award (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1/A (File No. 333-194919) filed with the SEC on April 11, 2014).

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.23</a>	Form of Amended and Restated Limited Partnership Agreement of Carry Vehicles (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-36429), filed with the SEC on February 29, 2016).
<a href="#">10.24</a>	Form of Supplemental Agreement for Carried Interest (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-36429), filed with the SEC on February 29, 2016).
<a href="#">10.25</a>	Form of Annual Incentive Fee Award Letter (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-36429), filed with the SEC on February 27, 2017).
<a href="#">10.26*#</a>	Form of Annual Incentive Fee Award Letter.
<a href="#">10.27#</a>	Form of Deferred Restricted Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-8 POS (File No. 333-225271) filed with the SEC on November 26, 2018).
<a href="#">10.28#</a>	Form of Director Restricted Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-8 POS (File No. 333-225271) filed with the SEC on November 26, 2018).
<a href="#">10.29#</a>	Restricted Unit Agreement, dated as of July 31, 2018, by and between Michael J Arougheti and Ares Management, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36429) filed with the SEC on August 6, 2018).
<a href="#">10.30</a>	Stock Purchase Agreement, dated July 9, 2019, between GBIG Holdings, Inc. and Aspida Holdco, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File 001-36429) filed with the SEC on July 9, 2019).
<a href="#">10.31</a>	Share Purchase Agreement, dated March 27, 2020, between Sumitomo Mitsui Banking Corporation and Ares Management Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File 001-36429) filed with the SEC on March 30, 2020).
<a href="#">10.32</a>	Investor Rights Agreement, dated March 31, 2020, by and between Sumitomo Mitsui Banking Corporation and Ares Management Corporation (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.33#</a>	Form of Executive Officer Time-Based Restricted Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-36429) filed with the SEC on February 25, 2021).
<a href="#">10.34#</a>	Form of Executive Officer Performance-Based Restricted Unit Agreement under the Second Amended & Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-36429) filed with the SEC on February 25, 2021).
<a href="#">10.35#</a>	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.36</a>	Share Purchase Agreement, dated April 5, 2021, by and between Sumitomo Mitsui Banking Corporation and Ares Management Corporation (incorporated by reference to Exhibit 1.2 to the Registrant's Current Report on 8-K (File No. 001-36429) filed with SEC on April 8, 2021).
<a href="#">10.37</a>	Nomination Agreement, dated February 23, 2022, by and between Ares Management Corporation and Ares Partners Holdco LLC (incorporated by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 001-36429) filed with the SEC on February 28, 2022).
<a href="#">10.38</a>	Amendment No. 11, dated as of March 31, 2022, to the Sixth Amended and Restated Senior Credit Agreement, dated as of April 21, 2014, by and among Ares Holdings L.P., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36429) filed with the SEC on April 6, 2022).
<a href="#">10.39#</a>	Form of Restricted Unit Agreement under the Third Amended & Restated 2014 Equity Incentive Plan.
<a href="#">10.40#</a>	Form of Deferred Restricted Unit Agreement under the Third Amended & Restated 2014 Equity Incentive Plan.
<a href="#">10.41#</a>	Ares Management Corporation 2023 Equity Incentive Plan (incorporated herein by reference to Annex B to the Registrant's Definitive Proxy Statement (File No. 001-36429) filed with the Commission on April 28, 2023).

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.42#</a>	Form of Restricted Unit Agreement under the 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-8 (File No. 333-273232) filed with the SEC on July 13, 2023).
<a href="#">10.43#</a>	Form of Deferred Restricted Unit Agreement under the 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-273232) filed with the SEC on July 13, 2023).
<a href="#">10.44#</a>	Form of Director Restricted Unit Agreement under the 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-8 (File No. 333-273232) filed with the SEC on July 13, 2023).
<a href="#">10.45#</a>	Form of Executive Officer Time-Based Restricted Unit Agreement under the 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-8 (File No. 333-273232) filed with the SEC on July 13, 2023).
<a href="#">10.46#</a>	Form of Executive Officer Performance-Based Restricted Unit Agreement under the 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-8 (File No. 333-273232) filed with the SEC on July 13, 2023).
<a href="#">10.47#</a>	Form of Annual Incentive Fee Restricted Unit Agreement under the 2023 Equity Incentive Plan.
<a href="#">10.48*</a>	Form of Aircraft Time Sharing Agreement.
<a href="#">21.1*</a>	Subsidiaries of Ares Management Corporation.
<a href="#">23.1*</a>	Consent of Ernst and Young LLP.
<a href="#">31.1*</a>	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
<a href="#">31.2*</a>	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
<a href="#">32.1**</a>	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
<a href="#">97*</a>	Policy Relating to Recovery of Erroneously Awarded Compensation (Clawback Policy).
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith.

\*\* These certifications are not deemed filed by the SEC and are not to be incorporated by reference in any filing we make under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

# Denotes a management contract or compensation plan or arrangement.

#### **Item 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, *thereunto* duly authorized.

ARES MANAGEMENT CORPORATION

Dated: February 27, 2024

By: /s/ Michael J Arougheti  
Name: Michael J Arougheti  
Title: Co-Founder, Chief Executive Officer & President (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: <u>/s/ Antony P. Ressler</u>	
Name: Antony P. Ressler	Dated: February 27, 2024
Title: Executive Chairman & Co-Founder	
By: <u>/s/ Michael J Arougheti</u>	
Name: Michael J Arougheti	Dated: February 27, 2024
Title: Director, Co-Founder, Chief Executive Officer & President (Principal Executive Officer)	
By: <u>/s/ Jarrod Phillips</u>	
Name: Jarrod Phillips	Dated: February 27, 2024
Title: Chief Financial Officer (Principal Financial & Accounting Officer)	
By: <u>/s/ R. Kipp deVeer</u>	
Name: R. Kipp deVeer	Dated: February 27, 2024
Title: Director & Head of Credit Group	
By: <u>/s/ David B. Kaplan</u>	
Name: David B. Kaplan	Dated: February 27, 2024
Title: Director & Co-Founder	
By: <u>/s/ Bennett Rosenthal</u>	
Name: Bennett Rosenthal	Dated: February 27, 2024
Title: Director, Co-Founder & Chairman of Private Equity Group	
By: <u>/s/ Ashish Bhutani</u>	
Name: Ashish Bhutani	Dated: February 27, 2024
Title: Director	
By: <u>/s/ Antoinette Bush</u>	
Name: Antoinette Bush	Dated: February 27, 2024
Title: Director	
By: <u>/s/ Paul G. Joubert</u>	
Name: Paul G. Joubert	Dated: February 27, 2024
Title: Director	
By: <u>/s/ Michael Lynton</u>	
Name: Michael Lynton	Dated: February 27, 2024
Title: Director	
By: <u>/s/ Eileen Naughton</u>	
Name: Eileen Naughton	Dated: February 27, 2024
Title: Director	
By: <u>/s/ Judy D. Olian</u>	
Name: Dr. Judy D. Olian	Dated: February 27, 2024
Title: Director	

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)</a>	<a href="#">F-2</a>
<a href="#">Consolidated Statements of Financial Condition as of December 31, 2023 and 2022</a>	<a href="#">F-4</a>
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021</a>	<a href="#">F-8</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F-9</a>

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Ares Management Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of Ares Management Corporation (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



**Valuation of underlying investments of equity method investments**

*Description of the Matter*

At December 31, 2023, the carrying value of the Company's investments totaled \$4,624.9 million, primarily consisting of equity method private investment partnership interests - principal of \$535.3 million and equity method - carried interest of \$3,413.0 million. As discussed further in Note 2. Summary of Significant Accounting Policies to the consolidated financial statements, the underlying investments of the Company's equity method investments ("underlying investments") are reported at fair value as determined by management by applying the valuation techniques and using the significant unobservable inputs described therein.

Auditing management's determination of the fair value of the underlying investments that are valued using significant unobservable inputs is complex and involves a high degree of auditor subjectivity to address the higher estimation uncertainty.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's investment valuation process for the underlying investments. This included management's review controls over the assessment of the valuation techniques and significant unobservable inputs used to estimate the fair value of the underlying investments and management's review of the completeness and accuracy of the data used in these estimates.

Our audit procedures included, among others, evaluating, on a sample basis, the valuation techniques and significant unobservable inputs used by the Company in valuing the underlying investments and testing, on a sample basis, the mathematical accuracy of the related valuation models.

For example, for a sample of underlying investments that were valued using the market approach, we performed procedures to evaluate the appropriateness of significant unobservable inputs such as the selected earnings before interest, taxes, depreciation and amortization multiples or revenue multiples that were derived from comparable companies. These procedures included assessing the appropriateness of management's determination of the comparable companies, and, where applicable, comparing the selected multiples to market observed transactions of such companies. For a sample of underlying investments that were valued using the discounted cash flow valuation technique, we performed procedures to evaluate the appropriateness of significant unobservable inputs such as the selected discount rates and projections of future cash flows. These procedures included comparing the selected discount rates to market data and/or recalculating these discount rates using investee specific information, such as the weighted average cost of capital. In addition, these procedures included comparing future projections to the current performance and the historical growth rates of the investees as well as to the growth rates of publicly traded comparable companies.

In some instances, with the involvement of our valuation specialists, we independently developed fair value estimates using investee specific and market information and compared our estimates to the fair value of the underlying investments. We searched for and evaluated information that corroborated or contradicted the significant unobservable inputs. We also evaluated subsequent events and transactions and considered whether they corroborated or contradicted the year-end valuations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2011.

Los Angeles, California  
February 27, 2024

**Ares Management Corporation**  
**Consolidated Statements of Financial Condition**  
**(Amounts in Thousands, Except Share Data)**

	As of December 31,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 348,274	\$ 389,987
Investments (includes accrued carried interest of \$3,413,007 and \$3,106,577 as of December 31, 2023 and 2022, respectively)	4,624,932	3,974,734
Due from affiliates	896,746	758,472
Other assets	429,979	381,137
Right-of-use operating lease assets	249,326	155,950
Intangible assets, net	1,058,495	1,208,220
Goodwill	1,123,976	999,656
<i>Assets of Consolidated Funds:</i>		
Cash and cash equivalents	1,149,511	724,641
Investments held in trust account	523,038	1,013,382
Investments, at fair value	14,078,549	12,191,251
Due from affiliates	14,151	15,789
Receivable for securities sold	146,851	124,050
Other assets	86,672	65,570
<b>Total assets</b>	<b>\$ 24,730,500</b>	<b>\$ 22,002,839</b>
<b>Liabilities</b>		
Accounts payable, accrued expenses and other liabilities	\$ 233,884	\$ 231,921
Accrued compensation	287,259	510,130
Due to affiliates	240,254	252,798
Performance related compensation payable	2,514,610	2,282,209
Debt obligations	2,965,480	2,273,854
Operating lease liabilities	319,572	190,616
<i>Liabilities of Consolidated Funds:</i>		
Accounts payable, accrued expenses and other liabilities	189,523	168,286
Due to affiliates	3,554	4,037
Payable for securities purchased	484,117	314,193
CLO loan obligations, at fair value	12,345,657	10,701,720
Fund borrowings	125,241	168,046
<b>Total liabilities</b>	<b>19,709,151</b>	<b>17,097,810</b>
<b>Commitments and contingencies</b>		
<b>Redeemable interest in Consolidated Funds</b>	<b>522,938</b>	<b>1,013,282</b>
<b>Redeemable interest in Ares Operating Group entities</b>	<b>24,098</b>	<b>93,129</b>
<b>Non-controlling interests in Consolidated Funds</b>	<b>1,258,445</b>	<b>1,074,356</b>
<b>Non-controlling interests in Ares Operating Group entities</b>	<b>1,322,469</b>	<b>1,135,023</b>
<b>Stockholders' Equity</b>		
Class A common stock, \$0.01 par value, 1,500,000,000 shares authorized (187,069,907 shares and 173,892,036 shares issued and outstanding as of December 31, 2023 and 2022, respectively)	1,871	1,739
Non-voting common stock, \$0.01 par value, 500,000,000 shares authorized (3,489,911 shares issued and outstanding as of December 31, 2023 and 2022)	35	35
Class B common stock, \$0.01 par value, 1,000 shares authorized (1,000 shares issued and outstanding as of December 31, 2023 and 2022)	—	—
Class C common stock, \$0.01 par value, 499,999,000 shares authorized (117,024,758 shares and 117,231,288 shares issued and outstanding as of December 31, 2023 and 2022, respectively)	1,170	1,172
Additional paid-in-capital	2,391,036	1,970,754
Accumulated deficit	(495,083)	(369,475)
Accumulated other comprehensive loss, net of tax	(5,630)	(14,986)
<b>Total stockholders' equity</b>	<b>1,893,399</b>	<b>1,589,239</b>
<b>Total equity</b>	<b>4,474,313</b>	<b>3,798,618</b>
<b>Total liabilities, redeemable interest, non-controlling interests and equity</b>	<b>\$ 24,730,500</b>	<b>\$ 22,002,839</b>

See accompanying notes to the consolidated financial statements.

**Ares Management Corporation**  
**Consolidated Statements of Operations**  
(Amounts in Thousands, Except Share Data)

	Year ended December 31,		
	2023	2022	2021
<b>Revenues</b>			
Management fees	\$ 2,551,150	\$ 2,136,433	\$ 1,611,047
Carried interest allocation	618,579	458,012	2,073,551
Incentive fees	276,627	301,187	332,876
Principal investment income	36,516	12,279	99,433
Administrative, transaction and other fees	149,012	147,532	95,184
<b>Total revenues</b>	<b>3,631,884</b>	<b>3,055,443</b>	<b>4,212,091</b>
<b>Expenses</b>			
Compensation and benefits	1,486,698	1,498,590	1,162,633
Performance related compensation	607,522	518,829	1,740,786
General, administrative and other expenses	660,146	695,256	444,178
Expenses of Consolidated Funds	43,492	36,410	62,486
<b>Total expenses</b>	<b>2,797,858</b>	<b>2,749,085</b>	<b>3,410,083</b>
<b>Other income (expense)</b>			
Net realized and unrealized gains on investments	77,573	4,732	19,102
Interest and dividend income	19,276	9,399	9,865
Interest expense	(106,276)	(71,356)	(36,760)
Other income, net	4,819	13,119	14,402
Net realized and unrealized gains on investments of Consolidated Funds	262,700	73,386	77,303
Interest and other income of Consolidated Funds	995,545	586,529	437,818
Interest expense of Consolidated Funds	(754,600)	(411,361)	(258,048)
<b>Total other income, net</b>	<b>499,037</b>	<b>204,448</b>	<b>263,682</b>
Income before taxes	1,333,063	510,806	1,065,690
Income tax expense	172,971	71,891	147,385
<b>Net income</b>	<b>1,160,092</b>	<b>438,915</b>	<b>918,305</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	274,296	119,333	120,369
<b>Net income attributable to Ares Operating Group entities</b>	<b>885,796</b>	<b>319,582</b>	<b>797,936</b>
Less: Net income (loss) attributable to redeemable interest in Ares Operating Group entities	226	(851)	(1,341)
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	411,244	152,892	390,440
<b>Net income attributable to Ares Management Corporation</b>	<b>474,326</b>	<b>167,541</b>	<b>408,837</b>
Less: Series A Preferred Stock dividends paid	—	—	10,850
Less: Series A Preferred Stock redemption premium	—	—	11,239
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 474,326</b>	<b>\$ 167,541</b>	<b>\$ 386,748</b>
<b>Net income per share of Class A and non-voting common stock:</b>			
Basic	\$ 2.44	\$ 0.87	\$ 2.24
Diluted	\$ 2.42	\$ 0.87	\$ 2.15
<b>Weighted-average shares of Class A and non-voting common stock:</b>			
Basic	184,523,524	175,510,798	163,703,626
Diluted	195,773,426	175,510,798	180,112,271

Substantially all revenue is earned from affiliated funds of the Company.  
See accompanying notes to the consolidated financial statements.

**Ares Management Corporation**  
**Consolidated Statements of Comprehensive Income**  
**(Amounts in Thousands)**

	Year ended December 31,		
	2023	2022	2021
Net income	\$ 1,160,092	\$ 438,915	\$ 918,305
Foreign currency translation adjustments, net of tax	19,855	(33,911)	(21,464)
<b>Total comprehensive income</b>	<b>1,179,947</b>	<b>405,004</b>	<b>896,841</b>
Less: Comprehensive income attributable to non-controlling interests in Consolidated Funds	278,813	107,793	103,498
Less: Comprehensive income (loss) attributable to redeemable interest in Ares Operating Group entities	185	(1,277)	(1,968)
Less: Comprehensive income attributable to non-controlling interests in Ares Operating Group entities	417,267	144,078	388,812
<b>Comprehensive income attributable to Ares Management Corporation</b>	<b>\$ 483,682</b>	<b>\$ 154,410</b>	<b>\$ 406,499</b>

See accompanying notes to the consolidated financial statements.

**Ares Management Corporation**  
**Consolidated Statements of Changes in Equity**  
**(Amounts in Thousands)**

	Series A Preferred Stock	Class A Common Stock	Non- voting Common Stock	Class C Common Stock	Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest in Ares Operating Group Entities	Non-Controlling Interest in Consolidated Funds	Total Equity
<b>Balance as of December 31, 2020</b>	\$ 298,761	\$ 1,472	\$ —	\$ 1,124	\$ 1,043,669	\$ (151,824)	\$ 483	\$ 738,369	\$ 539,720	\$ 2,471,774
Changes in ownership interests and related tax benefits	—	70	—	(25)	(133,289)	—	—	(97,735)	13,487	(217,492)
Issuances of common stock	—	122	35	—	827,273	—	—	—	—	827,430
Capital contributions	—	—	—	87	—	—	—	539,020	33,644	572,751
Redemption of preferred stock	(310,000)	—	—	—	—	—	—	—	—	(310,000)
Dividends/distributions	(10,850)	—	—	—	—	(324,306)	—	(269,200)	(98,897)	(703,253)
Net income	22,089	—	—	—	—	386,748	—	390,440	120,369	919,646
Currency translation adjustment, net of tax	—	—	—	—	—	—	(2,338)	(1,628)	(16,871)	(20,837)
Equity compensation	—	—	—	—	138,710	—	—	98,481	—	237,191
Stock option exercises	—	20	—	—	37,196	—	—	—	—	37,216
<b>Balance as of December 31, 2021</b>	\$ 1,684	\$ 1,684	\$ 35	\$ 1,186	\$ 1,913,559	\$ (89,382)	\$ (1,855)	\$ 1,397,747	\$ 591,452	\$ 3,814,426
Changes in ownership interests and related tax benefits	—	43	—	(14)	(96,413)	—	—	(105,680)	4,006	(198,058)
Issuances of common stock	—	1	—	—	12,834	—	—	—	—	12,835
Capital contributions	—	—	—	—	—	—	—	5,195	549,396	554,591
Dividends/distributions	—	—	—	—	—	(447,634)	—	(386,843)	(178,291)	(1,012,768)
Net income	—	—	—	—	—	167,541	—	152,892	119,333	439,766
Currency translation adjustment, net of tax	—	—	—	—	—	—	(13,131)	(8,814)	(11,540)	(33,485)
Equity compensation	—	—	—	—	119,580	—	—	80,526	—	200,106
Stock option exercises	—	11	—	—	21,194	—	—	—	—	21,205
<b>Balance as of December 31, 2022</b>	\$ 1,739	\$ 1,739	\$ 35	\$ 1,172	\$ 1,970,754	\$ (369,475)	\$ (14,986)	\$ 1,135,023	\$ 1,074,356	\$ 3,798,618
Changes in ownership interests and related tax benefits	—	59	—	(2)	(60,755)	—	—	93,956	(313,781)	(280,523)
Issuances of common stock	—	26	—	—	239,519	—	—	—	—	239,545
Capital contributions	—	—	—	—	—	—	—	3,887	320,185	324,072
Dividends/distributions	—	—	—	—	—	(599,934)	—	(427,849)	(101,128)	(1,128,911)
Net income	—	—	—	—	—	474,326	—	411,244	274,296	1,159,866
Currency translation adjustment, net of tax	—	—	—	—	—	—	9,356	6,023	4,517	19,896
Equity compensation	—	—	—	—	155,606	—	—	100,185	—	255,791
Stock option exercises	—	47	—	—	85,912	—	—	—	—	85,959
<b>Balance as of December 31, 2023</b>	\$ 1,871	\$ 1,871	\$ 35	\$ 1,170	\$ 2,391,036	\$ (495,083)	\$ (5,630)	\$ 1,322,469	\$ 1,258,445	\$ 4,474,313

See accompanying notes to the consolidated financial statements.

**Ares Management Corporation**  
**Consolidated Statements of Cash Flows**  
(Amounts in Thousands)

	Year ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
<b>Net income</b>	<b>\$ 1,160,092</b>	<b>\$ 438,915</b>	<b>\$ 918,305</b>
Adjustments to reconcile net income to net cash used in operating activities:			
Equity compensation expense	255,965	200,391	237,191
Depreciation and amortization	231,712	341,341	113,293
Net realized and unrealized (gains) losses on investments	(90,737)	10,929	(88,978)
Other non-cash amounts	74	—	(31,070)
Investments purchased	(507,932)	(371,124)	(340,199)
Proceeds from sale of investments	206,163	182,493	273,382
Adjustments to reconcile net income to net cash used in operating activities allocable to non-controlling interests in Consolidated Funds:			
Net realized and unrealized gains on investments	(262,700)	(73,386)	(77,303)
Other non-cash amounts	(101,465)	(33,822)	(35,879)
Investments purchased	(8,847,856)	(9,434,029)	(13,067,564)
Proceeds from sale of investments	8,149,617	8,198,812	9,970,609
Cash flows due to changes in operating assets and liabilities:			
Net carried interest and incentive fees receivable	(48,858)	(20,612)	(745,021)
Due to/from affiliates	(220,421)	39,073	(180,928)
Other assets	21,532	(105,205)	213,825
Accrued compensation and benefits	20,383	200,769	142,815
Accounts payable, accrued expenses and other liabilities	27,864	(51,685)	125,168
Cash flows due to changes in operating assets and liabilities allocable to redeemable and non-controlling interest in Consolidated Funds:			
Change in cash and cash equivalents held at Consolidated Funds	(424,870)	324,550	(526,815)
Net cash relinquished with consolidation/deconsolidation of Consolidated Funds	(623)	—	(39,539)
Change in other assets and receivables held at Consolidated Funds	(20,247)	151,895	(180,953)
Change in other liabilities and payables held at Consolidated Funds	219,046	(733,417)	723,616
<b>Net cash used in operating activities</b>	<b>(233,261)</b>	<b>(734,112)</b>	<b>(2,596,045)</b>
<b>Cash flows from investing activities:</b>			
Purchase of furniture, equipment and leasehold improvements, net of disposals	(67,183)	(35,796)	(27,226)
Acquisitions, net of cash acquired	(43,896)	(301,583)	(1,057,407)
<b>Net cash used in investing activities</b>	<b>(111,079)</b>	<b>(337,379)</b>	<b>(1,084,633)</b>
<b>Cash flows from financing activities:</b>			
Net proceeds from issuance of Class A and non-voting common stock	—	—	827,430
Proceeds from Credit Facility	1,410,000	1,380,000	883,000
Proceeds from issuance of senior and subordinated notes	499,010	488,915	450,000
Repayments of Credit Facility	(1,215,000)	(1,095,000)	(468,000)
Dividends and distributions	(1,030,666)	(836,364)	(593,506)
Series A Preferred Stock dividends	—	—	(10,850)
Redemption of Series A Preferred Stock	—	—	(310,000)
Stock option exercises	85,959	21,205	37,216
Taxes paid related to net share settlement of equity awards	(157,007)	(201,311)	(226,101)
Other financing activities	2,943	4,055	11,509
Allocable to redeemable and non-controlling interests in Consolidated Funds:			
Contributions from redeemable and non-controlling interests in Consolidated Funds	855,456	549,396	1,033,644
Distributions to non-controlling interests in Consolidated Funds	(101,128)	(178,291)	(98,897)
Redemptions of redeemable interests in Consolidated Funds	(1,045,874)	—	—
Borrowings under loan obligations by Consolidated Funds	1,387,297	1,140,680	2,048,932
Repayments under loan obligations by Consolidated Funds	(398,864)	(145,222)	(80,752)
<b>Net cash provided by financing activities</b>	<b>292,126</b>	<b>1,128,063</b>	<b>3,503,625</b>
Effect of exchange rate changes	10,501	(10,240)	(19,104)
Net change in cash and cash equivalents	(41,713)	46,332	(196,157)
Cash and cash equivalents, beginning of period	389,987	343,655	539,812
<b>Cash and cash equivalents, end of period</b>	<b>\$ 348,274</b>	<b>\$ 389,987</b>	<b>\$ 343,655</b>
Supplemental disclosure of non-cash financing activities:			
Issuance of AOG Units and Class A common stock in connection with acquisition-related activities	\$ 239,545	\$ 12,835	\$ 510,848
Issuance of AOG Units in connection with settlement of management incentive program	\$ 245,647	\$ —	\$ —
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ 722,643	\$ 320,329	\$ 205,085
Cash paid during the period for income taxes	\$ 62,007	\$ 104,864	\$ 22,788

See accompanying notes to the consolidated financial statements.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**1. ORGANIZATION**

Ares Management Corporation (the “Company”), a Delaware corporation, together with its subsidiaries, is a leading global alternative investment manager operating integrated groups across Credit, Private Equity, Real Assets and Secondaries. Information about segments should be read together with “Note 14. Segment Reporting.” Subsidiaries of the Company serve as the general partners and/or investment managers to various funds and managed accounts within each investment group (the “Ares Funds”). These subsidiaries provide investment advisory services to the Ares Funds in exchange for management fees.

The accompanying audited financial statements include the consolidated results of the Company and its subsidiaries. The Company is a holding company that operates and controls all of the businesses and affairs of and conducts all of its material business activities through Ares Holdings L.P. (“Ares Holdings”). Ares Holdings represents all the activities of the “Ares Operating Group” or “AOG” and may be referred to interchangeably. The Company, indirectly through its wholly owned subsidiary, Ares Holdco LLC, is the general partner of the Ares Operating Group entity.

The Company and its wholly owned subsidiaries manages or controls certain entities that have been consolidated in the accompanying financial statements as described in “Note 2. Summary of Significant Accounting Policies.” These entities include Ares funds, co-investment vehicles, collateralized loan obligations or funds (collectively “CLOs”) and special purpose acquisition companies (“SPACs”) (collectively, the “Consolidated Funds”).

Including the results of the Consolidated Funds significantly increases the reported amounts of the assets, liabilities, revenues, expenses and cash flows within the accompanying consolidated financial statements. However, the Consolidated Funds results included herein have no direct effect on the net income attributable to Ares Management Corporation or to its Stockholders’ Equity, except where accounting for a redemption or liquidation preference requires the reallocation of ownership based on specific terms of a profit sharing agreement. Instead, economic ownership interests of the investors in the Consolidated Funds are reflected as redeemable and non-controlling interests in Consolidated Funds. Further, cash flows allocable to redeemable and non-controlling interest in Consolidated Funds are specifically identifiable within the Consolidated Statements of Cash Flows.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying consolidated financial statements are prepared in accordance with the generally accepted accounting principles in the United States (“GAAP”). The Company’s Consolidated Funds are investment companies under GAAP based on the following characteristics: the Consolidated Funds obtain funds from one or more investors and provide investment management services and the Consolidated Funds’ business purpose and substantive activities are investing funds for returns from capital appreciation and/or investment income. Therefore, investments of Consolidated Funds are recorded at fair value and the unrealized appreciation (depreciation) in an investment’s fair value is recognized on a current basis within the Consolidated Statements of Operations. Additionally, the Consolidated Funds do not consolidate their majority-owned and controlled investments in portfolio companies. In the preparation of these consolidated financial statements, the Company has retained the investment company accounting for the Consolidated Funds under GAAP.

All of the investments held and CLO loan obligations issued by the Consolidated Funds are presented at their estimated fair values within the Company’s Consolidated Statements of Financial Condition. Net income attributable to holders of subordinated notes of the CLOs is presented within net income attributable to non-controlling interests in Consolidated Funds within the Consolidated Statements of Operations.

The Company has reclassified certain prior period amounts to conform to the current year presentation.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other income (expense) during the reporting periods. Assumptions and estimates regarding the valuation of investments involve a high degree of judgment and complexity

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

and may have a significant impact on net income. Actual results could differ from these estimates and such differences could be material to the consolidated financial statements.

***Principles of Consolidation***

The Company consolidates those entities in which it has a direct or indirect controlling financial interest based on either a variable interest model (“VIEs”) or voting interest model (“VOE”). As such, the Company consolidates (i) entities in which it holds a majority voting interest or has majority ownership and control over the operational, financial and investing decisions of that entity and (ii) entities that the Company concludes are variable interest entities in which the Company has more than insignificant economic interest and power to direct the activities that most significantly impact the entities, and for which the Company is deemed to be the primary beneficiary.

The Company determines whether an entity should be consolidated by first evaluating whether it holds a variable interest in the entity. Fees that are customary and commensurate with the level of services provided by the Company, and where the Company does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, would not be considered a variable interest. The Company factors in all economic interests, including proportionate interests through related parties, to determine if fees are considered a variable interest. As the Company’s interests in funds are primarily management fees, carried interest, incentive fees, and/or insignificant direct or indirect equity interests through related parties, the Company is not considered to have a variable interest in these entities. Entities that are not VIEs are further evaluated for consolidation under the voting interest model.

***Variable Interest Model***

The Company considers an entity to be a VIE if any of the following conditions exist: (i) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (ii) the holders of equity investment at risk, as a group, lack either the direct or indirect ability through voting rights or similar rights to make decisions that have a significant effect on the success of the entity or the obligation to absorb the expected losses or right to receive the expected residual returns; or (iii) the voting rights of some equity investors are disproportionate to their obligation to absorb losses of the entity, their rights to receive returns from an entity, or both and substantially all of the entity’s activities either involve or are conducted on behalf of an investor with disproportionately few voting rights.

The Company consolidates all VIEs for which it is the primary beneficiary. The Company determines it is the primary beneficiary when it has the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE.

The Company determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and continuously reconsiders the conclusion. In evaluating whether the Company is the primary beneficiary, the Company evaluates its direct and indirect economic interests in the entity. The consolidation analysis is generally performed qualitatively, however, if the primary beneficiary is not readily determinable, a quantitative analysis may also be performed. This analysis requires judgment. These judgments include: (i) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support; (ii) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the success of the entity; (iii) determining whether two or more parties’ equity interests should be aggregated; (iv) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity; and (v) evaluating the nature of relationships and activities of the parties involved in determining which party within a related-party group is most closely associated with a VIE and hence would be deemed the primary beneficiary.

***Consolidated CLOs***

As of December 31, 2023 and 2022, the Company consolidated 28 and 25 CLOs (“Consolidated CLOs”), respectively.

The Company has determined that the fair value of the financial assets of the Consolidated CLOs, which are mostly Level II assets within the GAAP fair value hierarchy, are more observable than the fair value of the financial liabilities of its Consolidated CLOs, which are mostly Level III liabilities within the GAAP fair value hierarchy. As a result, the financial assets of Consolidated CLOs are measured at fair value and the financial liabilities of the Consolidated CLOs are measured in consolidation as: (i) the sum of the fair value of the financial assets, and the carrying value of any nonfinancial assets held temporarily, less (ii) the sum of the fair value of any beneficial interests retained by the Company (other than those that



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

represent compensation for services), and the Company's carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interests retained by the Company).

The loan obligations issued by the CLOs are collateralized by diversified asset portfolios and by structured debt or equity. In exchange for managing the collateral for the CLOs, the Company typically earns a variety of management fees, including senior and subordinated management fees, and in some cases, contingent incentive fee income. Investors in the CLOs generally have no recourse against the Company for any losses sustained in the capital structure of each CLO.

***Fair Value Measurements***

GAAP establishes a hierarchical disclosure framework that prioritizes the inputs used in measuring financial instruments at fair value into three levels based on their market price observability. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available quoted prices from an active market or for which fair value can be measured based on actively quoted prices generally have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value.

Financial assets and liabilities measured and reported at fair value are classified as follows:

- *Level I*—Quoted prices in active markets for identical instruments.
- *Level II*—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model-derived valuations with directly or indirectly observable significant inputs. Level II inputs include prices in markets with few transactions, non-current prices, prices for which little public information exists or prices that vary substantially over time or among brokered market makers. Other inputs include interest rate, yield curve, volatility, prepayment risk, loss severity, credit risk and default rate.
- *Level III*—Valuations that rely on one or more significant unobservable inputs. These inputs reflect the Company's assessment of the assumptions that market participants would use to value the instrument based on the best information available.

Management's determination of fair value includes various valuation techniques. These techniques may include market approach, recent transaction price, net asset value ("NAV") approach, discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA or revenue multiples, discount rates, weighted average cost of capital, exit multiples, terminal growth rates and other unobservable inputs.

In some instances, an instrument may fall into more than one level of the fair value hierarchy. In such instances, the instrument's level within the fair value hierarchy is based on the lowest of the three levels (with Level III being the lowest) that is significant to the fair value measurement. The Company's assessment of the significance of an input requires judgment and considers factors specific to the instrument. The Company accounts for the transfer of assets into or out of each fair value hierarchy level as of the beginning of the reporting period (see "Note 5. Fair Value" for further detail).

***Cash and Cash Equivalents***

Cash and cash equivalents for the Company includes investments with maturities at purchase of less than three months, money market funds and demand deposits. Cash and cash equivalents held at Consolidated Funds represents cash that, although not legally restricted, is not available to support the general liquidity needs of the Company, as the use of such amounts is generally limited to the activities of the Consolidated Funds.

As of December 31, 2023 and 2022, the Company had cash balances with financial institutions in excess of Federal Deposit Insurance Corporation insured limits. The Company monitors the credit standing of these financial institutions.

***Investments held in trust account***

Investments held in trust account represents funds raised through the initial public offerings of our sponsored SPACs that are presented within Consolidated Funds. The funds raised are held in a trust account that is restricted for use and may only be used for purposes of completing an initial business combination or redemption of public shares as set forth in the trust

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

agreement. The portfolio of investments for the SPACs is comprised of United States (“U.S.”) government securities or money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act that invest only in direct U.S. government treasury obligation. The U.S. Treasury securities typically have original maturities of six months or less when purchased and are recorded at fair value. Interest income received on such investments is separately presented from the overall change in fair value and is recognized within interest and other income of Consolidated Funds within the Consolidated Statements of Operations. Any remaining change in fair value of such investments, that is not recognized as interest income, is recognized within net realized and unrealized gains on investments of Consolidated Funds within the Consolidated Statements of Operations.

***Investments***

The investments of the Consolidated Funds are reflected within the Consolidated Statements of Financial Condition at fair value, with unrealized appreciation (depreciation) resulting from changes in fair value reflected as a component of net realized and unrealized gains on investments within the Consolidated Statements of Operations. Certain investments are denominated in foreign currency and are translated into U.S. dollars at each reporting date.

***Equity Method Investments***

The Company accounts for its investments in which it has or is otherwise presumed to have significant influence, including investments in unconsolidated funds, strategic investments and carried interest, using the equity method of accounting. The carrying amounts of equity method investments are reflected in investments within the Consolidated Statements of Financial Condition. The carrying value of investments accounted for using equity method accounting is determined based on amounts invested by the Company, adjusted for the equity in earnings or losses of the investee allocated based on the respective partnership agreements, less distributions received.

The Company evaluates the equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. Except for carried interest, the Company’s share of the investee’s income and expenses for the Company’s equity method investments is presented either within principal investment income or net realized and unrealized gains on investments within the Consolidated Statements of Operations. Carried interest allocation is presented separately as a revenue line item within the Consolidated Statements of Operations, and the accrued carried interest is presented within investments within the Consolidated Statements of Financial Condition.

In addition, certain of the Company's equity method investments are reported at fair value. The fair value option has been elected to simplify the accounting for certain financial instruments. The fair value option election is irrevocable and is applied to financial instruments on an individual basis at initial recognition or at eligible remeasurement events. Changes in the fair value of such instruments with the fair value option elected are presented within net realized and unrealized gains on investments within the Consolidated Statements of Operations.

***Derivative Instruments***

In the normal course of business, the Company and the Consolidated Funds are exposed to certain risks relating to their ongoing operations and use various types of derivative instruments primarily to mitigate against interest rate and foreign exchange risk. The derivative instruments are not designated as hedging instruments under the accounting standards for derivatives and hedging. These derivative instruments include foreign currency forward contracts, interest rate swaps, asset swaps and warrants.

The Company reports each of its derivative instruments at fair value within the Consolidated Statements of Financial Condition as either other assets or accounts payable, accrued expenses and other liabilities, respectively. These amounts may be offset to the extent that there is a legal right to offset and if elected by management.

Derivative instruments are marked-to-market daily based upon quotations from pricing services or by the Company and the change in value, if any, is recorded as an unrealized gain (loss). Upon settlement of the instrument, the Company records any realized gain (loss). Changes in value are reflected within net realized and unrealized gains on investments within the Consolidated Statements of Operations.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

***Business Combinations***

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition, including the fair value of certain elements of contingent consideration, is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations are recognized as of the acquisition date at fair value based on the probability that contingency will be realized. Any fair value of purchase consideration in excess of the fair value of the assets acquired less liabilities assumed is recorded as goodwill. Conversely, any excess of the fair value of the net assets acquired over the purchase consideration is recognized as a bargain purchase gain. Critical estimates in valuing certain of the intangible assets acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful life, discount rates and income tax rates. The acquisition method of accounting allows for a measurement period for up to one year after the acquisition date to make adjustments to the purchase price allocation as the Company obtains more information regarding asset valuations and liabilities assumed. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

***Goodwill and Intangible Assets***

***Intangible Assets***

The Company's finite-lived intangible assets consists primarily of contractual rights to earn future management fees from the acquired management contracts. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from approximately 1.6 to 13.5 years. The purchase price of an acquired management contract is treated as an intangible asset and is amortized over the life of the contract. Amortization is included as part of general, administrative and other expenses within the Consolidated Statements of Operations.

The Company tests finite-lived intangible assets for impairment if certain events occur or circumstances change indicating that the carrying amount of the intangible asset may not be recoverable. The Company evaluates impairment by comparing the estimated undiscounted cash flows attributable to the intangible asset being evaluated with its carrying amount. If an impairment is determined to exist by management, the Company accelerates amortization expense so that the carrying amount represents fair value. The Company estimates fair value using a discounted future cash flow methodology.

The Company tests indefinite-lived intangible assets annually for impairment. If, after assessing qualitative factors, the Company believes that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, the Company will evaluate impairment quantitatively to determine and record the amount of impairment as the excess of the carrying amount of the indefinite-lived intangible asset over its fair value.

The Company also tests indefinite-lived intangible assets for impairment if certain events occur or circumstances change indicating that the carrying amount of the intangible asset may not be recoverable or that the useful lives of these assets are no longer appropriate. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including the Company's strategic plans with regard to the indefinite-lived intangible assets.

***Goodwill***

Goodwill represents the excess of purchase price of an acquired business over the fair value of its identifiable net assets. The Company tests goodwill annually for impairment. If, after assessing qualitative factors, the Company believes that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company will evaluate impairment quantitatively and record the amount of goodwill impairment as the excess of the carrying amount of the reporting unit over its fair value.

The Company also tests goodwill for impairment in other periods if an event occurs or circumstances change such that it is more likely than not to reduce the fair value of the reporting unit below its carrying amount. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including the Company's interpretation of current economic indicators and market valuations, and assumptions about the Company's strategic plans with regard to its operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

***Fixed Assets***

Fixed assets, consisting of furniture, fixtures, computer hardware, equipment, internal-use software and leasehold improvements are recorded at cost, less accumulated depreciation and amortization. Fixed assets are presented within other assets within the Company's Consolidated Statements of Financial Condition.

Direct costs associated with developing, purchasing or otherwise acquiring software for internal use are capitalized and amortized on a straight-line basis over the expected useful life of the software, beginning when the software is ready for its intended purpose. Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred.

Fixed assets are depreciated or amortized on a straight-line basis over an asset's estimated useful life, with the corresponding depreciation and amortization expense presented within general, administrative and other expenses within the Company's Consolidated Statements of Operations. The estimated useful life for leasehold improvements is the lesser of the lease term or the life of the asset, with a maximum of 10 years, while other fixed assets and internal-use software are generally depreciated between three and seven years. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

***Leases***

The Company has entered into operating and finance leases for corporate offices and certain equipment and makes the determination if an arrangement constitutes a lease at inception. Operating leases are presented within right-of-use operating lease assets and operating lease liabilities within the Company's Consolidated Statements of Financial Condition. Finance lease assets are capitalized as a component of fixed assets and finance lease liabilities are presented within accounts payable, accrued expenses and other liabilities within the Consolidated Statements of Financial Condition. Leases with an initial term of 12 months or less are expensed as incurred and not capitalized within the Consolidated Statements of Financial Condition.

Right-of-use operating lease assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and corresponding lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The right-of-use operating lease asset also includes any lease prepayments and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the company will exercise that option. Lease expense is primarily recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

***Non-Controlling Interests***

The non-controlling interests in AOG entities represent a component of equity and net income attributable to the owners of the Ares Operating Group Units ("AOG Units") that are not held directly or indirectly by the Company. These owners consist predominantly of Ares Owners Holdings L.P. but also include other strategic distribution partnerships with whom the Company has established joint ventures and other non-controlling strategic investors. Non-controlling interests in AOG entities are adjusted for contributions to and distributions from AOG during the reporting period and are allocated income from the AOG entities either based on their historical ownership percentage for the proportional number of days in the reporting period or based on the activity associated with certain membership interests.

The non-controlling interests in Consolidated Funds represents a component of equity and net income attributable to ownership interests that third parties hold in Consolidated Funds.

***Redeemable Interest***

Redeemable interest in AOG entities was established in connection with the SSG Acquisition as described in "Note 13. Equity and Redeemable Interest." Redeemable interest in AOG entities was initially recorded at fair value on the date of acquisition within mezzanine equity within the Consolidated Statements of Financial Condition. Income (loss) is allocated based on the ownership percentage attributable to the redeemable interest. The Company determined that the redemption of the

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

redeemable interest is probable as of the date of acquisition. At each balance sheet date, the carrying value of the redeemable interest is presented at the redemption amount, as defined in accordance with the terms of a contractual arrangement between the Company and the former owners of SSG, to the extent that the redemption amount exceeds the initial measurement on the date of acquisition. The Company recognizes changes in the redemption amount with corresponding adjustments against retained earnings, or additional paid-in-capital in the absence of retained earnings, within stockholders' equity within the Consolidated Statements of Financial Condition.

Redeemable interest in Consolidated Funds represent the Class A ordinary shares issued by each of the Company's sponsored SPACs, as applicable. The Class A ordinary shares issued by our SPACs (the "Class A ordinary shares") are redeemable for cash by the public shareholders in the event that they do not complete a business combination or tender offer associated with shareholder approval provisions. The Class A ordinary shareholders have redemption rights that are considered to be outside of the SPAC's control.

**Revenue Recognition**

The Company recognizes revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company's revenue is based on contracts with a determinable transaction price and distinct performance obligations with probable collectability. Revenues are not recognized until the performance obligation(s) are satisfied.

**Management Fees**

Management fees are generally based on a defined percentage of fair value of assets, total commitments, invested capital, NAV, NAV plus unfunded commitments, total assets or par value of the investment portfolios managed by the Company. Principally all management fees are earned from affiliated funds of the Company. The contractual terms of management fees vary by fund structure and investment strategy. Management fees are recognized as revenue in the period advisory services are rendered, subject to the Company's assessment of collectability.

Management fees also include a quarterly fee on the net investment income ("Part I Fees") of Ares Capital Corporation (NASDAQ: ARCC) ("ARCC"), CION Ares Diversified Credit Fund ("CADC") and Ares Strategic Income Fund ("ASIF").

	Fee Rate	Fee Base	Hurdle rate
ARCC Part I Fees	20.00%	Net investment income (before ARCC Part I Fees and ARCC Part II Fees)	Fixed hurdle rate of 1.75% per quarter, or 7.00% per annum. No fees are recognized until ARCC's net investment income exceeds a 1.75% hurdle rate, with a catch-up provision to ensure that the Company receives 20.00% of the net investment income from the first dollar earned.
CADC Part I Fees	15.00%	Net investment income (before CADC Part I Fees)	Fixed hurdle rate of 1.50% per quarter, or 6.00% per annum. No fees are recognized until CADC's net investment income exceeds the hurdle rate, with a catch-up provision to ensure that the Company receives 15.00% of the net investment income from the first dollar earned.
ASIF Part I Fees	12.50%	Net investment income (before ASIF Part I Fees and ASIF Part II Fees)	Fixed hurdle rate of 1.25% per quarter, or 5.00% per annum. No fees are recognized until ASIF's net investment income exceeds a 1.25% hurdle rate, with a catch-up provision to ensure that the Company receives 12.50% of the net investment income from the first dollar earned.

**Carried Interest Allocation**

In certain fund structures, carried interest is allocated to the Company based on cumulative fund performance to date, subject to the achievement of minimum return levels in accordance with the respective terms set out in each fund's investment management agreement. At the end of each reporting period, a fund will allocate carried interest applicable to the Company based upon an assumed liquidation of that fund's net assets on the reporting date, irrespective of whether such amounts have been realized. Carried interest is recorded to the extent such amounts have been allocated, and may be subject to reversal to the extent that the amount allocated exceeds the amount due to the general partner or investment manager based on a fund's cumulative investment returns.

As the fair value of underlying assets varies between reporting periods, it is necessary to make adjustments to amounts recorded as carried interest to reflect either: (i) positive performance resulting in an increase in the carried interest allocated to the Company; or (ii) negative performance that would cause the amount due to the Company to be less than the amount

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

previously recognized as revenue, resulting in a reversal of previously recognized carried interest allocated to the Company. Accrued carried interest as of the reporting date is recorded within investments within the Consolidated Statements of Financial Condition.

Carried interest is realized when an underlying investment is profitably disposed of, or upon the return of each limited partner's capital plus a preferred return, and the fund's cumulative returns are in excess of the specific hurdle rates as defined in the applicable investment management agreements or governing documents. Since carried interest is subject to reversal, the Company may need to accrue for potential repayment of previously received carried interest. This accrual represents all amounts previously distributed to the Company that would need to be repaid to the funds if the funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual repayment obligations, however, generally does not become realized until the end of a fund's life.

The Company accounts for carried interest, which represents a performance-based capital allocation from an investment fund to the Company, as earnings from financial assets within the scope of ASC 323, *Investments-Equity Method and Joint Ventures*. The Company recognizes carried interest allocation as a separate revenue line item in the Consolidated Statements of Operations with accrued carried interest as of the reporting date reported within investments within the Consolidated Statements of Financial Condition. Substantially all carried interest allocation is earned from affiliated funds of the Company.

*Incentive Fees*

Incentive fees earned on the performance of certain fund structures, typically in credit funds, certain real estate and secondaries funds, are recognized based on the fund's performance during the period, subject to the achievement of minimum return levels in accordance with the respective terms set out in each fund's investment management agreement. Incentive fees are realized at the end of a measurement period, typically annually. Once realized, such fees are no longer subject to reversal.

*Principal Investment Income*

Principal investment income consists of interest and dividend income and net realized and unrealized gain (loss) from the equity method investments that the Company manages.

*Administrative, Transaction and Other Fees*

The Company earns other sources of revenue that are classified as administrative, transaction or other fees. These fees are recognized as revenue in the period in which the related services are rendered. Administrative fees represent fees that the Company earns for providing administrative services to certain funds. These fees may either reflect expense reimbursements for costs incurred by certain professionals in performing services for a fund or may be based on fixed percentage of a fund's invested capital. Transaction fees are typically earned from the arrangement and origination of loans and are generated primarily from funds within the direct lending and infrastructure debt strategies. Other fees includes sales-based and asset-based fees from the Company's non-traded vehicles and 1031 exchange programs. Other fees may include various property-related fees earned from certain real estate funds, such as acquisition, development and property management.

*Equity-Based Compensation*

The Company recognizes expense related to equity-based compensation for which it receives employee services in exchange for: (i) equity instruments of the Company; or (ii) liabilities that are based on the fair value of the Company's equity instruments. Equity-based compensation expense represents expenses associated with restricted units and options granted under the 2023 Equity Incentive Plan (the "Equity Incentive Plan").

Equity-based compensation expense for restricted units is determined based on the fair value of the respective equity award on the grant date and is recognized on a straight-line basis over the requisite service period, with a corresponding increase in additional paid-in-capital. Grant date fair value of the restricted units is determined by the most recent closing price of shares of the Company's Class A common stock.

The Company has granted certain performance-based restricted unit awards with market conditions. These awards generally have vesting conditions based upon the volume-weighted, average closing price of Class A common stock meeting or exceeding a stated price over a period of time, referred to as the market condition. Vesting is also generally subject to continued

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

employment at the time such market condition is achieved. The grant date fair values of these awards are based on a probability distributed Monte-Carlo simulation. Due to the existence of the market condition, the vesting period for the awards is not explicit, and as such, compensation expense is recognized on a straight-line basis over the median vesting period derived from the positive iterations of the Monte Carlo simulations where the market condition is achieved.

The Company recognizes share-based award forfeitures in the period they occur as a reversal of previously recognized compensation expense. The reduction in compensation expense is determined based on the specific awards forfeited during that period.

The Company records deferred tax assets or liabilities for equity compensation plan awards based on deductions for income tax purposes of equity-based compensation recognized at the statutory tax rate in the jurisdiction in which the Company is expected to receive a tax deduction. In addition, differences between the deferred tax assets recognized in accordance with GAAP and the actual tax deduction reported in the Company's income tax returns are presented within income tax expense within the Consolidated Statements of Operations before taking into consideration the tax effects of the investment in AOG.

Equity-based compensation expense is presented within compensation and benefits within the Consolidated Statements of Operations.

***Performance Related Compensation***

The Company has agreed to pay to certain professionals a portion of the carried interest and incentive fees earned from certain funds, including income from Consolidated Funds that is eliminated in consolidation. Depending on the nature of each fund, carried interest and incentive fees may be structured as a fixed percentage subject to vesting based on continued employment or service (generally over a period of five to six years) or as an annual award that is fully vested for the particular year. Other limitations may apply to carried interest and incentive fees as set forth in the applicable governing documents of the fund or award documentation. Performance related compensation is recognized in the same period that the related carried interest and incentive fees are recognized. Performance related compensation can be reversed during periods when there is a reversal of carried interest that was previously recognized.

Performance related compensation payable represents the amounts payable to professionals who are entitled to a proportionate share of carried interest in one or more funds and include the associated payroll related taxes. Performance related compensation payable also includes allocations to charitable organizations as part of the Company's philanthropic initiatives. The liability is calculated based upon the changes to realized and unrealized carried interest but not payable until the carried interest itself is realized.

***Net Realized and Unrealized Gains/(Losses) on Investments***

Realized gains (losses) occur when the Company redeems all or a portion of its investment or when the Company receives cash income, such as dividends or distributions. Unrealized appreciation (depreciation) results from changes in the fair value of the underlying investment as well as from the reversal of previously recognized unrealized appreciation (depreciation) at the time an investment is realized. Realized and unrealized gains (losses) are presented together as net realized and unrealized gains on investments within the Consolidated Statements of Operations. Also, the Company's share of the investee's income and expenses for the Company's equity method investments is presented within net realized and unrealized gains on investments.

***Interest and Dividend Income***

Interest, dividends and other investment income are included within interest and dividend income. Interest income is recognized on an accrual basis using the effective interest method to the extent that such amounts are expected to be collected. Dividends and other investment income are recorded when the right to receive payment is established.

***Foreign Currency***

The U.S. dollar is the Company's functional currency; however, certain transactions of the Company may not be denominated in U.S. dollars. Income and expense and gain and loss transactions denominated in foreign currencies are generally translated into U.S. dollars monthly using the average exchange rates during the respective transaction period. Foreign exchange revaluation arising from these transactions is recognized within other income, net within the Consolidated

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

Statements of Operations. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$9.1 million, \$13.5 million and \$4.8 million, respectively, in transaction losses related to foreign currencies revaluation.

In addition, the consolidated results include certain foreign subsidiaries that use functional currencies other than the U.S. dollar. Assets and liabilities of these foreign subsidiaries are translated to U.S. dollars at the prevailing exchange rates as of the reporting date. Translation adjustments resulting from this process are recorded to currency translation adjustment in accumulated other comprehensive income.

***Income Taxes***

The Company elects to be taxed as a corporation and all earnings allocated to the Company are subject to U.S. corporate income taxes. A provision for corporate level income taxes imposed on unrealized gains and income items as well as taxes imposed on certain subsidiaries' earnings is included in the consolidated tax provision. Also included in the consolidated tax provision are entity level income taxes incurred by certain Consolidated Funds. The portion of consolidated earnings not allocated to the Company flows through to owners of the AOG entities without being taxed at the corporate level.

Income taxes are accounted for using the liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized as income, in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current and deferred tax liabilities are reported on a net basis and the deferred tax assets, net is presented within other assets within the Consolidated Statements of Financial Condition.

The Company analyzes its tax filing positions in all U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns for all open tax years in these jurisdictions. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements for a particular tax position is based on the largest benefit that is more likely than not to be realized. The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. Both accrued interest and penalties related to UTBs, when incurred, are presented within general, administrative and other expenses within the Consolidated Statements of Operations.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties under GAAP. The Company reviews its tax positions quarterly and adjusts its tax balances as new legislation is passed or new information becomes available.

***Earnings Per Share***

Basic earnings per share of Class A and non-voting common stock is computed by dividing income available to Class A and non-voting common stockholders by the weighted-average number shares of Class A and non-voting common stock outstanding during the period. Income available to Ares Management Corporation represents net income attributable to Class A and non-voting common stockholders. Basic earnings per share of Class A and non-voting common stock is computed by using the two-class method. The two-class method is an earnings allocation method under which earnings per share is calculated for shares of Class A and non-voting common stock and participating securities considering both dividends declared (or accumulated) and participation rights in undistributed earnings as if all such earnings had been distributed during the period. Because the holders of unvested restricted units have the right to participate in dividends when declared, the unvested restricted units are considered participating securities to the extent they are expected to vest.

Diluted earnings per share of Class A and non-voting common stock is computed by dividing income available to Class A and non-voting common stockholders by the weighted-average number of shares of Class A and non-voting common stock outstanding during the period, increased to include the number of additional shares of Class A common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding options to acquire shares of Class A common stock, unvested restricted units and AOG Units exchangeable for shares of Class A common stock. The effect of potentially dilutive securities is reflected in diluted earnings per share of Class A and non-



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

voting common stock using the more dilutive result of the treasury stock method or the two-class method. The treasury stock method is used to determine potentially dilutive securities resulting from options and unvested restricted units granted under the Equity Incentive Plan.

### **Comprehensive Income**

Comprehensive income consists of net income and other appreciation (depreciation) affecting stockholders' equity that, under GAAP, has been excluded from net income. The Company's other comprehensive income includes foreign currency translation adjustments.

### **Recent Accounting Pronouncements**

The Company considers the applicability and impact of all accounting standard updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and either determined to be not applicable or expected to have minimal impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the Company's CODM. The amendments in this update also expand the interim segment disclosure requirements. ASU 2023-07 is effective for the Company's fiscal year ending December 15, 2024 and for the Company's interim periods beginning with the first quarter ended 2025. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. ASU 2023-09 requires disclosure of disaggregated income taxes paid in both U.S. and foreign jurisdictions, prescribes standard categories for the components of the effective tax rate reconciliation and modifies other income tax-related disclosures. ASU 2023-09 is effective for the Company's fiscal year ending December 31, 2025. Early adoption is permitted and the amendments in this update should be applied on a prospective basis, though retrospective adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

## **3. GOODWILL AND INTANGIBLE ASSETS**

### **Intangible Assets, Net**

The following table summarizes the carrying value, net of accumulated amortization, of the Company's intangible assets:

	Weighted Average Amortization Period (in years) as of December 31, 2023	As of December 31,	
		2023	2022
Management contracts	4.3	\$ 604,242	\$ 586,077
Client relationships	8.5	200,920	262,301
Trade name	N/A	—	11,079
Other	0.8	500	500
<b>Finite-lived intangible assets</b>		<b>805,662</b>	<b>859,957</b>
Foreign currency translation		1,126	935
<b>Total finite-lived intangible assets</b>		<b>806,788</b>	<b>860,892</b>
Less: accumulated amortization		(316,093)	(220,472)
<b>Finite-lived intangible assets, net</b>		<b>490,695</b>	<b>640,420</b>
<b>Indefinite-lived management contracts</b>		<b>567,800</b>	<b>567,800</b>
<b>Intangible assets, net</b>		<b>\$ 1,058,495</b>	<b>\$ 1,208,220</b>

On October 2, 2023, the Company completed the acquisition of the investment management business and related operating entities collectively doing business as Crescent Point Capital ("Crescent Point") (the "Crescent Point Acquisition"). The Crescent Point Acquisition adds complementary investment capabilities to expand the Company's presence in the Asia-Pacific region. Following the completion of the Crescent Point Acquisition, the results of Crescent Point are presented within

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

the Private Equity Group. The Company allocated \$32.7 million and \$22.3 million of the purchase price to the fair value of the acquired management contracts and client relationships, respectively. The acquired management contracts and client relationships had a weighted average amortization period from the date of acquisition of 5.5 years and 9.0 years, respectively.

During the year ended December 31, 2023, the Company recorded non-cash impairment charges of \$78.7 million, including: (i) \$65.7 million to the carrying value of client relationships from the acquisition of Landmark Partners, LLC (the “Landmark Acquisition”) that are included within the Secondaries Group, where the primary indicator of impairment was the lower expected fee paying assets under management in a private equity secondaries fund from existing investors as of the date of the Landmark Acquisition; (ii) \$4.6 million and \$0.7 million to the fair value of management contracts of certain funds within the Real Assets Group and Credit Group, respectively, in connection with lower than expected future fee revenue generated from these funds; and (iii) \$7.8 million to the carrying value of SSG trade name as the Company rebranded Ares SSG as APAC credit and discontinued the use of the SSG trade name.

During the year ended December 31, 2022, the Company recorded non-cash impairment charges of \$181.6 million to the fair value of a trade name and management contracts related to: (i) the decision to rebrand its secondaries group as Ares Secondaries and to discontinue the ongoing use of the Landmark trade name; (ii) the fair value of certain management contracts in connection with lower than expected fee paying assets under management; and (iii) the shorter expected lives of certain funds as a result of returning capital to fund investors sooner than initially planned.

Amortization expense associated with intangible assets, excluding the accelerated amortization described above, was \$126.0 million, \$133.6 million and \$91.3 million for the years ended December 31, 2023, 2022 and 2021, respectively, and is presented within general, administrative and other expenses within the Consolidated Statements of Operations. During the year ended December 31, 2023, the Company removed \$109.3 million of impaired and fully-amortized intangible assets.

As of December 31, 2023, future annual amortization of finite-lived intangible assets for the years 2024 through 2028 and thereafter is estimated to be:

Year	Amortization
2024	\$ 115,722
2025	102,987
2026	77,047
2027	62,907
2028	38,904
Thereafter	93,128
<b>Total</b>	<b>\$ 490,695</b>

**Goodwill**

The following table summarizes the carrying value of the Company’s goodwill:

	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total
<b>Balance as of December 31, 2021</b>	<b>\$ 32,196</b>	<b>\$ 58,600</b>	<b>\$ 53,339</b>	<b>\$ 417,738</b>	<b>\$ 226,099</b>	<b>\$ 787,972</b>
Acquisitions	—	—	213,314	(96)	—	213,218
Reallocation	—	(10,530)	10,530	—	—	—
Foreign currency translation	—	—	—	(22)	(1,512)	(1,534)
<b>Balance as of December 31, 2022</b>	<b>32,196</b>	<b>48,070</b>	<b>277,183</b>	<b>417,620</b>	<b>224,587</b>	<b>999,656</b>
Acquisitions	—	124,392	22	—	—	124,414
Reallocation	224,587	—	—	—	(224,587)	—
Foreign currency translation	(104)	—	—	10	—	(94)
<b>Balance as of December 31, 2023</b>	<b>\$ 256,679</b>	<b>\$ 172,462</b>	<b>\$ 277,205</b>	<b>\$ 417,630</b>	<b>\$ —</b>	<b>\$ 1,123,976</b>

In connection with the Crescent Point Acquisition, the Company allocated \$124.4 million of the purchase price to goodwill.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

In connection with the SSG Buyout described in “Note 13. Equity and Redeemable Interest,” the former Ares SSG reporting unit has been transferred in its entirety to the Credit Group and the total goodwill of \$224.6 million has been reallocated accordingly.

There was no impairment of goodwill recorded during the years ended December 31, 2023 and 2022. The impact of foreign currency translation is reflected within other comprehensive income within the Consolidated Statements of Comprehensive Income.

#### 4. INVESTMENTS

The following table summarizes the Company’s investments:

	As of		Percentage of total investments as of	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>Equity method investments:</b>				
Equity method - carried interest	\$ 3,413,007	\$ 3,106,577	73.8%	78.2%
Equity method private investment partnership interests - principal	535,292	543,592	11.6	13.7
Equity method private investment partnership interests and other (held at fair value)	418,778	123,170	9.0	3.1
Equity method private investment partnership interests and other	44,989	47,439	1.0	1.2
<b>Total equity method investments</b>	<b>4,412,066</b>	<b>3,820,778</b>	<b>95.4</b>	<b>96.2</b>
Fixed income securities	105,495	51,771	2.3	1.2
Collateralized loan obligations	20,799	25,163	0.4	0.6
<b>Collateralized loan obligations and fixed income securities, at fair value</b>	<b>126,294</b>	<b>76,934</b>	<b>2.7</b>	<b>1.8</b>
<b>Common stock, at fair value</b>	<b>86,572</b>	<b>77,022</b>	<b>1.9</b>	<b>2.0</b>
<b>Total investments</b>	<b>\$ 4,624,932</b>	<b>\$ 3,974,734</b>		

#### Equity Method Investments

The Company’s equity method investments include investments that are not consolidated but over which the Company exerts significant influence. The Company evaluates each of its equity method investments to determine if any were significant as defined by guidance from the SEC. As of and for the years ended December 31, 2023, 2022 and 2021, no individual equity method investment held by the Company met the significance criteria.

The following tables present summarized financial information for the Company’s equity method investments, which are primarily funds managed by the Company:

	As of and for the Year Ended December 31, 2023					
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total
<b>Statement of Financial Condition</b>						
Investments	\$ 21,366,223	\$ 6,971,840	\$ 17,757,664	\$ 13,497,266	\$ 38,212	\$ 59,631,205
Total assets	23,015,503	7,110,511	18,792,446	13,808,556	38,284	62,765,300
Total liabilities	5,152,522	130,727	6,528,302	3,632,879	418	15,444,848
Total equity	17,862,981	6,979,784	12,264,144	10,175,677	37,866	47,320,452
<b>Statement of Operations</b>						
Revenues	\$ 2,123,547	\$ 594,464	\$ 1,036,710	\$ 1,960	\$ —	\$ 3,756,681
Expenses	(759,485)	(191,613)	(632,433)	(482,478)	(1,658)	(2,067,667)
Net realized and unrealized gains (losses) from investments	247,619	600,322	(599,200)	373,064	(7,316)	614,489
Income tax expense	(5,192)	(555)	(10,197)	—	(19)	(15,963)
<b>Net income (loss)</b>	<b>\$ 1,606,489</b>	<b>\$ 1,002,618</b>	<b>\$ (205,120)</b>	<b>\$ (107,454)</b>	<b>\$ (8,993)</b>	<b>\$ 2,287,540</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

	As of and for the Year Ended December 31, 2022					
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total
<b>Statement of Financial Condition</b>						
Investments	\$ 17,633,914	\$ 9,376,032	\$ 13,052,820	\$ 12,719,333	\$ 51,239	\$ 52,833,338
Total assets	20,883,559	9,947,821	14,440,914	12,931,082	51,825	58,255,201
Total liabilities	5,770,070	937,326	5,007,250	3,716,111	6,615	15,437,372
Total equity	15,113,489	9,010,495	9,433,664	9,214,971	45,210	42,817,829
<b>Statement of Operations</b>						
Revenues	\$ 1,341,368	\$ 271,873	\$ 618,796	\$ 2,874	\$ —	\$ 2,234,911
Expenses	(438,690)	(153,372)	(357,845)	(289,741)	(1,500)	(1,241,148)
Net realized and unrealized gains (losses) from investments	12,464	(482,260)	304,068	(11,173)	1,365	(175,536)
Income tax expense	(4,724)	92	(36,501)	—	(10)	(41,143)
<b>Net income (loss)</b>	<b>\$ 910,418</b>	<b>\$ (363,667)</b>	<b>\$ 528,518</b>	<b>\$ (298,040)</b>	<b>\$ (145)</b>	<b>\$ 777,084</b>

	As of and for the Year Ended December 31, 2021					
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total
<b>Statement of Operations</b>						
Revenues	\$ 1,342,427	\$ 229,539	\$ 326,507	\$ 911	\$ —	\$ 1,899,384
Expenses	(305,452)	(177,380)	(170,008)	(89,281)	(22,609)	(764,730)
Net realized and unrealized gains (losses) from investments	438,083	2,161,730	1,179,698	1,399,009	(4,898)	5,173,622
Income tax benefit (expense)	(4,511)	(19,125)	(1,167)	—	—	(24,803)
<b>Net income (loss)</b>	<b>\$ 1,470,547</b>	<b>\$ 2,194,764</b>	<b>\$ 1,335,030</b>	<b>\$ 1,310,639</b>	<b>\$ (27,507)</b>	<b>\$ 6,283,473</b>

The following table presents the Company's other income, net from to its equity method investments, which were included within principal investment income, net realized and unrealized gains on investments, and interest and dividend income within the Consolidated Statements of Operations:

	Year ended December 31,		
	2023	2022	2021
Total other income, net related to equity method investments	\$ 86,729	\$ 21,657	\$ 114,856

With respect to the Company's equity method investments, the material assets are expected to generate either long term capital appreciation and/or interest income, the material liabilities are debt instruments collateralized by, or related to, the financing of the assets and net income is materially comprised of the changes in fair value of these net assets.

The following table summarizes the changes in fair value of the Company's equity method investments held at fair value, which are included within net realized and unrealized gains on investments within the Consolidated Statements of Operations:

	Year ended December 31,		
	2023	2022	2021
Equity method private investment partnership interests and other (held at fair value)	\$ 50,772	\$ 5,626	\$ 7,100

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

**Investments of the Consolidated Funds**

The following table summarizes investments held in the Consolidated Funds:

	Fair Value as of		Percentage of total investments as of	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>Fixed income investments:</b>				
Loans and securitization vehicles	\$ 10,616,458	\$ 9,280,522	72.7%	70.3%
Bonds	578,949	786,961	4.0	6.0
Money market funds and U.S. treasury securities	523,038	1,013,382	3.6	7.7
<b>Total fixed income investments</b>	<b>11,718,445</b>	<b>11,080,865</b>	<b>80.3</b>	<b>84.0</b>
Partnership interests	1,642,489	1,392,169	11.2	10.5
Equity securities	1,240,653	731,599	8.5	5.5
<b>Total investments, at fair value</b>	<b>\$ 14,601,587</b>	<b>\$ 13,204,633</b>		

As of December 31, 2023 and 2022, no single issuer or investment, including derivative instruments and underlying portfolio investments of the Consolidated Funds, had a fair value that exceeded 5.0% of the Company's total assets.

**5. FAIR VALUE****Financial Instrument Valuations**

The valuation techniques used by the Company to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques applied to investments held by the Company and by the Consolidated Funds vary depending on the nature of the investment.

*CLOs and CLO loan obligations:* The fair value of CLOs held by the Company are estimated based on either a third-party pricing service or broker quote and are classified as Level III. The Company measures its CLO loan obligations of the Consolidated Funds by first determining whether the fair values of the financial assets or financial liabilities of its Consolidated CLOs are more observable.

*Contingent consideration:* The Company generally determines the fair value of its contingent consideration liabilities by using a probability weighted expected return method, including the Monte Carlo simulation model. These models consider a range of assumptions including historical experience, prior period performance, current progress towards targets, probability-weighted scenarios, and management's own assumptions. The discount rate used is determined based on the weighted average cost of capital for the Company. Once the associated targets are achieved, the contingent consideration is reported at the settlement amount. The fair value of the Company's contingent consideration liabilities are classified as Level III. Liabilities recorded in connection with the Company's contingent consideration are included within accounts payable, accrued expenses and other liabilities in the Consolidated Statements of Financial Condition and the associated changes in fair value are included within other income, net in the Consolidated Statements of Operations.

*Corporate debt, bonds, bank loans, securitization vehicles and derivative instruments:* The fair value of corporate debt, bonds, bank loans, securitization vehicles and derivative instruments is estimated based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. These investments are generally classified as Level II. The Company obtains prices from independent pricing services that generally utilize broker quotes and may use various other pricing techniques, which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data. If management is only able to obtain a single broker quote, or utilizes a pricing model, such securities will generally be classified as Level III.

*Equity and equity-related securities:* Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified as Level I. Securities that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs obtained by the Company from independent pricing services are classified as Level II. Securities that have market prices that are not readily available, utilize

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

valuation models of third-party pricing service or internal models using unobservable inputs to determine the fair value are classified as Level III.

*Money market funds and U.S. treasury securities:* The fair value of money market funds and U.S. treasury securities is estimated using quoted market prices in active markets. These investments are classified as Level I.

*Partnership interests:* The Company generally values its investments using the NAV per share equivalent calculated by the investment manager as a practical expedient to determining an independent fair value or estimates based on various valuation models of third-party pricing services, as well as internal models. The Company does not categorize within the fair value hierarchy investments where fair value is measured using the net asset value per share practical expedient.

In limited circumstances, the Company may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, the Company will estimate the fair value in good faith and in a manner that it reasonably chooses. As of December 31, 2023 and 2022, NAV per share represents the fair value of the Company's investments in partnership interests. Discounted cash flow model has been used to determine the fair value of an investment in a partnership interest held by the Consolidated Funds where NAV per share was not deemed to be representative of fair value.

The substantial majority of the Company's private commingled funds are closed-ended, and accordingly, do not permit investors to redeem their interests other than in limited circumstances that are beyond the control of the Company, such as instances in which retaining the interest could cause the investor to violate a law, regulation or rule. The Company also has open-ended and evergreen funds where investors have the right to withdraw their capital, subject to the terms of the respective constituent documents, over periods generally ranging from one month to three years. In addition, the Company has minority investments in vehicles that may only have a single other investor that may allow such investors to terminate the fund pursuant to the terms of the applicable constituent documents of such vehicle.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**Fair Value of Financial Instruments Held by the Company and Consolidated Funds**

The following tables summarize the financial assets and financial liabilities measured at fair value for the Company and the Consolidated Funds as of December 31, 2023:

Financial Instruments of the Company	Level I	Level II	Level III	Investments Measured at NAV	Total
<b>Assets, at fair value</b>					
Investments:					
Common stock and other equity securities	\$ —	\$ 86,572	\$ 412,491	\$ —	\$ 499,063
Collateralized loan obligations and fixed income securities	—	—	126,294	—	126,294
Partnership interests	—	—	—	6,287	6,287
Total investments, at fair value	—	86,572	538,785	6,287	631,644
Derivatives-foreign currency forward contracts	—	1,129	—	—	1,129
<b>Total assets, at fair value</b>	<b>\$ —</b>	<b>\$ 87,701</b>	<b>\$ 538,785</b>	<b>\$ 6,287</b>	<b>\$ 632,773</b>
<b>Liabilities, at fair value</b>					
Derivatives-foreign currency forward contracts	\$ —	\$ (2,645)	\$ —	\$ —	\$ (2,645)
<b>Total liabilities, at fair value</b>	<b>\$ —</b>	<b>\$ (2,645)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (2,645)</b>

Financial Instruments of the Consolidated Funds	Level I	Level II	Level III	Investments Measured at NAV	Total
<b>Assets, at fair value</b>					
Investments:					
Fixed income investments:					
Loans and securitization vehicles	\$ —	\$ 9,879,915	\$ 736,543	\$ —	\$ 10,616,458
Bonds	—	575,379	3,570	—	578,949
Money market funds and U.S. treasury securities	523,038	—	—	—	523,038
Total fixed income investments	523,038	10,455,294	740,113	—	11,718,445
Partnership interests	—	—	—	1,642,489	1,642,489
Equity securities	47,503	2,750	1,190,400	—	1,240,653
Total investments, at fair value	570,541	10,458,044	1,930,513	1,642,489	14,601,587
Derivatives-foreign currency forward contracts	—	9,126	—	—	9,126
<b>Total assets, at fair value</b>	<b>\$ 570,541</b>	<b>\$ 10,467,170</b>	<b>\$ 1,930,513</b>	<b>\$ 1,642,489</b>	<b>\$ 14,610,713</b>
<b>Liabilities, at fair value</b>					
Loan obligations of CLOs	\$ —	\$ (12,345,657)	\$ —	\$ —	\$ (12,345,657)
Derivatives:					
Foreign currency forward contracts	—	(9,491)	—	—	(9,491)
Asset swaps	—	—	(1,291)	—	(1,291)
Total derivative liabilities, at fair value	—	(9,491)	(1,291)	—	(10,782)
<b>Total liabilities, at fair value</b>	<b>\$ —</b>	<b>\$ (12,355,148)</b>	<b>\$ (1,291)</b>	<b>\$ —</b>	<b>\$ (12,356,439)</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following tables summarize the financial assets and financial liabilities measured at fair value for the Company and the Consolidated Funds as of December 31, 2022:

Financial Instruments of the Company	Level I	Level II	Level III	Investments Measured at NAV	Total
<b>Assets, at fair value</b>					
Investments:					
Common stock and other equity securities	\$ —	\$ 77,022	\$ 121,785	\$ —	\$ 198,807
Collateralized loan obligations and fixed income securities	—	—	76,934	—	76,934
Partnership interests	—	—	—	1,385	1,385
Total investments, at fair value	—	77,022	198,719	1,385	277,126
Derivatives-foreign currency forward contracts	—	4,173	—	—	4,173
<b>Total assets, at fair value</b>	<b>\$ —</b>	<b>\$ 81,195</b>	<b>\$ 198,719</b>	<b>\$ 1,385</b>	<b>\$ 281,299</b>
<b>Liabilities, at fair value</b>					
Derivatives-foreign currency forward contracts	\$ —	\$ (3,423)	\$ —	\$ —	\$ (3,423)
<b>Total liabilities, at fair value</b>	<b>\$ —</b>	<b>\$ (3,423)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3,423)</b>

Financial Instruments of the Consolidated Funds	Level I	Level II	Level III	Investments Measured at NAV	Total
<b>Assets, at fair value</b>					
Investments:					
Fixed income investments:					
Loans and securitization vehicles	\$ —	\$ 8,663,678	\$ 616,844	\$ —	\$ 9,280,522
Money market funds and U.S. treasury securities	1,013,382	—	—	—	1,013,382
Bonds	—	534,137	252,824	—	786,961
Total fixed income investments	1,013,382	9,197,815	869,668	—	11,080,865
Partnership interests	—	—	368,655	1,023,514	1,392,169
Equity securities	719	—	730,880	—	731,599
Total investments, at fair value	1,014,101	9,197,815	1,969,203	1,023,514	13,204,633
Derivatives-foreign currency forward contracts	—	2,900	—	—	2,900
<b>Total assets, at fair value</b>	<b>\$ 1,014,101</b>	<b>\$ 9,200,715</b>	<b>\$ 1,969,203</b>	<b>\$ 1,023,514</b>	<b>\$ 13,207,533</b>
<b>Liabilities, at fair value</b>					
Loan obligations of CLOs	\$ —	\$ (10,701,720)	\$ —	\$ —	\$ (10,701,720)
Derivatives:					
Warrants	(9,326)	—	—	—	(9,326)
Asset swaps	—	—	(3,556)	—	(3,556)
Foreign currency forward contracts	—	(2,942)	—	—	(2,942)
Total derivative liabilities, at fair value	(9,326)	(2,942)	(3,556)	—	(15,824)
<b>Total liabilities, at fair value</b>	<b>\$ (9,326)</b>	<b>\$ (10,704,662)</b>	<b>\$ (3,556)</b>	<b>\$ —</b>	<b>\$ (10,717,544)</b>



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following tables set forth a summary of changes in the fair value of the Level III measurements:

<b>Level III Assets of the Company</b>	<b>Equity Securities</b>	<b>Fixed Income</b>	<b>Total</b>
<b>Balance as of December 31, 2022</b>	<b>\$ 121,785</b>	<b>\$ 76,934</b>	<b>\$ 198,719</b>
Purchases <sup>(1)</sup>	244,335	88,480	332,815
Sales/settlements <sup>(2)</sup>	(2)	(37,332)	(37,334)
Realized and unrealized appreciation (depreciation), net	46,373	(1,788)	44,585
<b>Balance as of December 31, 2023</b>	<b>\$ 412,491</b>	<b>\$ 126,294</b>	<b>\$ 538,785</b>
<b>Change in net unrealized appreciation/depreciation included in earnings related to financial assets still held at the reporting date</b>	<b>\$ 46,161</b>	<b>\$ (1,577)</b>	<b>\$ 44,584</b>

<b>Level III Net Assets of Consolidated Funds</b>	<b>Equity Securities</b>	<b>Fixed Income</b>	<b>Partnership Interests</b>	<b>Derivatives, Net</b>	<b>Total</b>
<b>Balance as of December 31, 2022</b>	<b>\$ 730,880</b>	<b>\$ 869,668</b>	<b>\$ 368,655</b>	<b>\$ (3,556)</b>	<b>\$ 1,965,647</b>
Transfer out due to changes in consolidation	(2,076)	(4,563)	(374,049)	—	(380,688)
Transfer in	—	247,661	—	—	247,661
Transfer out	(36,681)	(504,037)	—	—	(540,718)
Purchases <sup>(1)</sup>	347,583	813,564	49,000	—	1,210,147
Sales/settlements <sup>(2)</sup>	(2,595)	(700,944)	(48,889)	(154)	(752,582)
Realized and unrealized appreciation, net	153,289	18,764	5,283	2,419	179,755
<b>Balance as of December 31, 2023</b>	<b>\$ 1,190,400</b>	<b>\$ 740,113</b>	<b>\$ —</b>	<b>\$ (1,291)</b>	<b>\$ 1,929,222</b>
<b>Change in net unrealized appreciation/depreciation included in earnings related to financial assets and liabilities still held at the reporting date</b>	<b>\$ 152,336</b>	<b>\$ (15,623)</b>	<b>\$ —</b>	<b>\$ 1,590</b>	<b>\$ 138,303</b>

(1) Purchases include paid-in-kind interest and securities received in connection with restructurings.

(2) Sales/settlements include distributions, principal redemptions and securities disposed of in connection with restructurings.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following tables set forth a summary of changes in the fair value of the Level III measurements:

Level III Assets and Liabilities of the Company	Equity Securities	Fixed Income	Partnership Interests	Contingent Consideration	Total
<b>Balance as of December 31, 2021</b>	\$ 108,949	\$ 52,397	\$ 2,575	\$ (57,435)	\$ 106,486
Transfer in due to changes in consolidation	1,491	—	—	—	1,491
Purchases <sup>(1)</sup>	894	32,392	—	—	33,286
Sales/settlements <sup>(2)</sup>	68	(2,425)	(2,538)	58,873	53,978
Change in fair value	—	—	—	(1,438)	(1,438)
Realized and unrealized appreciation (depreciation), net	10,383	(5,430)	(37)	—	4,916
<b>Balance as of December 31, 2022</b>	<b>\$ 121,785</b>	<b>\$ 76,934</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 198,719</b>
<b>Change in net unrealized appreciation/depreciation included in earnings related to financial assets and liabilities still held at the reporting date</b>	<b>\$ 12,448</b>	<b>\$ (5,430)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,018</b>

Level III Net Assets of Consolidated Funds	Equity Securities	Fixed Income	Partnership Interests	Derivatives, Net	Total
<b>Balance as of December 31, 2021</b>	\$ 339,183	\$ 742,952	\$ 238,673	\$ (3,105)	\$ 1,317,703
Transfer in	—	184,037	94,386	—	278,423
Transfer out	—	(202,333)	—	—	(202,333)
Purchases <sup>(1)</sup>	323,699	732,477	59,258	—	1,115,434
Sales/settlements <sup>(2)</sup>	(31,932)	(536,125)	(52,828)	—	(620,885)
Realized and unrealized appreciation (depreciation), net	99,930	(51,340)	29,166	(451)	77,305
<b>Balance as of December 31, 2022</b>	<b>\$ 730,880</b>	<b>\$ 869,668</b>	<b>\$ 368,655</b>	<b>\$ (3,556)</b>	<b>\$ 1,965,647</b>
<b>Change in net unrealized appreciation/depreciation included in earnings related to financial assets and liabilities still held at the reporting date</b>	<b>\$ 70,591</b>	<b>\$ (54,058)</b>	<b>\$ 29,166</b>	<b>\$ (376)</b>	<b>\$ 45,323</b>

(1) Purchases include paid-in-kind interest and securities received in connection with restructurings.

(2) Sales/settlements include distributions, principal redemptions, securities disposed of in connection with restructurings and contingent consideration payments.

Transfers out of Level III were generally attributable to certain investments that experienced a more significant level of market activity during the period and thus were valued using observable inputs either from independent pricing services or multiple brokers. Transfers into Level III were generally attributable to certain investments that experienced a less significant level of market activity during the period and thus were only able to obtain one or fewer quotes from a broker or independent pricing service.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following tables summarize the quantitative inputs and assumptions used for the Company's and the Consolidated Funds' Level III measurements as of December 31, 2023:

Level III Measurements of the Company	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Range	Weighted Average
<b>Assets</b>					
Equity securities					
	\$ 154,460	Discounted cash flow	Discount rate	20.0% -30.0%	25.0%
	118,846	Market approach	Multiple of book value	1.3x - 1.6x	1.5x
	100,000	Transaction price <sup>(1)</sup>	N/A	N/A	N/A
	6,447	Market approach	Enterprise value / LTM multiple of FRE	15.4x	15.4x
	32,738	Other	N/A	N/A	N/A
Fixed income investments					
	83,000	Transaction price <sup>(1)</sup>	N/A	N/A	N/A
	20,799	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
	22,495	Other	N/A	N/A	N/A
<b>Total assets</b>	<b>\$ 538,785</b>				

Level III Measurements of the Consolidated Funds	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Range	Weighted Average
<b>Assets</b>					
Equity securities					
	\$ 648,581	Discounted cash flow	Discount rate	10.0% - 16.0%	13.0%
	537,733	Market approach	Multiple of book value	1.0x - 1.7x	1.3x
	3,909	Market approach	EBITDA multiple <sup>(2)</sup>	4.5x - 32.4x	8.9x
	177	Other	N/A	N/A	N/A
Fixed income investments					
	516,070	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
	188,322	Market approach	Yield	8.3% - 24.1%	12.2%
	2,974	Market approach	EBITDA multiple <sup>(2)</sup>	4.5x - 32.4x	9.0x
	32,747	Other	N/A	N/A	N/A
<b>Total assets</b>	<b>\$ 1,930,513</b>				
<b>Liabilities</b>					
Derivative instruments	\$ (1,291)	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
<b>Total liabilities</b>	<b>\$ (1,291)</b>				

(1) Transaction price consists of securities purchased or restructured. The Company determined that there was no change to the valuation based on the underlying assumptions used at the closing of such transactions.

(2) "EBITDA" in the table above is a non-GAAP financial measure and refers to earnings before interest, tax, depreciation and amortization.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

The following tables summarize the quantitative inputs and assumptions used for the Company's and the Consolidated Funds' Level III measurements as of December 31, 2022:

Level III Measurements of the Company	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Range	Weighted Average
<b>Assets</b>					
Equity securities					
	\$ 106,295	Market approach	Multiple of book value	1.3x - 3.2x	2.4x
	15,490	Transaction price <sup>(1)</sup>	N/A	N/A	N/A
Fixed income investments					
	30,189	Transaction price <sup>(1)</sup>	N/A	N/A	N/A
	25,163	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
	21,582	Other	N/A	N/A	N/A
<b>Total assets</b>	<b>\$ 198,719</b>				

Level III Measurements of the Consolidated Funds	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Range	Weighted Average
<b>Assets</b>					
Equity securities					
	\$ 401,229	Discounted cash flow	Discount rate	8.0% - 18.0%	12.0%
	290,258	Market approach	Multiple of book value	1.0x - 1.2x	1.2x
	36,681	Market approach	Net income multiple	30.0x	30.0x
	2,064	Market approach	EBITDA multiple <sup>(2)</sup>	6.3x - 31.0x	13.6x
	648	Other	N/A	N/A	N/A
Partnership interests	368,655	Discounted cash flow	Discount rate	10.3% - 22.0%	18.9%
Fixed income investments					
	731,708	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
	125,612	Market approach	Yield	6.6% - 21.7%	12.8%
	6,155	Transaction price <sup>(1)</sup>	N/A	N/A	N/A
	4,479	Market approach	EBITDA multiple <sup>(2)</sup>	8.0x - 9.0x	8.5x
	1,714	Other	N/A	N/A	N/A
<b>Total assets</b>	<b>\$ 1,969,203</b>				
<b>Liabilities</b>					
Derivative instruments	\$ (3,556)	Broker quotes and/or 3rd party pricing services	N/A	N/A	N/A
<b>Total liabilities</b>	<b>\$ (3,556)</b>				

(1) Transaction price consists of securities purchased or restructured. The Company determined that there has been no change to the valuation based on the underlying assumptions used at the closing of such transactions.

(2) "EBITDA" in the table above is a non-GAAP financial measure and refers to earnings before interest, tax, depreciation and amortization.

The Consolidated Funds have limited partnership interests in private equity funds managed by the Company that are valued using NAV per share. The terms and conditions of these funds do not allow for redemptions without certain events or approvals that are outside the Company's control.

The following table summarizes the investments held at fair value and unfunded commitments of the Consolidated Funds interests valued using NAV per share:

	As of December 31,	
	2023	2022
Investments (held at fair value)	\$ 1,642,489	\$ 1,023,514
Unfunded commitments	738,621	869,016

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**6. DEBT**

The following table summarizes the Company's and its subsidiaries' debt obligations:

	Debt Origination Date	Maturity	Original Borrowing Amount	As of December 31,			
				2023		2022	
				Carrying Value	Interest Rate	Carrying Value	Interest Rate
Credit Facility <sup>(1)</sup>	Revolving	3/31/2027	N/A	\$ 895,000	6.37%	\$ 700,000	5.37%
2024 Senior Notes <sup>(2)</sup>	10/8/2014	10/8/2024	\$ 250,000	249,427	4.21	248,693	4.21
2028 Senior Notes <sup>(3)</sup>	11/10/2023	11/10/2028	500,000	494,863	6.42	—	N/A
2030 Senior Notes <sup>(4)</sup>	6/15/2020	6/15/2030	400,000	397,050	3.28	396,602	3.28
2052 Senior Notes <sup>(5)</sup>	1/21/2022	2/1/2052	500,000	484,199	3.77	483,802	3.77
2051 Subordinated Notes <sup>(6)</sup>	6/30/2021	6/30/2051	450,000	444,941	4.13	444,757	4.13
<b>Total debt obligations</b>				<b>\$ 2,965,480</b>		<b>\$ 2,273,854</b>	

- (1) The revolver commitments were \$1.325 billion as of December 31, 2023. Ares Holdings is the borrower under the Credit Facility. The Credit Facility has a variable interest rate based on Secured Overnight Financing Rate ("SOFR") or a base rate plus an applicable margin, which is subject to adjustment based on the achievement of certain environmental, social and governance ("ESG")-related targets, with an unused commitment fee paid quarterly, which is subject to change with the Company's underlying credit agency rating. As of December 31, 2023, base rate loans bear interest calculated based on the prime rate and the SOFR loans bear interest calculated based on SOFR plus 1.00%. The unused commitment fee is 0.10% per annum. There is a base rate and SOFR floor of zero. Due to the achievement of the ESG-related targets, the Company's base rate and unused commitment fee have been reduced by 0.05% and 0.01%, respectively, from July 2023 through June 2024.
- (2) The 2024 Senior Notes were issued in October 2014 by Ares Finance Co. LLC, an indirect subsidiary of the Company, at 98.27% of the face amount with interest paid semi-annually. The Company may redeem the 2024 Senior Notes prior to maturity, subject to the terms of the indenture governing the 2024 Senior Notes.
- (3) The 2028 Senior Notes were issued in November 2023 by the Company, at 99.80% of the face amount with interest paid semi-annually. The Company may redeem the 2028 Senior Notes prior to maturity, subject to the terms of the indenture governing the 2028 Senior Notes.
- (4) The 2030 Senior Notes were issued in June 2020 by Ares Finance Co. II LLC, an indirect subsidiary of the Company, at 99.77% of the face amount with interest paid semi-annually. The Company may redeem the 2030 Senior Notes prior to maturity, subject to the terms of the indenture governing the 2030 Senior Notes.
- (5) The 2052 Senior Notes were issued in January 2022 by Ares Finance Co. IV LLC, an indirect subsidiary of the Company, at 97.78% of the face amount with interest paid semi-annually. The Company may redeem the 2052 Senior Notes prior to maturity, subject to the terms of the indenture governing the 2052 Senior Notes.
- (6) The 2051 Subordinated Notes were issued in June 2021 by Ares Finance Co. III LLC, an indirect subsidiary of the Company with interest paid semi-annually at a fixed rate of 4.125%. Beginning June 30, 2026, the interest rate will reset on every fifth year based on the five-year U.S. Treasury Rate plus 3.237%. The Company may redeem the 2051 Subordinated Notes prior to maturity or defer interest payments up to five consecutive years, subject to the terms of the indenture governing the 2051 Subordinated Notes.

As of December 31, 2023, the Company and its subsidiaries were in compliance with all covenants under the debt obligations.

The Company typically incurs and pays debt issuance costs when entering into a new debt obligation or when amending an existing debt agreement. Debt issuance costs related to the 2024, 2028, 2030 and 2052 Senior Notes (the "Senior Notes") and 2051 Subordinated Notes are recorded as a reduction of the corresponding debt obligation, and debt issuance costs related to the Credit Facility are included within other assets within the Consolidated Statements of Financial Condition. All debt issuance costs are amortized over the remaining term of the related obligation into interest expense within the Consolidated Statements of Operations.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

The following table presents the activity of the Company's debt issuance costs:

	Credit Facility	Senior Notes	Subordinated Notes
<b>Unamortized debt issuance costs as of December 31, 2021</b>	<b>\$ 5,274</b>	<b>\$ 3,689</b>	<b>\$ 5,426</b>
Debt issuance costs incurred	1,516	5,482	—
Amortization of debt issuance costs	(1,280)	(778)	(183)
<b>Unamortized debt issuance costs as of December 31, 2022</b>	<b>\$ 5,510</b>	<b>\$ 8,393</b>	<b>\$ 5,243</b>
Debt issuance costs incurred	—	4,315	—
Amortization of debt issuance costs	(1,297)	(924)	(184)
<b>Unamortized debt issuance costs as of December 31, 2023</b>	<b>\$ 4,213</b>	<b>\$ 11,784</b>	<b>\$ 5,059</b>

**Loan Obligations of the Consolidated CLOs**

Loan obligations of the Consolidated Funds that are Consolidated CLOs represent amounts due to holders of debt securities issued by the Consolidated CLOs. The Company measures the loan obligations of the Consolidated CLOs using the fair value of the financial assets of its Consolidated CLOs.

The following loan obligations were outstanding and classified as liabilities of the Consolidated CLOs:

	As of December 31,					
	2023			2022		
	Fair Value of Loan Obligations	Weighted Average Interest Rate	Weighted Average Remaining Maturity (in years)	Fair Value of Loan Obligations	Weighted Average Interest Rate	Weighted Average Remaining Maturity (in years)
Senior secured notes	\$ 11,606,289	6.64%	8.2	\$ 10,142,545	4.84%	8.8
Subordinated notes <sup>(1)</sup>	739,368	N/A	6.9	559,175	N/A	7.8
<b>Total loan obligations of Consolidated CLOs</b>	<b>\$ 12,345,657</b>			<b>\$ 10,701,720</b>		

(1) The notes do not have contractual interest rates; instead, holders of the notes receive distributions from the excess cash flows generated by each Consolidated CLO.

Loan obligations of the Consolidated CLOs are collateralized by the assets held by the Consolidated CLOs, consisting of cash and cash equivalents, corporate loans, corporate bonds and other securities. The assets of one Consolidated CLO may not be used to satisfy the liabilities of another Consolidated CLO. Loan obligations of the Consolidated CLOs include floating rate notes, deferrable floating rate notes, revolving lines of credit and subordinated notes. Amounts borrowed under the notes are repaid based on available cash flows subject to priority of payments under each Consolidated CLO's governing documents. Based on the terms of these facilities, the creditors of the facilities have no recourse to the Company.

**Credit Facilities of the Consolidated Funds**

Certain Consolidated Funds maintain credit facilities to fund investments between capital drawdowns. These facilities generally are collateralized by the unfunded capital commitments of the Consolidated Funds' limited partners, bear an annual commitment fee based on unfunded commitments and contain various affirmative and negative covenants and reporting obligations, including restrictions on additional indebtedness, liens, margin stock, affiliate transactions, dividends and distributions, release of capital commitments and portfolio asset dispositions. The creditors of these facilities have no recourse to the Company and only have recourse to a subsidiary of the Company to the extent the debt is guaranteed by such subsidiary. As of December 31, 2023 and 2022, the Consolidated Funds were in compliance with all covenants under such credit facilities.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

The Consolidated Funds had the following revolving bank credit facilities outstanding:

	Maturity Date	Total Capacity	As of December 31,			
			2023		2022	
			Outstanding Loan <sup>(1)</sup>	Effective Rate	Outstanding Loan <sup>(1)</sup>	Effective Rate
Credit Facilities:	10/13/2023	<sup>(2)</sup> \$ 112,817	N/A	N/A	\$ 77,496	5.89%
	7/1/2024	18,000	\$ 15,241	6.88%	15,550	6.25
	7/23/2024	125,000	110,000	8.29	75,000	7.28
	9/24/2026	150,000	—	N/A	—	N/A
	9/12/2027	54,000	—	N/A	—	N/A
<b>Total borrowings of Consolidated Funds</b>			<b>\$ 125,241</b>		<b>\$ 168,046</b>	

(1) The fair values of the borrowings approximate the carrying value as the interest rate on the borrowings is a floating rate.

(2) Represents a credit facility of a Consolidated Fund that was deconsolidated during the second quarter of 2023. The total capacity represents the balance as of December 31, 2022.

## 7. OTHER ASSETS

The components of other assets were as follows:

	As of December 31,	
	2023	2022
<b>Other assets of the Company:</b>		
Accounts and interest receivable	\$ 128,756	\$ 120,903
Fixed assets, net	122,223	79,678
Deferred tax assets, net	21,549	68,933
Other assets	157,451	111,623
<b>Total other assets of the Company</b>	<b>\$ 429,979</b>	<b>\$ 381,137</b>
<b>Other assets of Consolidated Funds:</b>		
Dividends and interest receivable	\$ 74,045	\$ 60,321
Income tax and other receivables	12,627	5,249
<b>Total other assets of Consolidated Funds</b>	<b>\$ 86,672</b>	<b>\$ 65,570</b>

### *Fixed Assets, Net*

The components of fixed assets were as follows:

	As of December 31,	
	2023	2022
Office and computer equipment	\$ 52,681	\$ 41,547
Internal-use software	51,226	57,200
Leasehold improvements	134,272	84,820
Fixed assets, at cost	238,179	183,567
Less: accumulated depreciation	(115,956)	(103,889)
<b>Fixed assets, net</b>	<b>\$ 122,223</b>	<b>\$ 79,678</b>

For the years ended December 31, 2023, 2022 and 2021, depreciation expense was \$31.4 million, \$26.2 million and \$22.1 million, respectively, and is included within general, administrative and other expenses within the Consolidated Statements of Operations. During 2023, the Company disposed of \$19.8 million of fixed assets that were fully depreciated.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

## 8. COMMITMENTS AND CONTINGENCIES

### *Indemnification Arrangements*

Consistent with standard business practices in the normal course of business, the Company enters into contracts that contain indemnities for affiliates of the Company, persons acting on behalf of the Company or such affiliates and third parties. The terms of the indemnities vary from contract to contract and the Company's maximum exposure under these arrangements cannot be determined and has not been recorded within the Consolidated Statements of Financial Condition. As of December 31, 2023, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### *Commitments*

As of December 31, 2023 and 2022, the Company had aggregate unfunded commitments to invest in funds it manages or to support certain strategic initiatives of \$1,030.6 million and \$677.9 million, respectively.

### *Guarantees*

The Company has entered into agreements with financial institutions to guarantee credit facilities held by certain funds. In the ordinary course of business, the guarantee of credit facilities held by funds may indicate control and result in consolidation of the fund. As of December 31, 2023 and 2022, the Company's maximum exposure to losses from guarantees was \$122.3 million and \$31.5 million, respectively.

### *Contingent Liabilities*

In connection with the Crescent Point Acquisition during the fourth quarter of 2023, the Company established a management incentive program (the "Crescent Point MIP") with certain professionals. The Crescent Point MIP represents a contingent liability not to exceed \$75.0 million and is based on the achievement of revenue targets from the fundraising of a future private equity fund during the measurement period.

The Company expects to settle the liability with a combination of 33% cash and 67% equity awards. Expense associated with the cash and equity components are recognized ratably over the measurement period, which represents the service period and will end on the final fundraising date for the fund. The Crescent Point MIP is remeasured each period with incremental changes in fair value included within compensation and benefits expense within the Consolidated Statements of Operations. Following the measurement period end date, the cash component will be paid and the equity component will be settled with shares of the Company's Class A common stock and granted at fair value.

As of December 31, 2023, the fair value of the contingent liability was \$75.0 million, of which the Company has recorded \$5.0 million of compensation expense with an offset to accrued compensation within the Consolidated Statements of Financial Condition.

In connection with the acquisition of AMP Capital's infrastructure debt platform (the "Infrastructure Debt Acquisition") during the first quarter of 2022, the Company established a management incentive program (the "Infrastructure Debt MIP") with certain professionals. The Infrastructure Debt MIP represents a contingent liability not to exceed \$48.5 million and is based on the achievement of revenue targets from the fundraising of certain infrastructure debt funds during the measurement periods.

The Company expects to settle each portion of the liability with a combination of 15% cash and 85% equity awards. Expense associated with the cash components are recognized ratably over the respective measurement periods, which will end on the final fundraising date for each of the infrastructure debt funds included in the Infrastructure Debt MIP agreement. Expense associated with the equity component is recognized ratably over the service periods, which will continue for four years beyond each of the measurement period end dates. The Infrastructure Debt MIP is remeasured each period with incremental changes in fair value included within compensation and benefits expense within the Consolidated Statements of Operations. Following each of the measurement period end dates, the cash component will be paid and restricted units for the portion of the Infrastructure Debt MIP award earned will be granted at fair value. The unpaid liability at the respective measurement period end dates will be reclassified from liability to additional paid-in-capital and any difference between the fair value of the



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

Infrastructure Debt MIP award earned at the respective measurement period end date and the previously recorded compensation expense will be recognized over the remaining four year service period as equity-based compensation expense.

The revenue target was achieved for one of the infrastructure debt funds during the fourth quarter of 2022. As of December 31, 2022, the fair value of the contingent liability related to this portion of the award was \$21.8 million and the Company recorded \$7.0 million within accrued compensation within the Consolidated Statements of Financial Condition. During the first quarter of 2023, the associated liability for this portion of the award was settled with a \$3.4 million cash payment and the remaining amount equity-settled and reclassified to additional paid-in-capital. For the year ended December 31, 2022, compensation expense of \$7.0 million, related to the achieved portion of the award, is presented within compensation and benefits within the Consolidated Statements of Operations.

As of December 31, 2023, the maximum contingent liability associated with the remaining Infrastructure Debt MIP is \$15.0 million. As of December 31, 2023 and 2022, the fair value of the contingent liability was \$13.6 million and \$13.5 million. As of December 31, 2023 and 2022, the Company has recorded \$4.4 million and \$2.2 million, respectively, within accrued compensation within the Consolidated Statements of Financial Condition. Compensation expense associated with the remaining Infrastructure Debt MIP of \$2.3 million and \$2.2 million for the years ended December 31, 2023 and 2022, respectively, is presented within compensation and benefits within the Consolidated Statements of Operations.

***Carried Interest***

Carried interest is affected by changes in the fair values of the underlying investments in the funds that are advised by the Company. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, public equity market volatility, industry trading multiples and interest rates. Generally, if at the termination of a fund (and increasingly at interim points in the life of a fund), the fund has not achieved investment returns that (in most cases) exceed the preferred return threshold or (in all cases) the general partner receives net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, the Company will be obligated to repay carried interest that was received by the Company in excess of the amounts to which the Company is entitled. This contingent obligation is normally reduced by income taxes paid by the Company related to its carried interest.

Senior professionals of the Company who have received carried interest distributions are responsible for funding their proportionate share of any contingent repayment obligations. However, the governing agreements of certain of the Company's funds provide that if a current or former professional does not fund his or her respective share for such fund, then the Company may have to fund additional amounts beyond what was received in carried interest, although the Company will generally retain the right to pursue any remedies under such governing agreements against those carried interest recipients who fail to fund their obligations.

Additionally, at the end of the life of the funds there could be a payment due to a fund by the Company if the Company has recognized more carried interest than was ultimately earned. The general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of the fund.

As of December 31, 2023 and 2022, if the Company assumed all existing investments were worthless, the amount of carried interest subject to potential repayment, net of tax distributions, which may differ from the recognition of revenue, would have been approximately \$78.5 million and \$128.4 million, respectively, of which approximately \$54.5 million and \$101.0 million, respectively, is reimbursable to the Company by certain professionals who are the recipients of such carried interest. Management believes the possibility of all of the investments becoming worthless is remote. As of December 31, 2023 and 2022, if the funds were liquidated at their fair values, there would be no contingent repayment obligation or liability.

***Litigation***

From time to time, the Company is named as a defendant in legal actions relating to transactions conducted in the ordinary course of business. Although there can be no assurance of the outcome of such legal actions, in the opinion of management, the Company does not have a potential liability related to any current legal proceeding or claim that would individually or in the aggregate materially affect its results of operations, financial condition or cash flows.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**Leases**

The Company leases primarily consists of operating leases for office space and certain office equipment. The Company's leases have remaining lease terms of one to 13 years. The tables below present certain supplemental quantitative disclosures regarding the Company's operating leases:

<b>Maturity of operating lease liabilities</b>	<b>As of December 31, 2023</b>	
2024	\$	51,399
2025		51,884
2026		48,206
2027		37,497
2028		27,408
Thereafter		180,050
Total future payments		396,444
Less: interest		76,872
<b>Total operating lease liabilities</b>	<b>\$</b>	<b>319,572</b>

<b>Classification within general, administrative and other expenses</b>	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating lease expense	\$ 49,531	\$ 42,746	\$ 38,135

<b>Supplemental information on the measurement of operating lease liabilities</b>	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating cash flows for operating leases	\$ 45,103	\$ 46,558	\$ 37,500
Leased assets obtained in exchange for new operating lease liabilities	168,876	43,331	57,624

<b>Lease term and discount rate</b>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Weighted-average remaining lease terms (in years)	8.4	5.5
Weighted-average discount rate	4.3%	2.7%

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**9. RELATED PARTY TRANSACTIONS**

Substantially all of the Company's revenue is earned from its affiliates. The related accounts receivable are included within due from affiliates within the Consolidated Statements of Financial Condition, except that accrued carried interest, which is predominantly due from affiliated funds, is presented separately within investments within the Consolidated Statements of Financial Condition.

The Company has investment management agreements with the Ares Funds that it manages. In accordance with these agreements, these Ares Funds may bear certain operating costs and expenses which are initially paid by the Company and subsequently reimbursed by the Ares Funds.

The Company is reimbursed for expenses incurred in providing administrative services to certain related parties, including our publicly-traded and non-traded vehicles. In addition, certain private funds pay administrative fees based on invested capital. The Company is also party to agreements with certain funds which pay fees to the Company to provide various property-related services, such as acquisition, development and property management as well as fees for the sale and distribution of fund shares in our non-traded vehicles.

Employees and other related parties may be permitted to participate in co-investment vehicles that generally invest in Ares Funds alongside fund investors. Participation is limited by law to individuals who qualify under applicable securities laws. These co-investment vehicles generally do not require these individuals to pay management fees, carried interest or incentive fees.

Carried interest and incentive fees from the funds can be distributed to professionals or their related entities on a current basis, subject, in the case of carried interest programs, to repayment by the subsidiary of the Company that acts as general partner of the relevant fund in the event that certain specified return thresholds are not ultimately achieved. The professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several, and not joint, and are limited to distributions received by the relevant recipient.

The Company considers its professionals and non-consolidated funds to be affiliates. Amounts due from and to affiliates were composed of the following:

	As of December 31,	
	2023	2022
<b>Due from affiliates:</b>		
Management fees receivable from non-consolidated funds	\$ 560,629	\$ 456,314
Incentive fee receivable from non-consolidated funds	159,098	169,979
Payments made on behalf of and amounts due from non-consolidated funds and employees	177,019	132,179
<b>Due from affiliates—Company</b>	<b>\$ 896,746</b>	<b>\$ 758,472</b>
Amounts due from non-consolidated funds	\$ 14,151	\$ 15,789
<b>Due from affiliates—Consolidated Funds</b>	<b>\$ 14,151</b>	<b>\$ 15,789</b>
<b>Due to affiliates:</b>		
Management fee received in advance and rebates payable to non-consolidated funds	\$ 9,585	\$ 8,701
Tax receivable agreement liability	191,299	118,466
Undistributed carried interest and incentive fees	33,374	121,332
Payments made by non-consolidated funds on behalf of and payable by the Company	5,996	4,299
<b>Due to affiliates—Company</b>	<b>\$ 240,254</b>	<b>\$ 252,798</b>
Amounts due to portfolio companies and non-consolidated funds	\$ 3,554	\$ 4,037
<b>Due to affiliates—Consolidated Funds</b>	<b>\$ 3,554</b>	<b>\$ 4,037</b>

***Due from and Due to Ares Funds and Portfolio Companies***

In the normal course of business, the Company pays certain expenses on behalf of Consolidated Funds and non-consolidated funds for which it is reimbursed. Conversely, Consolidated Funds and non-consolidated funds may pay certain expenses that are reimbursed by the Company. Certain expenses initially paid by the Company, primarily professional services,

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

travel and other costs associated with particular portfolio company holdings, are subject to reimbursement by the portfolio companies.

## 10. INCOME TAXES

The Company's effective income tax rate is dependent on many factors, including the estimated nature and amounts of income and expenses allocated to the non-controlling interests without being subject to federal, state and local income taxes at the corporate level. Additionally, the Company's effective tax rate is influenced by the amount of income tax provision recorded for any affiliated funds and co-investment vehicles that are consolidated in the Company's consolidated financial statements.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by U.S. federal, state, local and foreign tax authorities. With limited exceptions, the Company is no longer subject to income tax audits by taxing authorities for any years prior to 2020. Although the outcome of tax audits is always uncertain, the Company does not believe the outcome of any future audit will have a material adverse effect on the Company's consolidated financial statements.

The provision for income taxes attributable to the Company and the Consolidated Funds, consisted of the following:

Provision for Income Taxes	Year ended December 31,		
	2023	2022	2021
<b>The Company</b>			
<b>Current:</b>			
U.S. federal income tax expense	\$ 34,051	\$ 42,452	\$ 40,861
State and local income tax expense	13,316	7,614	12,121
Foreign income tax expense	24,029	14,119	11,684
	<u>71,396</u>	<u>64,185</u>	<u>64,666</u>
<b>Deferred:</b>			
U.S. federal income tax expense	85,610	10,660	68,201
State and local income tax expense	15,872	2,131	13,040
Foreign income tax expense (benefit)	(3,730)	(5,416)	1,390
	<u>97,752</u>	<u>7,375</u>	<u>82,631</u>
<b>Total:</b>			
U.S. federal income tax expense	119,661	53,112	109,062
State and local income tax expense	29,188	9,745	25,161
Foreign income tax expense	20,299	8,703	13,074
<b>Income tax expense</b>	<u>169,148</u>	<u>71,560</u>	<u>147,297</u>
<b>Consolidated Funds</b>			
<b>Current:</b>			
Foreign income tax expense	3,823	331	88
<b>Income tax expense</b>	<u>3,823</u>	<u>331</u>	<u>88</u>
<b>Total Provision for Income Taxes</b>			
Total current income tax expense	75,219	64,516	64,754
Total deferred income tax expense	97,752	7,375	82,631
<b>Income tax expense</b>	<u>\$ 172,971</u>	<u>\$ 71,891</u>	<u>\$ 147,385</u>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

The effective income tax rate differed from the federal statutory rate for the following reasons:

	Year ended December 31,		
	2023	2022	2021
Income tax expense at federal statutory rate	21.0%	21.0%	21.0%
Income passed through to non-controlling interests	(9.6)	(8.9)	(9.2)
State and local taxes, net of federal benefit	1.7	2.2	1.9
Foreign taxes	(0.7)	(1.4)	(0.1)
Permanent items	0.2	0.6	(0.3)
Disallowed executive compensation	0.2	0.1	0.7
Other, net	0.3	0.3	(0.2)
Valuation allowance	(0.1)	0.2	—
<b>Total effective rate</b>	<b>13.0%</b>	<b>14.1%</b>	<b>13.8%</b>

### Deferred Taxes

The income tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities were as follows as of December 31, 2023 and 2022. Deferred tax assets, net are included within other assets within the Consolidated Statements of Financial Condition.

Deferred Tax Assets and Liabilities of the Company	As of December 31,	
	2023	2022
<b>Deferred tax assets</b>		
Amortizable tax basis for AOG Unit exchanges	\$ 205,627	\$ 124,217
Net operating losses and capital loss carryforwards	1,829	2,192
Other, net	6,511	6,089
<b>Total gross deferred tax assets</b>	<b>213,967</b>	<b>132,498</b>
Valuation allowance	(942)	(2,155)
<b>Total net deferred tax assets</b>	<b>213,025</b>	<b>130,343</b>
<b>Deferred tax liabilities</b>		
Investment in partnerships	(191,476)	(61,410)
<b>Total deferred tax liabilities</b>	<b>(191,476)</b>	<b>(61,410)</b>
<b>Deferred tax assets, net</b>	<b>\$ 21,549</b>	<b>\$ 68,933</b>

Deferred Tax Assets and Liabilities of the Consolidated Funds	As of December 31,	
	2023	2022
<b>Deferred tax assets</b>		
Other, net	\$ 2,598	\$ —
<b>Total gross deferred tax assets</b>	<b>2,598</b>	<b>—</b>
Valuation allowance	(2,598)	—
<b>Total deferred tax assets, net</b>	<b>\$ —</b>	<b>\$ —</b>

In assessing the realizability of deferred tax assets, the Company considers whether it is probable that some or all of the deferred tax assets will not be realized. In determining whether the deferred taxes are realizable, the Company considers the period of expiration of the tax asset, historical and projected taxable income, and tax liabilities for the tax jurisdiction in which the tax asset is located. Valuation allowances are provided to reduce the amounts of deferred tax assets to an amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts.

The Company's income tax provision includes corporate income taxes and other entity level income taxes, as well as income taxes incurred by Consolidated Funds.

As of December 31, 2023 and 2022, the valuation allowance for the Company's deferred tax assets was \$0.9 million and \$2.2 million, respectively. The deferred tax assets related to operating losses in foreign jurisdictions and certain capital loss

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

carryforwards do not meet the more likely than not threshold and have a valuation allowance recorded for the net balance.

As of December 31, 2023, the Company had \$10.6 million of net operating loss (“NOL”) carryforwards and other tax attributes related to its Consolidated Funds available to reduce future income taxes for which a full valuation allowance has been provided. The NOLs generally have no expiry.

As of, and for the years ended December 31, 2023, 2022 and 2021, the Company had no significant uncertain tax positions.

**11. EARNINGS PER SHARE**

The Company has Class A and non-voting common stock outstanding. The non-voting common stock has the same economic rights as the Class A common stock; therefore, earnings per share is presented on a combined basis. Income of the Company has been allocated on a proportionate basis to the two common stock classes.

Basic earnings per share of Class A and non-voting common stock is computed by using the two-class method. Diluted earnings per share of Class A and non-voting common stock is computed using the more dilutive method of either the two-class method or the treasury stock method.

For the years ended December 31, 2023 and 2021, the treasury stock method was the more dilutive method. For the year ended December 31, 2022, the two-class method was the more dilutive method.

The computation of diluted earnings per share excludes the following restricted units and AOG Units as their effect would have been anti-dilutive:

	Year ended December 31,		
	2023	2022	2021
Restricted units	2,071	—	132
AOG Units	118,804,252	—	116,226,798

The following table presents the computation of basic and diluted earnings per common share:

	Year ended December 31,		
	2023	2022	2021
<b>Basic earnings per share of Class A and non-voting common stock:</b>			
Net income attributable to Ares Management Corporation Class A and non-voting common stockholders	\$ 474,326	\$ 167,541	\$ 386,748
Dividends declared and paid on Class A and non-voting common stock	(571,923)	(429,104)	(309,835)
Distributions on unvested restricted units	(21,303)	(14,096)	(10,986)
Undistributed earnings allocable to participating unvested restricted units	—	—	(7,138)
<b>Undistributed net income (dividends in excess of earnings) available to Class A and non-voting common stockholders</b>	<b>\$ (118,900)</b>	<b>\$ (275,659)</b>	<b>\$ 58,789</b>
<b>Basic weighted-average shares of Class A and non-voting common stock</b>	<b>184,523,524</b>	<b>175,510,798</b>	<b>163,703,626</b>
Undistributed basic earnings (dividends in excess of earnings) per share of Class A and non-voting common stock	\$ (0.64)	\$ (1.57)	\$ 0.36
Dividend declared and paid per Class A and non-voting common stock	3.08	2.44	1.88
<b>Basic earnings per share of Class A and non-voting common stock</b>	<b>\$ 2.44</b>	<b>\$ 0.87</b>	<b>\$ 2.24</b>
<b>Diluted earnings per share of Class A and non-voting common stock:</b>			
Net income attributable to Ares Management Corporation Class A and non-voting common stockholders	\$ 474,326	\$ 167,541	\$ 386,748
Distributions on unvested restricted units	—	(14,096)	—
<b>Net income available to Class A and non-voting common stockholders</b>	<b>\$ 474,326</b>	<b>\$ 153,445</b>	<b>\$ 386,748</b>
Effect of dilutive shares:			
Restricted units	9,347,318	—	11,209,144
Options	1,902,584	—	5,199,501
<b>Diluted weighted-average shares of Class A and non-voting common stock</b>	<b>195,773,426</b>	<b>175,510,798</b>	<b>180,112,271</b>
<b>Diluted earnings per share of Class A and non-voting common stock</b>	<b>\$ 2.42</b>	<b>\$ 0.87</b>	<b>\$ 2.15</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**12. EQUITY COMPENSATION****Equity Incentive Plan**

In April 2023, the Company's board of directors approved the Equity Incentive Plan to replace the Third Amended and Restated 2014 Equity Incentive Plan ("2014 Equity Incentive Plan"). The Equity Incentive Plan was approved by stockholders on June 12, 2023, and as of that date, the number of shares available for issuance under the Equity Incentive Plan was 69,122,318 and may reset on January 1 of each year, based on a formula set forth in the Equity Incentive Plan. As of December 31, 2023, 69,150,100 shares remained available for issuance under the Equity Incentive Plan.

Generally, unvested restricted units are forfeited upon termination of employment in accordance with the Equity Incentive Plan. The Company recognizes forfeitures as a reversal of previously recognized compensation expense in the period the forfeiture occurs.

Equity-based compensation expense, net of forfeitures, recorded by the Company is presented in the following table:

	Year ended December 31,		
	2023	2022	2021
Restricted units	\$ 255,965	\$ 200,391	\$ 170,980
Restricted units with a market condition	—	—	66,211
<b>Equity-based compensation expense</b>	<b>\$ 255,965</b>	<b>\$ 200,391</b>	<b>\$ 237,191</b>

**Restricted Units**

Each restricted unit represents an unfunded, unsecured right of the holder to receive a share of the Company's Class A common stock on a specific date. The restricted units generally vest and are settled in shares of Class A common stock either: (i) at a rate of one-third per year, beginning on the third anniversary of the grant date; (ii) at a rate of one quarter per year, beginning on the second anniversary of the grant date or the holder's employment commencement date or (iii) at a rate of one-third per year, beginning on the first anniversary of the grant date, in each case generally subject to the holder's continued employment as of the applicable vesting date (subject to accelerated vesting upon certain qualifying terminations of employment or retirement eligibility provisions). Compensation expense associated with restricted units is recognized on a straight-line basis over the requisite service period of the award.

Restricted units are delivered net of the holder's payroll related taxes upon vesting. For the year ended December 31, 2023, 3.8 million restricted units vested and 2.2 million shares of Class A common stock were delivered to the holders. For the year ended December 31, 2022, 5.5 million restricted units vested and 3.1 million shares of Class A common stock were delivered to the holders.

The holders of restricted units, other than awards that have not yet been issued as described in the subsequent sections, generally have the right to receive as current compensation an amount in cash equal to: (i) the amount of any dividend paid with respect to a share of Class A common stock multiplied by (ii) the number of restricted units held at the time such dividends are declared ("Dividend Equivalent"). When units are forfeited, the cumulative amount of Dividend Equivalents previously paid is reclassified to compensation and benefits expense within the Consolidated Statements of Operations.

The following table summarizes the Company's dividends declared and Dividend Equivalents paid during the year ended December 31, 2023:

Record Date	Dividends Per Share	Dividend Equivalents Paid
March 17, 2023	\$ 0.77	\$ 12,032
June 16, 2023	0.77	11,874
September 15, 2023	0.77	11,704
December 15, 2023	0.77	11,596

During the first quarter of 2023, the Company approved the future grant of restricted units to certain senior executives in each of 2024, 2025 and 2026, subject to the holder's continued employment and acceleration in certain instances. The vesting period of these awards are at a rate of 25% per year, beginning on the second anniversary of the grant date. Given that these

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

future restricted units have been communicated to the recipient, the Company accounts for these awards as if they have been granted and recognizes the compensation expense on a straight-line basis over the service period. The restricted units that have been approved and communicated but not yet granted are not eligible to receive a Dividend Equivalent until the grant date.

The following table presents unvested restricted units' activity:

	Restricted Units	Weighted Average Grant Date Fair Value Per Unit
<b>Balance as of December 31, 2022</b>	<b>16,662,999</b>	<b>\$ 48.76</b>
Granted	4,780,786	78.97
Vested	(3,826,544)	38.46
Forfeited	(257,412)	58.75
<b>Balance as of December 31, 2023</b>	<b>17,359,829</b>	<b>\$ 59.20</b>

The total compensation expense expected to be recognized in all future periods associated with the restricted units is approximately \$650.9 million as of December 31, 2023 and is expected to be recognized over the remaining weighted average period of 3.4 years.

*Options*

Upon exercise, each option entitles the holders to purchase from the Company one share of Class A common stock at the stated exercise price. The term of the options is generally 10 years, all of which expire in May 2024.

A summary of options activity during the year ended December 31, 2023 is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value
<b>Balance as of December 31, 2022</b>	<b>5,170,219</b>	<b>\$ 19.00</b>	<b>1.3</b>	<b>\$ 255,616</b>
Exercised	(5,090,695)	19.00	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
<b>Balance as of December 31, 2023</b>	<b>79,524</b>	<b>\$ 19.00</b>	<b>0.3</b>	<b>\$ 7,946</b>
Exercisable as of December 31, 2023	79,524	\$ 19.00	0.3	\$ 7,946

Net cash proceeds from exercises of stock options were \$86.0 million for the year ended December 31, 2023. The Company realized tax benefits of approximately \$53.9 million from those exercises.

Aggregate intrinsic value represents the value of the Company's closing share price of Class A common stock on the last trading day of the period in excess of the weighted-average exercise price multiplied by the number of options exercisable or expected to vest.

**13. EQUITY AND REDEEMABLE INTEREST**

*Common Stock*

The Company's common stock consists of Class A, Class B, Class C and non-voting common stock, each \$0.01 par value per share. The non-voting common stock has the same economic rights as the Class A common stock. Sumitomo Mitsui Banking Corporation ("SMBC") is the sole holder of the non-voting common stock. The Class B common stock and Class C common stock are non-economic and holders are not entitled to dividends from the Company or to receive any assets of the Company in the event of any dissolution, liquidation or winding up of the Company. Ares Management GP LLC is the sole holder of the Class B common stock and Ares Voting LLC ("Ares Voting") is the sole holder of the Class C common stock.

Except as otherwise expressly provided in the Company's Certificate of Incorporation (the "Certificate of Incorporation"), the Company's common stockholders are entitled to vote on all matters on which stockholders of a corporation are generally entitled to vote under the Delaware General Corporation Law (the "DGCL"), including the election of the Company's board of directors. Holders of shares of the Company's Class A common stock are entitled to one vote per share of



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

the Company's Class A common stock. On any date on which the Ares Ownership Condition (as defined in the Certificate of Incorporation) is satisfied, holders of shares of the Company's Class B common stock are, in the aggregate, entitled to a number of votes equal to (x) four times the aggregate number of votes attributable to the Company's Class A common stock minus (y) the aggregate number of votes attributable to the Company's Class C common stock. On any date on which the Ares Ownership Condition is not satisfied, holders of shares of the Company's Class B common stock are not entitled to vote on any matter submitted to a vote of the Company's stockholders. The holder of shares of the Company's Class C common stock is generally entitled to a number of votes equal to the number of AOG Units (as defined in the Certificate of Incorporation) held of record by each Ares Operating Group Limited Partner (as defined in the Certificate of Incorporation) other than the Company and its subsidiaries.

The Company has a stock repurchase program that allows for the repurchase of up to \$150.0 million of shares of Class A common stock. Under the program, shares may be repurchased from time to time in open market purchases, privately negotiated transactions or otherwise, including in reliance on Rule 10b5-1 of the Securities Act. The renewal of the program is subject to authorization by the Company's board of directors on an annual basis. As of December 31, 2023, the program was scheduled to expire in March 2024, and the renewal was subsequently authorized by the Company's board of directors and will expire in March 2025. Repurchases under the program, if any, will depend on the prevailing market conditions and other factors. During the years ended December 31, 2023, 2022 and 2021, the Company did not repurchase any shares as part of the stock repurchase program.

The following table presents the changes in each class of common stock:

	Class A Common Stock	Non-Voting Common Stock	Class B Common Stock	Class C Common Stock	Total
<b>Balance as of December 31, 2022</b>	<b>173,892,036</b>	<b>3,489,911</b>	<b>1,000</b>	<b>117,231,288</b>	<b>294,614,235</b>
Issuance of stock	2,591,432	—	—	—	2,591,432
Issuance of AOG Units <sup>(1)</sup>	—	—	—	3,473,026	3,473,026
Exchanges of AOG Units	3,679,556	—	—	(3,679,556)	—
Stock option exercises, net of shares withheld for tax	4,742,044	—	—	—	4,742,044
Vesting of restricted stock awards, net of shares withheld for tax	2,164,839	—	—	—	2,164,839
<b>Balance as of December 31, 2023</b>	<b>187,069,907</b>	<b>3,489,911</b>	<b>1,000</b>	<b>117,024,758</b>	<b>307,585,576</b>

(1) Represents issuance of AOG Units to the recipients of the management incentive program from the acquisition of Black Creek Group's real estate investment advisory and distribution business (the "Black Creek Acquisition"), which relieved the associated liability following the maximum contingent payment being met as of December 31, 2022. Pursuant to an agreement with the recipients of the Black Creek Acquisition management incentive program, a portion of such AOG Units were issued in lieu of cash consideration which was payable pursuant to the Black Creek Acquisition management incentive program. Issuances of Class C Common stock corresponds with increases in Ares Owners Holdings L.P.'s ownership interest in the AOG entities.

The following table presents each partner's AOG Units and corresponding ownership interest in each of the AOG entities, as well as its daily average ownership of AOG Units in each of the AOG entities:

	As of December 31, 2023		As of December 31, 2022		Daily Average Ownership Year ended December 31,		
	AOG Units	Direct Ownership Interest	AOG Units	Direct Ownership Interest	2023	2022	2021
Ares Management Corporation	190,559,818	61.95%	177,381,947	60.21%	60.83%	59.76%	58.48%
Ares Owners Holdings, L.P.	117,024,758	38.05	117,231,288	39.79	39.17	40.24	41.52
<b>Total</b>	<b>307,584,576</b>	<b>100.00%</b>	<b>294,613,235</b>	<b>100.00%</b>			

The Company's ownership percentage of the AOG Units will continue to change upon: (i) the vesting of restricted units and exercise of options that were granted under the Equity Incentive Plan; (ii) the exchange of AOG Units for shares of Class A common stock; (iii) the cancellation of AOG Units in connection with certain individuals' forfeiture of AOG Units upon termination of employment; and (iv) the issuance of new AOG Units, including in connection with acquisitions, among other strategic reasons. Holders of the AOG Units, subject to any applicable transfer restrictions, may up to four times each year (subject to the terms of the exchange agreement) exchange their AOG Units for shares of Class A common stock on a one-for-one basis. Equity is reallocated among partners upon a change in ownership to ensure each partners' capital account properly reflects their respective claim on the residual value of the Company. This change is reflected as either a reallocation of interest or as dilution within the Consolidated Statements of Changes in Equity.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

***Redeemable Interest***

On July 1, 2020, the Company completed its acquisition of a majority interest in SSG Capital Holdings Limited and its operating subsidiaries (“SSG” and subsequently rebranded as “Ares SSG”) (the “SSG Acquisition”). In connection with the SSG Acquisition, the former owners of SSG retained a 20% ownership interest in the operations acquired by the Company. In certain circumstances, the Company had the ability to acquire full ownership of SSG pursuant to a contractual arrangement to be initiated by the Company or by the former owners of SSG. Since the acquisition of the remaining interest in SSG was not within the Company's sole discretion, the ownership interest held by the former owners of SSG was classified as a redeemable interest and represented mezzanine equity.

In connection with a merger agreement to acquire the remaining 20% ownership interest in the Ares SSG fee-generating business that was retained by the former owners of SSG (the “SSG Buyout”), a portion of the redeemable interest in AOG entities was purchased on March 31, 2023, and the Company now owns 100% of Ares SSG's fee-generating business. The SSG Buyout was effectuated through newly issued shares of Class A common stock. The remaining redeemable interest in AOG entities represents ownership in certain investments that were not included in the SSG Buyout and continues to be presented at the redemption amount within mezzanine equity within the Consolidated Statements of Financial Condition.

During the year ended December 31, 2023, the shareholders of Ares Acquisition Corporation (formerly NYSE: AAC) (“AAC I”) elected to redeem the remaining amount of AAC I's trust account following the extensions of the period to complete a business combination and the subsequent determination that it would not complete a business combination. On April 25, 2023, Ares Acquisition Corporation II (NYSE: AACT) (“AAC II”), the Company's second sponsored SPAC, consummated its initial public offering and generated gross proceeds of \$500.0 million. As of December 31, 2023, the 50,000,000 AAC II Class A ordinary shares are presented at the redemption amount within mezzanine equity within the Consolidated Statements of Financial Condition.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following table summarizes the activities associated with the redeemable interest in AOG entities:

	<b>Total</b>
<b>Balance as of December 31, 2020</b>	<b>\$ 100,366</b>
Distributions	(2,390)
Net loss	(1,341)
Currency translation adjustment, net of tax	(627)
<b>Balance as of December 31, 2021</b>	<b>96,008</b>
Distributions	(1,887)
Net loss	(851)
Currency translation adjustment, net of tax	(426)
Equity compensation	285
<b>Balance as of December 31, 2022</b>	<b>93,129</b>
Changes in ownership interests and related tax benefits	(66,507)
Distributions	(2,883)
Net income	226
Currency translation adjustment, net of tax	(41)
Equity compensation	174
<b>Balance as of December 31, 2023</b>	<b>\$ 24,098</b>

The following table summarizes the activities associated with the redeemable interest in Consolidated Funds:

	<b>Total</b>
<b>Balance as of December 31, 2021</b>	<b>\$ 1,000,000</b>
Change in redemption value	13,282
<b>Balance as of December 31, 2022</b>	<b>1,013,282</b>
Gross proceeds from the initial public offering of AAC II	500,000
Change in redemption value	55,530
Redemptions from Class A ordinary shares of AAC I	(1,045,874)
<b>Balance as of December 31, 2023</b>	<b>\$ 522,938</b>

#### 14. SEGMENT REPORTING

The Company operates through its distinct operating segments. On March 31, 2023, the Company executed the SSG Buyout. The Company rebranded Ares SSG as Ares Asia and the Ares SSG credit business, including the Asian special situations, Asian secured lending and APAC direct lending strategies, as APAC credit. APAC credit has been reclassified effective January 1, 2023 and is now presented within the Credit Group. In connection with this reclassification, the Company will no longer use Strategic Initiatives to describe all other operating segments, instead reporting the collective results as Other. The Company reclassified activities of APAC credit to the Credit Group to better align the segment presentation with the global asset classes and investment strategies. Separately, the Private Equity Group includes APAC private equity following the Crescent Point Acquisition. The Company has modified historical results to conform with its current presentation. The Company operating segments are summarized below:

*Credit Group:* The Credit Group manages credit strategies across the liquid and illiquid spectrum, including liquid credit, alternative credit, direct lending and APAC credit.

*Private Equity Group:* The Private Equity Group broadly categorizes its investment strategies as corporate private equity, special opportunities and APAC private equity.

*Real Assets Group:* The Real Assets Group manages comprehensive equity and debt strategies across real estate and infrastructure investments.

*Secondaries Group:* The Secondaries Group invests in secondary markets across a range of alternative asset class strategies, including private equity, real estate, infrastructure and credit.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

*Other:* Other represents a compilation of operating segments and strategic investments that seek to expand the Company's reach and its scale in new and existing global markets but individually do not meet reporting thresholds. These results include activities from: (i) Ares Insurance Solutions ("AIS"), the Company's insurance platform that provides solutions to insurance clients including asset management, capital solutions and corporate development; and (ii) the SPACs sponsored by the Company, among others.

The OMG consists of shared resource groups to support the Company's operating segments by providing infrastructure and administrative support in the areas of accounting/finance, operations, information technology, legal, compliance, human resources, strategy, relationship management and distribution. The OMG includes Ares Wealth Management Solutions, LLC ("AWMS") that facilitates the product development, distribution, marketing and client management activities for investment offerings in the global wealth management channel. Additionally, the OMG provides services to certain of the Company's managed funds and vehicles, which reimburse the OMG for expenses either equal to the costs of services provided or as a percentage of invested capital. The OMG's revenues and expenses are not allocated to the Company's operating segments but the Company does consider the financial results of the OMG when evaluating its financial performance.

In February 2024, the Company announced that the special opportunities strategy, historically reported as a component of the Private Equity Group, will be integrated into the Credit Group to align management of this strategy and will form the foundation for a new opportunistic credit strategy. For segment reporting purposes, the change will require the reclassification of the special opportunities strategy from the Private Equity Group to the Credit Group and will be presented in the Company's consolidated financial statements beginning in 2024.

*Segment Profit Measures:* These measures supplement and should be considered in addition to, and not in lieu of, the Consolidated Statements of Operations prepared in accordance with GAAP.

Fee related earnings ("FRE") 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 it excludes net performance income, investment income from our funds and adjusts for certain other items that the Company believes are not indicative of its 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 is measured and eligible to be received on a recurring basis and not dependent on realization events from the underlying investments.

Realized income ("RI") is an operating metric used by management to evaluate performance of the business based on operating performance and the contribution of each of the business segments to that performance, while removing the fluctuations of unrealized income and expenses, which may or may not be eventually realized at the levels presented and whose realizations depend more on future outcomes than current business operations. RI differs from income before taxes by excluding: (i) operating results of the Consolidated Funds; (ii) depreciation and amortization expense; (iii) the effects of changes arising from corporate actions; (iv) unrealized gains and losses related to carried interest, incentive fees and investment performance; and adjusts for certain other items that the Company believes are not indicative of 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 activities, underwriting costs and expenses incurred in connection with corporate reorganization. Placement fee adjustment represents the net portion of either expense deferral or amortization of upfront fees to placement agents that is presented to match the timing of expense recognition with the period over which management fees are expected to be earned from the associated fund for segment purposes but have been expensed in advance in accordance with GAAP. For periods in which the amortization of upfront fees for segment purposes is higher than the GAAP expense, the placement fee adjustment is presented as a reduction to RI. Management believes RI is a more appropriate metric to evaluate the Company's current business operations.

Management makes operating decisions and assesses the performance of each of the Company's business segments based on financial and operating metrics and other data that is presented before giving effect to the consolidation of any of the Consolidated Funds. Consequently, all segment data excludes the assets, liabilities and operating results related to the Consolidated Funds and non-consolidated funds. Total assets by segments is not disclosed because such information is not used by the Company's chief operating decision maker in evaluating the segments.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

Many of the Ares Funds managed by the Company have mandates that allow for investing across different geographic regions, including North America, Europe, Asia-Pacific and the Middle East. The primary geographic region in which the Company invests in is North America and the majority of its revenues are generated in North America.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following tables present the financial results for the Company's operating segments, as well as the OMG:

Year ended December 31, 2023								
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total Segments	OMG	Total
Management fees	\$ 1,749,796	\$ 230,251	\$ 389,437	\$ 174,942	\$ 27,087	\$ 2,571,513	\$ —	\$ 2,571,513
Fee related performance revenues	167,333	—	334	12,782	—	180,449	—	180,449
Other fees	35,257	3,076	29,695	22	374	68,424	23,685	92,109
Compensation and benefits	(598,125)	(85,024)	(153,870)	(62,160)	(15,812)	(914,991)	(361,124)	(1,276,115)
General, administrative and other expenses	(96,733)	(35,762)	(46,789)	(21,199)	(3,119)	(203,602)	(200,613)	(404,215)
<b>Fee related earnings</b>	<b>1,257,528</b>	<b>112,541</b>	<b>218,807</b>	<b>104,387</b>	<b>8,530</b>	<b>1,701,793</b>	<b>(538,052)</b>	<b>1,163,741</b>
Performance income—realized	271,550	117,899	20,990	5,460	—	415,899	—	415,899
Performance related compensation—realized	(175,193)	(89,767)	(12,768)	(4,678)	—	(282,406)	—	(282,406)
Realized net performance income	96,357	28,132	8,222	782	—	133,493	—	133,493
Investment income (loss)—realized	20,111	(1,434)	(4,498)	—	170	14,349	—	14,349
Interest and other investment income—realized	21,975	4,952	11,055	4,867	16,623	59,472	748	60,220
Interest expense	(27,300)	(21,422)	(16,391)	(8,980)	(32,026)	(106,119)	(156)	(106,275)
Realized net investment income (loss)	14,786	(17,904)	(9,834)	(4,113)	(15,233)	(32,298)	592	(31,706)
<b>Realized income</b>	<b>\$ 1,368,671</b>	<b>\$ 122,769</b>	<b>\$ 217,195</b>	<b>\$ 101,056</b>	<b>\$ (6,703)</b>	<b>\$ 1,802,988</b>	<b>\$ (537,460)</b>	<b>\$ 1,265,528</b>

Year ended December 31, 2022								
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total Segments	OMG	Total
Management fees	\$ 1,416,518	\$ 199,837	\$ 347,808	\$ 176,694	\$ 11,671	\$ 2,152,528	\$ —	\$ 2,152,528
Fee related performance revenues	71,497	—	167,693	235	—	239,425	—	239,425
Other fees	31,992	1,888	35,879	—	274	70,033	24,529	94,562
Compensation and benefits	(462,681)	(86,561)	(240,015)	(53,743)	(12,108)	(855,108)	(317,396)	(1,172,504)
General, administrative and other expenses	(79,434)	(30,697)	(39,739)	(12,685)	(2,089)	(164,644)	(155,017)	(319,661)
<b>Fee related earnings</b>	<b>977,892</b>	<b>84,467</b>	<b>271,626</b>	<b>110,501</b>	<b>(2,252)</b>	<b>1,442,234</b>	<b>(447,884)</b>	<b>994,350</b>
Performance income—realized	156,929	123,806	133,130	4,156	—	418,021	—	418,021
Performance related compensation—realized	(97,621)	(90,300)	(83,105)	(3,515)	—	(274,541)	—	(274,541)
Realized net performance income	59,308	33,506	50,025	641	—	143,480	—	143,480
Investment income (loss)—realized	7,078	3,432	3,115	—	861	14,486	(37)	14,449
Interest and other investment income (expense)—realized	27,288	2,546	9,045	3,683	9,130	51,692	(1,588)	50,104
Interest expense	(15,932)	(15,953)	(11,346)	(5,660)	(21,781)	(70,672)	(684)	(71,356)
Realized net investment income (loss)	18,434	(9,975)	814	(1,977)	(11,790)	(4,494)	(2,309)	(6,803)
<b>Realized income</b>	<b>\$ 1,055,634</b>	<b>\$ 107,998</b>	<b>\$ 322,465</b>	<b>\$ 109,165</b>	<b>\$ (14,042)</b>	<b>\$ 1,581,220</b>	<b>\$ (450,193)</b>	<b>\$ 1,131,027</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

	Year ended December 31, 2021							
	Credit Group	Private Equity Group	Real Assets Group	Secondaries Group	Other	Total Segments	OMG	Total
Management fees	\$ 1,128,887	\$ 181,918	\$ 218,202	\$ 97,945	\$ 8,325	\$ 1,635,277	\$ —	\$ 1,635,277
Fee related performance revenues	86,480	—	51,399	—	—	137,879	—	137,879
Other fees	27,152	1,070	13,038	—	33	41,293	8,478	49,771
Compensation and benefits	(429,150)	(78,156)	(127,679)	(25,215)	(7,917)	(668,117)	(226,725)	(894,842)
General, administrative and other expenses	(61,712)	(21,625)	(24,181)	(6,862)	(752)	(115,132)	(100,645)	(215,777)
<b>Fee related earnings</b>	<b>751,657</b>	<b>83,207</b>	<b>130,779</b>	<b>65,868</b>	<b>(311)</b>	<b>1,031,200</b>	<b>(318,892)</b>	<b>712,308</b>
Performance income—realized	207,450	171,637	95,270	70	—	474,427	—	474,427
Performance related compensation—realized	(131,902)	(137,576)	(59,056)	(49)	—	(328,583)	—	(328,583)
Realized net performance income	75,548	34,061	36,214	21	—	145,844	—	145,844
Investment income (loss)—realized	1,985	(3,754)	17,700	19	17	15,967	—	15,967
Interest and other investment income—realized	20,728	11,514	7,252	2,261	3,597	45,352	226	45,578
Interest expense	(8,098)	(7,925)	(6,394)	(836)	(12,971)	(36,224)	(536)	(36,760)
Realized net investment income (loss)	14,615	(165)	18,558	1,444	(9,357)	25,095	(310)	24,785
<b>Realized income</b>	<b>\$ 841,820</b>	<b>\$ 117,103</b>	<b>\$ 185,551</b>	<b>\$ 67,333</b>	<b>\$ (9,668)</b>	<b>\$ 1,202,139</b>	<b>\$ (319,202)</b>	<b>\$ 882,937</b>

The following table presents the components of the Company's operating segments' revenue, expenses and realized net investment income:

	Year ended December 31,		
	2023	2022	2021
<b>Segment revenues</b>			
Management fees	\$ 2,571,513	\$ 2,152,528	\$ 1,635,277
Fee related performance revenues	180,449	239,425	137,879
Other fees	68,424	70,033	41,293
Performance income—realized	415,899	418,021	474,427
<b>Total segment revenues</b>	<b>\$ 3,236,285</b>	<b>\$ 2,880,007</b>	<b>\$ 2,288,876</b>
<b>Segment expenses</b>			
Compensation and benefits	\$ 914,991	\$ 855,108	\$ 668,117
General, administrative and other expenses	203,602	164,644	115,132
Performance related compensation—realized	282,406	274,541	328,583
<b>Total segment expenses</b>	<b>\$ 1,400,999</b>	<b>\$ 1,294,293</b>	<b>\$ 1,111,832</b>
<b>Segment realized net investment income (expense)</b>			
Investment income—realized	\$ 14,349	\$ 14,486	\$ 15,967
Interest and other investment income—realized	59,472	51,692	45,352
Interest expense	(106,119)	(70,672)	(36,224)
<b>Total segment realized net investment income (expense)</b>	<b>\$ (32,298)</b>	<b>\$ (4,494)</b>	<b>\$ 25,095</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following table reconciles the Company's consolidated revenues to segment revenue:

	Year ended December 31,		
	2023	2022	2021
<b>Total consolidated revenue</b>	<b>\$ 3,631,884</b>	<b>\$ 3,055,443</b>	<b>\$ 4,212,091</b>
Performance income—unrealized	(305,370)	(107,153)	(1,744,056)
Management fees of Consolidated Funds eliminated in consolidation	48,201	46,324	44,896
Performance income of Consolidated Funds eliminated in consolidation	13,672	11,529	5,458
Administrative, transaction and other fees of Consolidated Funds eliminated in consolidation	7,166	17,013	4,483
Administrative fees <sup>(1)</sup>	(63,144)	(69,414)	(49,223)
OMG revenue	(23,685)	(24,354)	(8,478)
Acquisition-related incentive fees <sup>(2)</sup>	—	—	(47,873)
Principal investment income, net of eliminations	(36,516)	(12,278)	(99,433)
Net revenue of non-controlling interests in consolidated subsidiaries	(35,923)	(37,103)	(28,989)
Total consolidation adjustments and reconciling items	(395,599)	(175,436)	(1,923,215)
<b>Total segment revenue</b>	<b>\$ 3,236,285</b>	<b>\$ 2,880,007</b>	<b>\$ 2,288,876</b>

- (1) Represents administrative fees from expense reimbursements that are presented within administrative, transaction and other fees within the Company's Consolidated Statements of Operations and are netted against the respective expenses for segment reporting.
- (2) Represents a component of the purchase price from incentive fees associated with one-time contingent consideration recorded in connection with the Black Creek Acquisition. 100% of the fees recognized in 2021 is presented within incentive fees in the Company's Consolidated Statements of Operations of which 50% is included on an unconsolidated basis.

The following table reconciles the Company's consolidated expenses to segment expenses:

	Year ended December 31,		
	2023	2022	2021
<b>Total consolidated expenses</b>	<b>\$ 2,797,858</b>	<b>\$ 2,749,085</b>	<b>\$ 3,410,083</b>
Performance related compensation-unrealized	(206,923)	(88,502)	(1,316,205)
Expenses of Consolidated Funds added in consolidation	(93,167)	(86,988)	(113,024)
Expenses of Consolidated Funds eliminated in consolidation	50,108	50,833	50,538
Administrative fees <sup>(1)</sup>	(62,773)	(68,255)	(49,223)
OMG expenses	(561,737)	(472,413)	(327,370)
Acquisition and merger-related expense	(12,000)	(15,197)	(21,162)
Equity compensation expense	(255,790)	(200,106)	(237,191)
Acquisition-related compensation expense <sup>(2)</sup>	(7,334)	(206,252)	(66,893)
Placement fee adjustment	5,819	(2,088)	(78,883)
Depreciation and amortization expense	(233,185)	(335,083)	(106,705)
Expense of non-controlling interests in consolidated subsidiaries	(19,877)	(30,741)	(32,133)
Total consolidation adjustments and reconciling items	(1,396,859)	(1,454,792)	(2,298,251)
<b>Total segment expenses</b>	<b>\$ 1,400,999</b>	<b>\$ 1,294,293</b>	<b>\$ 1,111,832</b>

- (1) Represents administrative fees from expense reimbursements that are presented within administrative, transaction and other fees within the Company's Consolidated Statements of Operations and are netted against the respective expenses for segment reporting.
- (2) Represents contingent obligations ("earnouts") resulting from the Landmark Acquisition, the Black Creek Acquisition, the Infrastructure Debt Acquisition and the Crescent Point Acquisition that are recorded as compensation expense and are presented within compensation and benefits within the Company's Consolidated Statements of Operations.



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

The following table reconciles the Company's consolidated other income to segment realized net investment income:

	Year ended December 31,		
	2023	2022	2021
<b>Total consolidated other income</b>	<b>\$ 499,037</b>	<b>\$ 204,448</b>	<b>\$ 263,682</b>
Investment (income) loss—unrealized	(184,929)	12,769	(58,694)
Interest and other investment (income) loss—unrealized	6,448	(25,603)	6,249
Other income, net from Consolidated Funds added in consolidation	(492,848)	(250,144)	(256,375)
Other expense, net from Consolidated Funds eliminated in consolidation	(16,485)	(16,484)	(2,868)
OMG other (income) expense	1,074	14,419	(1,368)
Principal investment income	155,632	48,223	120,896
Other (income) expense, net	976	1,873	(19,886)
Other (income) loss of non-controlling interests in consolidated subsidiaries	(1,203)	6,005	(26,541)
Total consolidation adjustments and reconciling items	(531,335)	(208,942)	(238,587)
<b>Total segment realized net investment income (expense)</b>	<b>\$ (32,298)</b>	<b>\$ (4,494)</b>	<b>\$ 25,095</b>

The following table presents the reconciliation of income before taxes as reported in the Consolidated Statements of Operations to segment results of RI and FRE:

	Year ended December 31,		
	2023	2022	2021
<b>Income before taxes</b>	<b>\$ 1,333,063</b>	<b>\$ 510,806</b>	<b>\$ 1,065,690</b>
Adjustments:			
Depreciation and amortization expense	233,185	335,083	106,705
Equity compensation expense	255,419	198,948	237,191
Acquisition-related compensation expense <sup>(1)</sup>	7,334	206,252	66,893
Acquisition-related incentive fees <sup>(2)</sup>	—	—	(47,873)
Acquisition and merger-related expense	12,000	15,197	21,162
Placement fee adjustment	(5,819)	2,088	78,883
OMG expense, net	539,126	462,478	317,524
Other (income) expense, net	976	1,874	(19,886)
Income before taxes of non-controlling interests in consolidated subsidiaries	(17,249)	(357)	(23,397)
Income before taxes of non-controlling interests in Consolidated Funds, net of eliminations	(278,119)	(119,664)	(120,457)
Total performance income—unrealized	(305,370)	(107,153)	(1,744,056)
Total performance related compensation—unrealized	206,923	88,502	1,316,205
Total investment income—unrealized	(178,481)	(12,834)	(52,445)
<b>Realized income</b>	<b>1,802,988</b>	<b>1,581,220</b>	<b>1,202,139</b>
Total performance income—realized	(415,899)	(418,021)	(474,427)
Total performance related compensation—realized	282,406	274,541	328,583
Total investment (income) loss—realized	32,298	4,494	(25,095)
<b>Fee related earnings</b>	<b>\$ 1,701,793</b>	<b>\$ 1,442,234</b>	<b>\$ 1,031,200</b>

- (1) Represents earnouts resulting from the Landmark Acquisition, the Black Creek Acquisition, the Infrastructure Debt Acquisition and the Crescent Point Acquisition that are recorded as compensation expense and are presented within compensation and benefits within the Company's Consolidated Statements of Operations.
- (2) Represents a component of the purchase price from incentive fees associated with one-time contingent consideration recorded in connection with the Black Creek Acquisition. 100% of the fees recognized in 2021 is presented within incentive fees within the Company's Consolidated Statements of Operations of which 50% is included on an unconsolidated basis for segment reporting purposes.

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**15. CONSOLIDATION*****Deconsolidated Funds***

Certain funds that have historically been consolidated in the financial statements that are no longer consolidated because, as of the reporting period: (i) such funds have been liquidated or dissolved; or (ii) the Company is no longer deemed to be the primary beneficiary of the VIEs as it no longer has a significant economic interest. During the year ended December 31, 2023, the Company deconsolidated one SPAC as a result of liquidation and one private fund as a result of a significant change in ownership. During the year ended December 31, 2022, the Company did not deconsolidate any entity. During the year ended December 31, 2021, the Company deconsolidated one CLO as a result of a significant change in ownership.

***Investments in Consolidated Variable Interest Entities***

The Company consolidates entities in which the Company has a variable interest and as the general partner or investment manager, has both the power to direct the most significant activities and a potentially significant economic interest. Investments in the consolidated VIEs are reported at fair value and represent the Company's maximum exposure to loss.

***Investments in Non-Consolidated Variable Interest Entities***

The Company holds interests in certain VIEs that are not consolidated as the Company is not the primary beneficiary. The Company's interest in such entities generally is in the form of direct equity interests, fixed fee arrangements or both. The maximum exposure to loss represents the potential loss of assets by the Company relating to its direct investments in these non-consolidated entities. Investments in the non-consolidated VIEs are carried at fair value.

The Company's interests in consolidated and non-consolidated VIEs, as presented within the Consolidated Statements of Financial Condition, its respective maximum exposure to loss relating to non-consolidated VIEs, and its net income attributable to non-controlling interests related to consolidated VIEs, as presented within the Consolidated Statements of Operations, are as follows:

	As of December 31,	
	2023	2022
Maximum exposure to loss attributable to the Company's investment in non-consolidated VIEs <sup>(1)</sup>	\$ 503,376	\$ 393,549
Maximum exposure to loss attributable to the Company's investment in consolidated VIEs <sup>(1)</sup>	910,600	537,239
Assets of consolidated VIEs	15,484,962	13,128,088
Liabilities of consolidated VIEs	13,409,257	11,593,867

(1) As of December 31, 2023 and 2022, the Company's maximum exposure of loss for CLO securities was equal to the cumulative fair value of our capital interest in CLOs and totaled \$83.1 million and \$82.0 million, respectively.

	Year ended December 31,		
	2023	2022	2021
Net income attributable to non-controlling interests related to consolidated VIEs	\$ 204,571	\$ 105,797	\$ 115,217

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**Consolidating Schedules**

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company's financial condition, results from operations and cash flows:

	As of December 31, 2023			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 348,274	\$ —	\$ —	\$ 348,274
Investments (includes \$3,413,007 of accrued carried interest)	5,546,209	—	(921,277)	4,624,932
Due from affiliates	1,068,089	—	(171,343)	896,746
Other assets	429,979	—	—	429,979
Right-of-use operating lease assets	249,326	—	—	249,326
Intangible assets, net	1,058,495	—	—	1,058,495
Goodwill	1,123,976	—	—	1,123,976
<b>Assets of Consolidated Funds</b>				
Cash and cash equivalents	—	1,149,511	—	1,149,511
Investments held in trust account	—	523,038	—	523,038
Investments, at fair value	—	14,078,549	—	14,078,549
Due from affiliates	—	25,794	(11,643)	14,151
Receivable for securities sold	—	146,851	—	146,851
Other assets	—	86,672	—	86,672
<b>Total assets</b>	<b>\$ 9,824,348</b>	<b>\$ 16,010,415</b>	<b>\$ (1,104,263)</b>	<b>\$ 24,730,500</b>
<b>Liabilities</b>				
Accounts payable, accrued expenses and other liabilities	\$ 245,526	\$ —	\$ (11,642)	\$ 233,884
Accrued compensation	287,259	—	—	287,259
Due to affiliates	240,254	—	—	240,254
Performance related compensation payable	2,514,610	—	—	2,514,610
Debt obligations	2,965,480	—	—	2,965,480
Operating lease liabilities	319,572	—	—	319,572
<b>Liabilities of Consolidated Funds</b>				
Accounts payable, accrued expenses and other liabilities	—	189,523	—	189,523
Due to affiliates	—	174,897	(171,343)	3,554
Payable for securities purchased	—	484,117	—	484,117
CLO loan obligations, at fair value	—	12,458,266	(112,609)	12,345,657
Fund borrowings	—	125,241	—	125,241
<b>Total liabilities</b>	<b>6,572,701</b>	<b>13,432,044</b>	<b>(295,594)</b>	<b>19,709,151</b>
<b>Commitments and contingencies</b>				
Redeemable interest in Consolidated Funds	—	522,938	—	522,938
Redeemable interest in Ares Operating Group entities	24,098	—	—	24,098
Non-controlling interest in Consolidated Funds	—	2,055,433	(796,988)	1,258,445
Non-controlling interest in Ares Operating Group entities	1,326,913	—	(4,444)	1,322,469
<b>Stockholders' Equity</b>				
Class A common stock, \$0.01 par value, 1,500,000,000 shares authorized (187,069,907 shares issued and outstanding)	1,871	—	—	1,871
Non-voting common stock, \$0.01 par value, 500,000,000 shares authorized (3,489,911 shares issued and outstanding)	35	—	—	35
Class B common stock, \$0.01 par value, 1,000 shares authorized (1,000 shares issued and outstanding)	—	—	—	—
Class C common stock, \$0.01 par value, 499,999,000 shares authorized (117,024,758 shares issued and outstanding)	1,170	—	—	1,170
Additional paid-in-capital	2,398,273	—	(7,237)	2,391,036
Accumulated deficit	(495,083)	—	—	(495,083)
Accumulated other comprehensive loss, net of tax	(5,630)	—	—	(5,630)
<b>Total stockholders' equity</b>	<b>1,900,636</b>	<b>—</b>	<b>(7,237)</b>	<b>1,893,399</b>
<b>Total equity</b>	<b>3,227,549</b>	<b>2,055,433</b>	<b>(808,669)</b>	<b>4,474,313</b>
<b>Total liabilities, redeemable interest, non-controlling interests and equity</b>	<b>\$ 9,824,348</b>	<b>\$ 16,010,415</b>	<b>\$ (1,104,263)</b>	<b>\$ 24,730,500</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

	As of December 31, 2022			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 389,987	\$ —	\$ —	\$ 389,987
Investments (includes \$3,106,577 of accrued carried interest)	4,515,955	—	(541,221)	3,974,734
Due from affiliates	949,532	—	(191,060)	758,472
Other assets	381,137	—	—	381,137
Right-of-use operating lease assets	155,950	—	—	155,950
Intangible assets, net	1,208,220	—	—	1,208,220
Goodwill	999,656	—	—	999,656
<b>Assets of Consolidated Funds</b>				
Cash and cash equivalents	—	724,641	—	724,641
Investments held in trust account	—	1,013,382	—	1,013,382
Investments, at fair value	—	12,187,392	3,859	12,191,251
Due from affiliates	—	26,531	(10,742)	15,789
Receivable for securities sold	—	124,050	—	124,050
Other assets	—	65,570	—	65,570
<b>Total assets</b>	<b>\$ 8,600,437</b>	<b>\$ 14,141,566</b>	<b>\$ (739,164)</b>	<b>\$ 22,002,839</b>
<b>Liabilities</b>				
Accounts payable, accrued expenses and other liabilities	\$ 242,663	\$ —	\$ (10,742)	\$ 231,921
Accrued compensation	510,130	—	—	510,130
Due to affiliates	252,798	—	—	252,798
Performance related compensation payable	2,282,209	—	—	2,282,209
Debt obligations	2,273,854	—	—	2,273,854
Operating lease liabilities	190,616	—	—	190,616
<b>Liabilities of Consolidated Funds</b>				
Accounts payable, accrued expenses and other liabilities	—	175,435	(7,149)	168,286
Due to affiliates	—	191,238	(187,201)	4,037
Payable for securities purchased	—	314,193	—	314,193
CLO loan obligations, at fair value	—	10,797,332	(95,612)	10,701,720
Fund borrowings	—	168,046	—	168,046
<b>Total liabilities</b>	<b>5,752,270</b>	<b>11,646,244</b>	<b>(300,704)</b>	<b>17,097,810</b>
<b>Commitments and contingencies</b>				
<b>Redeemable interest in Consolidated Funds</b>	<b>—</b>	<b>1,013,282</b>	<b>—</b>	<b>1,013,282</b>
<b>Redeemable interest in Ares Operating Group entities</b>	<b>93,129</b>	<b>—</b>	<b>—</b>	<b>93,129</b>
<b>Non-controlling interest in Consolidated Funds</b>	<b>—</b>	<b>1,482,040</b>	<b>(407,684)</b>	<b>1,074,356</b>
<b>Non-controlling interest in Ares Operating Group entities</b>	<b>1,147,269</b>	<b>—</b>	<b>(12,246)</b>	<b>1,135,023</b>
<b>Stockholders' Equity</b>				
Class A common stock, \$0.01 par value, 1,500,000,000 shares authorized (173,892,036 shares issued and outstanding)	1,739	—	—	1,739
Non-voting common stock, \$0.01 par value, 500,000,000 shares authorized (3,489,911 shares issued and outstanding)	35	—	—	35
Class B common stock, \$0.01 par value, 1,000 shares authorized (\$1,000 shares issued and outstanding)	—	—	—	—
Class C common stock, \$0.01 par value, 499,999,000 shares authorized (117,231,288 shares issued and outstanding)	1,172	—	—	1,172
Additional paid-in-capital	1,989,284	—	(18,530)	1,970,754
Accumulated deficit	(369,475)	—	—	(369,475)
Accumulated other comprehensive loss, net of tax	(14,986)	—	—	(14,986)
<b>Total stockholders' equity</b>	<b>1,607,769</b>	<b>—</b>	<b>(18,530)</b>	<b>1,589,239</b>
<b>Total equity</b>	<b>2,755,038</b>	<b>1,482,040</b>	<b>(438,460)</b>	<b>3,798,618</b>
<b>Total liabilities, redeemable interest, non-controlling interests and equity</b>	<b>\$ 8,600,437</b>	<b>\$ 14,141,566</b>	<b>\$ (739,164)</b>	<b>\$ 22,002,839</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

	Year ended December 31, 2023			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Revenues</b>				
Management fees	\$ 2,599,351	\$ —	\$ (48,201)	\$ 2,551,150
Carried interest allocation	631,150	—	(12,571)	618,579
Incentive fees	277,728	—	(1,101)	276,627
Principal investment income	155,632	—	(119,116)	36,516
Administrative, transaction and other fees	156,178	—	(7,166)	149,012
<b>Total revenues</b>	<b>3,820,039</b>	<b>—</b>	<b>(188,155)</b>	<b>3,631,884</b>
<b>Expenses</b>				
Compensation and benefits	1,486,698	—	—	1,486,698
Performance related compensation	607,522	—	—	607,522
General, administrative and other expense	660,579	—	(433)	660,146
Expenses of the Consolidated Funds	—	93,167	(49,675)	43,492
<b>Total expenses</b>	<b>2,754,799</b>	<b>93,167</b>	<b>(50,108)</b>	<b>2,797,858</b>
<b>Other income (expense)</b>				
Net realized and unrealized gains on investments	76,415	—	1,158	77,573
Interest and dividend income	29,850	—	(10,574)	19,276
Interest expense	(106,276)	—	—	(106,276)
Other income (expense), net	(10,285)	—	15,104	4,819
Net realized and unrealized gains on investments of the Consolidated Funds	—	239,802	22,898	262,700
Interest and other income of the Consolidated Funds	—	1,010,649	(15,104)	995,545
Interest expense of the Consolidated Funds	—	(757,603)	3,003	(754,600)
<b>Total other income (expense), net</b>	<b>(10,296)</b>	<b>492,848</b>	<b>16,485</b>	<b>499,037</b>
Income before taxes	1,054,944	399,681	(121,562)	1,333,063
Income tax expense	169,148	3,823	—	172,971
<b>Net income</b>	<b>885,796</b>	<b>395,858</b>	<b>(121,562)</b>	<b>1,160,092</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	—	395,858	(121,562)	274,296
<b>Net income attributable to Ares Operating Group entities</b>	<b>885,796</b>	<b>—</b>	<b>—</b>	<b>885,796</b>
Less: Net income attributable to redeemable interest in Ares Operating Group entities	226	—	—	226
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	411,244	—	—	411,244
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 474,326</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 474,326</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

	Year ended December 31, 2022			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Revenues</b>				
Management fees	\$ 2,182,757	\$ —	\$ (46,324)	\$ 2,136,433
Carried interest allocation	465,561	—	(7,549)	458,012
Incentive fees	305,167	—	(3,980)	301,187
Principal investment income	48,222	—	(35,943)	12,279
Administrative, transaction and other fees	164,545	—	(17,013)	147,532
<b>Total revenues</b>	<b>3,166,252</b>	<b>—</b>	<b>(110,809)</b>	<b>3,055,443</b>
<b>Expenses</b>				
Compensation and benefits	1,498,590	—	—	1,498,590
Performance related compensation	518,829	—	—	518,829
General, administrative and other expense	695,511	—	(255)	695,256
Expenses of the Consolidated Funds	—	86,988	(50,578)	36,410
<b>Total expenses</b>	<b>2,712,930</b>	<b>86,988</b>	<b>(50,833)</b>	<b>2,749,085</b>
<b>Other income (expense)</b>				
Net realized and unrealized gains (losses) on investments	(27,924)	—	32,656	4,732
Interest and dividend income	25,196	—	(15,797)	9,399
Interest expense	(71,356)	—	—	(71,356)
Other income, net	11,904	—	1,215	13,119
Net realized and unrealized gains on investments of the Consolidated Funds	—	87,287	(13,901)	73,386
Interest and other income of the Consolidated Funds	—	587,744	(1,215)	586,529
Interest expense of the Consolidated Funds	—	(424,887)	13,526	(411,361)
<b>Total other income (expense), net</b>	<b>(62,180)</b>	<b>250,144</b>	<b>16,484</b>	<b>204,448</b>
Income before taxes	391,142	163,156	(43,492)	510,806
Income tax expense	71,560	331	—	71,891
<b>Net income</b>	<b>319,582</b>	<b>162,825</b>	<b>(43,492)</b>	<b>438,915</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	—	162,825	(43,492)	119,333
<b>Net income attributable to Ares Operating Group entities</b>	<b>319,582</b>	<b>—</b>	<b>—</b>	<b>319,582</b>
Less: Net loss attributable to redeemable interest in Ares Operating Group entities	(851)	—	—	(851)
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	152,892	—	—	152,892
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 167,541</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 167,541</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
(Dollars in Thousands, Except Share Data and As Otherwise Noted)

	Year ended December 31, 2021			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Revenues</b>				
Management fees	\$ 1,655,943	\$ —	\$ (44,896)	\$ 1,611,047
Carried interest allocation	2,073,551	—	—	2,073,551
Incentive fees	338,334	—	(5,458)	332,876
Principal investment income	120,896	—	(21,463)	99,433
Administrative, transaction and other fees	99,667	—	(4,483)	95,184
<b>Total revenues</b>	<b>4,288,391</b>	<b>—</b>	<b>(76,300)</b>	<b>4,212,091</b>
<b>Expenses</b>				
Compensation and benefits	1,162,633	—	—	1,162,633
Performance related compensation	1,740,786	—	—	1,740,786
General, administrative and other expense	444,178	—	—	444,178
Expenses of the Consolidated Funds	—	113,024	(50,538)	62,486
<b>Total expenses</b>	<b>3,347,597</b>	<b>113,024</b>	<b>(50,538)</b>	<b>3,410,083</b>
<b>Other income (expense)</b>				
Net realized and unrealized gains on investments	11,920	—	7,182	19,102
Interest and dividend income	14,199	—	(4,334)	9,865
Interest expense	(36,760)	—	—	(36,760)
Other income, net	15,080	—	(678)	14,402
Net realized and unrealized gains on investments of the Consolidated Funds	—	91,390	(14,087)	77,303
Interest and other income of the Consolidated Funds	—	437,140	678	437,818
Interest expense of the Consolidated Funds	—	(272,155)	14,107	(258,048)
<b>Total other income, net</b>	<b>4,439</b>	<b>256,375</b>	<b>2,868</b>	<b>263,682</b>
Income before taxes	945,233	143,351	(22,894)	1,065,690
Income tax expense	147,297	88	—	147,385
<b>Net income</b>	<b>797,936</b>	<b>143,263</b>	<b>(22,894)</b>	<b>918,305</b>
Less: Net income attributable to non-controlling interests in Consolidated Funds	—	143,263	(22,894)	120,369
<b>Net income attributable to Ares Operating Group entities</b>	<b>797,936</b>	<b>—</b>	<b>—</b>	<b>797,936</b>
Less: Net loss attributable to redeemable interest in Ares Operating Group entities	(1,341)	—	—	(1,341)
Less: Net income attributable to non-controlling interests in Ares Operating Group entities	390,440	—	—	390,440
<b>Net income attributable to Ares Management Corporation</b>	<b>408,837</b>	<b>—</b>	<b>—</b>	<b>408,837</b>
<b>Less: Series A Preferred Stock dividends paid</b>	<b>10,850</b>	<b>—</b>	<b>—</b>	<b>10,850</b>
<b>Less: Series A Preferred Stock redemption premium</b>	<b>11,239</b>	<b>—</b>	<b>—</b>	<b>11,239</b>
<b>Net income attributable to Ares Management Corporation Class A and non-voting common stockholders</b>	<b>\$ 386,748</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 386,748</b>

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

	Year ended December 31, 2023			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Cash flows from operating activities:</b>				
<b>Net income</b>	\$ 885,796	\$ 395,858	\$ (121,562)	\$ 1,160,092
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Equity compensation expense	255,965	—	—	255,965
Depreciation and amortization	231,712	—	—	231,712
Net realized and unrealized gains on investments	(197,874)	—	107,137	(90,737)
Other non-cash amounts	74	—	—	74
Investments purchased	(726,051)	—	218,119	(507,932)
Proceeds from sale of investments	214,938	—	(8,775)	206,163
Adjustments to reconcile net income to net cash used in operating activities allocable to non-controlling interests in Consolidated Funds:				
Net realized and unrealized gains on investments	—	(239,802)	(22,898)	(262,700)
Other non-cash amounts	—	(101,465)	—	(101,465)
Investments purchased	—	(8,847,856)	—	(8,847,856)
Proceeds from sale of investments	—	8,149,617	—	8,149,617
Cash flows due to changes in operating assets and liabilities:				
Net carried interest and incentive fees receivable	(61,429)	—	12,571	(48,858)
Due to/from affiliates	(200,704)	—	(19,717)	(220,421)
Other assets	21,532	—	—	21,532
Accrued compensation and benefits	20,383	—	—	20,383
Accounts payable, accrued expenses and other liabilities	28,765	—	(901)	27,864
Cash flows due to changes in operating assets and liabilities allocable to non-controlling interest in Consolidated Funds:				
Change in cash and cash equivalents held at Consolidated Funds	—	—	(424,870)	(424,870)
Net cash relinquished with consolidation/deconsolidation of Consolidated Funds	—	(623)	—	(623)
Change in other assets and receivables held at Consolidated Funds	—	(53,916)	33,669	(20,247)
Change in other liabilities and payables held at Consolidated Funds	—	219,046	—	219,046
<b>Net cash provided by (used in) operating activities</b>	<b>473,107</b>	<b>(479,141)</b>	<b>(227,227)</b>	<b>(233,261)</b>
<b>Cash flows from investing activities:</b>				
Purchase of furniture, equipment and leasehold improvements, net of disposals	(67,183)	—	—	(67,183)
Acquisitions, net of cash acquired	(43,896)	—	—	(43,896)
<b>Net cash used in investing activities</b>	<b>(111,079)</b>	<b>—</b>	<b>—</b>	<b>(111,079)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from Credit Facility	1,410,000	—	—	1,410,000
Proceeds from issuance of senior notes	499,010	—	—	499,010
Repayments of Credit Facility	(1,215,000)	—	—	(1,215,000)
Dividends and distributions	(1,030,666)	—	—	(1,030,666)
Stock option exercises	85,959	—	—	85,959
Taxes paid related to net share settlement of equity awards	(157,007)	—	—	(157,007)
Other financing activities	2,943	—	—	2,943
Allocable to redeemable and non-controlling interests in Consolidated Funds:				
Contributions from redeemable and non-controlling interests in Consolidated Funds	—	1,071,575	(216,119)	855,456
Distributions to non-controlling interests in Consolidated Funds	—	(119,604)	18,476	(101,128)
Redemptions of redeemable interests in Consolidated Funds	—	(1,045,874)	—	(1,045,874)
Borrowings under loan obligations by Consolidated Funds	—	1,387,297	—	1,387,297
Repayments under loan obligations by Consolidated Funds	—	(398,864)	—	(398,864)
<b>Net cash provided by (used in) financing activities</b>	<b>(404,761)</b>	<b>894,530</b>	<b>(197,643)</b>	<b>292,126</b>
Effect of exchange rate changes	1,020	9,481	—	10,501
<b>Net change in cash and cash equivalents</b>	<b>(41,713)</b>	<b>424,870</b>	<b>(424,870)</b>	<b>(41,713)</b>
Cash and cash equivalents, beginning of period	389,987	724,641	(724,641)	389,987
<b>Cash and cash equivalents, end of period</b>	<b>\$ 348,274</b>	<b>\$ 1,149,511</b>	<b>\$ (1,149,511)</b>	<b>\$ 348,274</b>
Supplemental disclosure of non-cash financing activities:				
Issuance of Class A common stock in connection with acquisition-related activities	\$ 239,545	\$ —	\$ —	\$ 239,545
Issuance of AOG Units in connection with settlement of management incentive program	\$ 245,647	\$ —	\$ —	\$ 245,647
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	\$ 98,920	\$ 623,723	\$ —	\$ 722,643
Cash paid during the period for income taxes	\$ 61,563	\$ 444	\$ —	\$ 62,007



**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

	Year ended December 31, 2022			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Cash flows from operating activities:</b>				
<b>Net income</b>	\$ 319,582	\$ 162,825	\$ (43,492)	\$ 438,915
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Equity compensation expense	200,391	—	—	200,391
Depreciation and amortization	341,341	—	—	341,341
Net realized and unrealized losses on investments	15,717	—	(4,788)	10,929
Investments purchased	(443,505)	—	72,381	(371,124)
Proceeds from sale of investments	303,987	—	(121,494)	182,493
Adjustments to reconcile net income to net cash used in operating activities allocable to non-controlling interests in Consolidated Funds:				
Net realized and unrealized gains on investments	—	(87,287)	13,901	(73,386)
Other non-cash amounts	—	(33,822)	—	(33,822)
Investments purchased	—	(9,408,078)	(25,951)	(9,434,029)
Proceeds from sale of investments	—	8,198,812	—	8,198,812
Cash flows due to changes in operating assets and liabilities:				
Net carried interest and incentive fees receivable	(28,161)	—	7,549	(20,612)
Due to/from affiliates	(125,407)	—	164,480	39,073
Other assets	(101,275)	—	(3,930)	(105,205)
Accrued compensation and benefits	200,769	—	—	200,769
Accounts payable, accrued expenses and other liabilities	(50,471)	—	(1,214)	(51,685)
Cash flows due to changes in operating assets and liabilities allocable to non-controlling interest in Consolidated Funds:				
Change in cash and cash equivalents held at Consolidated Funds	—	—	324,550	324,550
Change in other assets and receivables held at Consolidated Funds	—	286,895	(135,000)	151,895
Change in other liabilities and payables held at Consolidated Funds	—	(733,417)	—	(733,417)
<b>Net cash provided by (used in) operating activities</b>	<b>632,968</b>	<b>(1,614,072)</b>	<b>246,992</b>	<b>(734,112)</b>
<b>Cash flows from investing activities:</b>				
Purchase of furniture, equipment and leasehold improvements, net of disposals	(35,796)	—	—	(35,796)
Acquisitions, net of cash acquired	(301,583)	—	—	(301,583)
<b>Net cash used in investing activities</b>	<b>(337,379)</b>	<b>—</b>	<b>—</b>	<b>(337,379)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from Credit Facility	1,380,000	—	—	1,380,000
Proceeds from issuance of senior notes	488,915	—	—	488,915
Repayments of Credit Facility	(1,095,000)	—	—	(1,095,000)
Dividends and distributions	(836,364)	—	—	(836,364)
Stock option exercises	21,205	—	—	21,205
Taxes paid related to net share settlement of equity awards	(201,311)	—	—	(201,311)
Other financing activities	4,055	—	—	4,055
Allocable to non-controlling interests in Consolidated Funds:				
Contributions from non-controlling interests in Consolidated Funds	—	596,777	(47,381)	549,396
Distributions to non-controlling interests in Consolidated Funds	—	(303,230)	124,939	(178,291)
Borrowings under loan obligations by Consolidated Funds	—	1,140,680	—	1,140,680
Repayments under loan obligations by Consolidated Funds	—	(145,222)	—	(145,222)
<b>Net cash provided by (used in) financing activities</b>	<b>(238,500)</b>	<b>1,289,005</b>	<b>77,558</b>	<b>1,128,063</b>
Effect of exchange rate changes	(10,757)	517	—	(10,240)
Net change in cash and cash equivalents	46,332	(324,550)	324,550	46,332
Cash and cash equivalents, beginning of period	343,655	1,049,191	(1,049,191)	343,655
<b>Cash and cash equivalents, end of period</b>	<b>\$ 389,987</b>	<b>\$ 724,641</b>	<b>\$ (724,641)</b>	<b>\$ 389,987</b>
Supplemental disclosure of non-cash financing activities:				
Issuance of Class A common stock in connection with acquisition-related activities	\$ 12,835	\$ —	\$ —	\$ 12,835
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	\$ 59,463	\$ 260,866	\$ —	\$ 320,329
Cash paid during the period for income taxes	\$ 104,544	\$ 320	\$ —	\$ 104,864

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

	Year ended December 31, 2021			
	Consolidated Company Entities	Consolidated Funds	Eliminations	Consolidated
<b>Cash flows from operating activities:</b>				
<b>Net income</b>	\$ 797,936	\$ 143,263	\$ (22,894)	\$ 918,305
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Equity compensation expense	237,191	—	—	237,191
Depreciation and amortization	113,293	—	—	113,293
Net realized and unrealized gains on investments	(96,331)	—	7,353	(88,978)
Other non-cash amounts	(31,070)	—	—	(31,070)
Investments purchased	(561,762)	—	221,563	(340,199)
Proceeds from sale of investments	296,483	—	(23,101)	273,382
Adjustments to reconcile net income to net cash used in operating activities allocable to non-controlling interests in Consolidated Funds:				
Net realized and unrealized gains on investments	—	(91,390)	14,087	(77,303)
Other non-cash amounts	—	(35,879)	—	(35,879)
Investments purchased	—	(13,075,187)	7,623	(13,067,564)
Proceeds from sale of investments	—	9,970,609	—	9,970,609
<b>Cash flows due to changes in operating assets and liabilities:</b>				
Net carried interest and incentive fees receivable	(745,021)	—	—	(745,021)
Due to/from affiliates	(187,374)	—	6,446	(180,928)
Other assets	210,106	—	3,719	213,825
Accrued compensation and benefits	142,815	—	—	142,815
Accounts payable, accrued expenses and other liabilities	124,489	—	679	125,168
<b>Cash flows due to changes in operating assets and liabilities allocable to non-controlling interest in Consolidated Funds:</b>				
Change in cash and cash equivalents held at Consolidated Funds	—	—	(526,815)	(526,815)
Net cash acquired with consolidation/deconsolidation of Consolidated Funds	—	(39,539)	—	(39,539)
Change in other assets and receivables held at Consolidated Funds	—	(174,409)	(6,544)	(180,953)
Change in other liabilities and payables held at Consolidated Funds	—	746,616	(23,000)	723,616
<b>Net cash provided by (used in) operating activities</b>	<b>300,755</b>	<b>(2,555,916)</b>	<b>(340,884)</b>	<b>(2,596,045)</b>
<b>Cash flows from investing activities:</b>				
Purchase of furniture, equipment and leasehold improvements, net of disposals	(27,226)	—	—	(27,226)
Acquisitions, net of cash acquired	(1,057,407)	—	—	(1,057,407)
<b>Net cash used in investing activities</b>	<b>(1,084,633)</b>	<b>—</b>	<b>—</b>	<b>(1,084,633)</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from issuance of Class A common stock	827,430	—	—	827,430
Proceeds from Credit Facility	883,000	—	—	883,000
Proceeds from issuance of subordinated notes	450,000	—	—	450,000
Repayments of Credit Facility	(468,000)	—	—	(468,000)
Dividends and distributions	(593,506)	—	—	(593,506)
Series A Preferred Stock dividends	(10,850)	—	—	(10,850)
Redemption of Series A Preferred Stock	(310,000)	—	—	(310,000)
Stock option exercises	37,216	—	—	37,216
Taxes paid related to net share settlement of equity awards	(226,101)	—	—	(226,101)
Other financing activities	11,509	—	—	11,509
Allocable to non-controlling interests in Consolidated Funds:				
Contributions from non-controlling interests in Consolidated Funds	—	1,239,831	(206,187)	1,033,644
Distributions to non-controlling interests in Consolidated Funds	—	(119,153)	20,256	(98,897)
Borrowings under loan obligations by Consolidated Funds	—	2,048,932	—	2,048,932
Repayments under loan obligations by Consolidated Funds	—	(80,752)	—	(80,752)
<b>Net cash provided by financing activities</b>	<b>600,698</b>	<b>3,088,858</b>	<b>(185,931)</b>	<b>3,503,625</b>
Effect of exchange rate changes	(12,977)	(6,127)	—	(19,104)
Net change in cash and cash equivalents	(196,157)	526,815	(526,815)	(196,157)
Cash and cash equivalents, beginning of period	539,812	522,376	(522,376)	539,812
<b>Cash and cash equivalents, end of period</b>	<b>\$ 343,655</b>	<b>\$ 1,049,191</b>	<b>\$ (1,049,191)</b>	<b>\$ 343,655</b>
Supplemental disclosure of non-cash financing activities:				
Issuance of AOG Units in connection with acquisition-related activities	\$ 510,848	\$ —	\$ —	\$ 510,848
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	\$ 34,170	\$ 170,915	\$ —	\$ 205,085
Cash paid during the period for income taxes	\$ 22,603	\$ 185	\$ —	\$ 22,788

**Ares Management Corporation**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Dollars in Thousands, Except Share Data and As Otherwise Noted)**

**16. SUBSEQUENT EVENTS**

The Company evaluated all events or transactions that occurred after December 31, 2023 through the date the consolidated financial statements were issued. During this period, the Company had the following material subsequent events that require disclosure:

In February 2024, the Company's board of directors declared a quarterly dividend of \$0.93 per share of Class A and non-voting common stock payable on March 29, 2024 to common stockholders of record at the close of business on March 15, 2024.

## DESCRIPTION OF THE REGISTRANT'S SECURITIES PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2023, Ares Management Corporation had the following class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: its Class A common stock, par value \$0.01 per share.

In this exhibit, “we,” “us” and “our” means Ares Management Corporation, a Delaware corporation, and its successors, but not any of its subsidiaries.

### DESCRIPTION OF CAPITAL STOCK

The following description summarizes the most important terms of our capital stock. This summary does not purport to be complete and is qualified in its entirety by the provisions of the Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and Bylaws, copies of which are incorporated by reference or filed as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part, and applicable provisions of Delaware law.

Our authorized capital stock consists of 3,500,000,000 shares, all with a par value of \$0.01 per share, of which:

- 1,500,000,000 are designated as Class A common stock;
- 500,000,000 are designated as non-voting common stock;
- 1,000 are designated as Class B common stock;
- 499,999,000 are designated as Class C common stock; and
- 1,000,000,000 are designated as preferred stock, of which 12,400,000 shares are designated as Series A Preferred Stock.

We had outstanding as of December 31, 2023:

- 187,069,907 shares of Class A common stock;
- 3,489,911 shares of non-voting common stock;
- 1,000 shares of Class B common stock; and
- 117,024,758 shares of Class C common stock.

In addition, as of December 31, 2023, 17,439,353 shares of Class A common stock are issuable upon the exercise of outstanding equity awards.

#### Common Stock

##### *Economic Rights*

**Dividends.** Subject to preferences that apply to shares of Series A Preferred Stock and any other shares of preferred stock outstanding at the time, the holders of our Class A common stock and non-voting common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. The holders of our Class B common stock and Class C common stock do not have any rights to receive dividends.

**Liquidation.** If we become subject to an event giving rise to our dissolution, liquidation or winding up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Class A common stock, non-voting common stock and any participating preferred stock outstanding at that time ranking on a parity with our Class A common stock with respect to such distribution, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any,

on any outstanding shares of our Series A Preferred Stock and any other outstanding shares of preferred stock. The holders of our Class B common stock and Class C common stock do not have any rights to receive distributions upon our dissolution, liquidation or winding up.

### ***Voting Rights***

Except as expressly provided in our Certificate of Incorporation, the holders of our Class A common stock, Class B common stock and Class C common stock will be entitled to vote on all matters on which stockholders of a corporation are entitled to vote under the Delaware General Corporation Law (the "DGCL"), including the election of our board of directors. The holders of non-voting common stock shall have no voting powers on any matter on which the stockholders are required or permitted to vote, except as expressly provided in our Certificate of Incorporation or required by applicable law or regulation.

Holders of our Class A common stock are entitled to one vote per share of Class A common stock.

On January 31 of each year, our board of directors will determine whether the Ares Ownership Condition (as defined below) is satisfied. The "Ares Ownership Condition" is a determination of our board of directors on or about January 31 of each year as to whether the total voting power held collectively by (i) holders of our Class C common stock (currently only Ares Voting LLC), (ii) then-current or former Ares personnel (including indirectly through related entities) and (iii) Ares Owners Holdings L.P. ("Ares Owners"), without duplication, is at least 10% of the collective voting power of our outstanding Class A common stock and our Class C common stock, voting together as a single class. For purposes of determining whether the Ares Ownership Condition is satisfied, our board of directors will treat as outstanding, and as held by the foregoing persons, all shares of common stock deliverable to such persons pursuant to equity awards granted to such persons. On any date on which the Ares Ownership Condition is satisfied, holders of our Class B common stock are entitled to a number of votes, in the aggregate, equal to (x) four times the aggregate number of votes attributable to the Class A common stock minus (y) the aggregate number of votes attributable to the Class C common stock. On any date on which the Ares Ownership Condition is not satisfied, holders of our Class B common stock are not entitled to vote on any matter submitted to a vote of our stockholders.

Ares Management GP LLC is the sole holder of shares of our Class B common stock. Ares Voting LLC, the sole holder of our Class C common stock, is generally entitled to a number of votes equal to the number of Ares Operating Group Units held of record by each limited partner of the Ares Operating Group Partnerships (as defined below) (other than us and our subsidiaries). If in the future other persons are admitted to the Ares Operating Group Partnerships as limited partners and are issued shares of our Class C common stock, such other holders of our Class C common stock will be entitled, in the aggregate, to a number of votes equal to the number of Ares Operating Group Units held of record by such holder of Class C common stock. If the ratio at which Ares Operating Group Units are exchangeable for shares of our Class A common stock changes from a one-for-one basis, the number of votes to which the holders of the Class C common stock are entitled will be adjusted accordingly.

Except as provided in our Certificate of Incorporation and Bylaws and under the DGCL and the rules of the New York Stock Exchange (the "NYSE"), shares of our Series A Preferred Stock are generally non-voting.

Our Certificate of Incorporation provides that the number of authorized shares of any class of stock, including our Class A common stock, may be increased or decreased (but not below the number of shares of such class then outstanding) with the approval of a majority of the voting power of our outstanding capital stock entitled to vote thereon. However, given the disparity in the voting power of our classes of common stock, on any date on which the Ares Ownership Condition is satisfied, holders of our Class B common stock will control any such vote and are effectively able to approve an increase or decrease in the number of authorized shares of any other class of common stock without a separate vote of the holders of the applicable class of common stock. This could allow holders of our Class B common stock to increase and issue additional shares of Class A common stock and/or Class C common stock beyond what is currently authorized in our Certificate of Incorporation without the consent of the holders of the applicable class of common stock. Additional classes of common stock having special voting rights could also be issued.

### ***No Preemptive or Similar Rights***

Our Class A common stock, Class B common stock and Class C common stock are not entitled to preemptive rights and are not subject to conversion, redemption or sinking fund provisions. Our non-voting common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions. Our non-voting common stock is entitled to conversion, effective immediately upon any Widely Dispersed Offering, pursuant to which each share of non-voting common stock so transferred shall automatically be converted into one share of Class A common stock.

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### ***Exchange***

Three of our indirect subsidiaries, Ares Holdings L.P., Ares Offshore Holdings L.P. and Ares Investments L.P. (collectively, the “Ares Operating Group Partnerships”) issued units representing limited partnership interests (a partnership unit in each of the Ares Operating Group Partnerships, collectively, an “Ares Operating Group Unit”) that are exchangeable for our Class A common stock pursuant to the Fifth Amended and Restated Exchange Agreement among us and the other parties thereto (the “Exchange Agreement”), on a one-for-one basis, subject to customary adjustments for splits, unit dividends and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. On April 1, 2021, we completed an internal reorganization (the “Reorganization”) that simplified the organizational structure and merged Ares Offshore Holdings L.P. and Ares Investments L.P. with Ares Holdings L.P. As a result of the Reorganization, Ares Holdings L.P. became the sole entity in the Ares Operating Group. When Ares Operating Group Units are exchanged for shares of Class A common stock, the number of votes to which the shares of our Class C common stock are entitled shall automatically be reduced by the number of Ares Operating Group Units so exchanged. However, so long as the Ares Ownership Condition is satisfied, the issuance of Class A common stock would increase the number of votes to which holders of Class B common stock are entitled.

### ***Limited Call Right***

If at any time:

(i) less than 10% of the then issued and outstanding shares of any class (other than Class B common stock, Class C common stock, non-voting common stock and preferred stock) are held by persons other than the members of Ares Partners Holdco LLC (the “Holdco Members”) or their respective affiliates; or

(ii) we are subjected to registration under the provisions of the U.S. Investment Company Act of 1940, as amended,

we will have the right, which we may assign in whole or in part to any record holder of Class B common stock or any of its affiliates, to acquire all, but not less than all, of the remaining shares of the class held by unaffiliated persons.

As a result of our right to purchase outstanding shares of common stock, a stockholder may have their shares purchased at an undesirable time or price.

### **Preferred Stock**

Our board of directors is authorized, subject to limitations prescribed by the DGCL, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers (including voting powers), preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders (except as may be required by the terms of any preferred stock then outstanding). Our board of directors may also increase (but not above the total number of shares of preferred stock then authorized and available for issuance and not committed for other issuance) or decrease (but not below the number of shares of that series then outstanding) the number of shares of any series of preferred stock, without any further vote or action by our stockholders. The powers, preferences and rights of each series of preferred stock, and the qualification, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the proportion of voting power held by, or other relative rights of, the holders of our Class A common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control of our company and might adversely affect the market price of the Class A common stock or the proportion of voting power held by, or other relative rights of, the holders of the Class A common stock.

### **Conflicts of Interest**

The DGCL permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our Certificate of Incorporation, to the maximum extent permitted from time to time by the DGCL, renounces any interest or expectancy that we have in any business ventures of (a) each member of our board of directors and our officers, (b)

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each record holder of Class B common stock, (c) Ares Management GP LLC (our “Former General Partner”), (d) any person or entity who is or was a “tax matters partner” (as defined in the Internal Revenue Code of 1986, as amended (the “Code”) prior to amendment by P.L. 114-74) or “partnership representative” (as defined in Section 6223 of the Code after amendment by P.L. 114-74), member, manager, officer or director of any record holder of Class B common stock or our Former General Partner, (e) any member, manager, officer or director of any record holder of Class B common stock or our Former General Partner who is or was serving at the request of any record holder of Class B common stock or our Former General Partner as a director, officer, manager, employee, trustee, fiduciary, partner, tax matters partner, partnership representative, member, representative, agent or advisor of another person or entity, (f) any person or entity who controls any record holder of Class B common stock or our Former General Partner and (g) certain other specified persons (collectively, the “Indemnitees”). Our Certificate of Incorporation provides that each Indemnitee has the right to engage in businesses of every type and description, including business interests and activities in direct competition with our business and activities. Our Certificate of Incorporation also waives and renounces any interest or expectancy that we may have in, or right to be offered an opportunity to participate in, business opportunities that are from time to time presented to the Indemnitees. Notwithstanding the foregoing, pursuant to our Certificate of Incorporation, each record holder of Class B common stock has agreed that its sole business will be to act as a record holder of Class B common stock and as a general partner or managing member of any partnership or limited liability company that we may hold an interest in and that it will not engage in any business or activity or incur any debts or liabilities except (x) in connection therewith or (y) in connection with the acquisition, owning or disposing of equity securities of us or any of our subsidiaries.

#### **Anti-Takeover Provisions**

Our Certificate of Incorporation and Bylaws and the DGCL contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and to discourage certain types of transactions that may involve an actual or threatened acquisition of our company. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change in control or other unsolicited acquisition proposal, and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have the effect of delaying, deterring or preventing a merger or acquisition of our company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including attempts that might result in a premium over the prevailing market price for the shares of Class A common stock held by stockholders.

**Loss of voting rights.** If at any time any person or group (other than a record holder of Class B common stock, Ares Owners, a Holdco Member or any of their respective affiliates, or a direct or subsequently approved transferee of the foregoing) beneficially owns 20% or more of any class of our stock then outstanding, that person or group will lose voting rights on all of its shares of stock and such shares of stock may not be voted on any matter as to which such shares may be entitled to vote and will not be considered to be outstanding when sending notices of a meeting of stockholders, calculating required votes, determining the presence of a quorum or for other similar purposes, in each case, as applicable and to the extent such shares of stock are entitled to any vote. These restrictions do not apply to our Class B common stock or Class C common stock.

**Requirements for advance notification of stockholder proposals.** Our Bylaws establish advance notice procedures with respect to stockholder proposals brought forth at annual or special meetings of our stockholders. Generally, to be timely, a stockholder’s notice must be received at our principal executive offices not less than 90 days or more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our Bylaws also specify requirements as to the form and content of a stockholder’s notice. Our Bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings, which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may deter, delay or discourage a potential acquirer from attempting to influence or obtain control of our company.

**Special stockholder meetings.** Our Certificate of Incorporation provides that special meetings of our stockholders may be called at any time only by or at the direction of our board of directors, a record holder of Class B common stock or stockholders representing 50% or more of the voting power of the outstanding stock of the class or classes of stock which are entitled to vote at such meeting. Class A common stock and Class C common stock are considered the same class of common stock for this purpose.

**Stockholder action by written consent.** Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the Certificate of Incorporation provides otherwise or it conflicts with the rules of the NYSE. Our Certificate of Incorporation permits stockholder action by written consent by stockholders other than the Class B Stockholder only if consented to by the board of directors in writing.

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**Amendments to our Certificate of Incorporation requiring Class B Stockholder approval.** Except as otherwise expressly provided by applicable law or any certificate of designation for any series of our preferred stock, on any date on which the Ares Ownership Condition is satisfied, only the record holders of Class B common stock shall have the right to vote on certain amendments to our Certificate of Incorporation that are proposed by our board of directors. Such amendments include:

- (i) any amendment that our board of directors has determined:
  - (a) is necessary or appropriate in connection with (x) a pro rata distribution of shares of our stock or of options, rights, warrants or appreciation rights relating to shares of our stock or (y) a subdivision or combination of our stock,
  - (b) based on the advice of counsel, is necessary or appropriate to prevent us or the Indemnitees from having a material risk of being in any manner subjected to registration under the provisions of the U.S. Investment Company Act of 1940, as amended, the U.S. Investment Advisers Act of 1940, as amended, or “plan asset” regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor, or
  - (c) is necessary or appropriate to cure any ambiguity, omission, mistake, defect or inconsistency;
- (ii) any amendment that is expressly permitted by our Certificate of Incorporation to be voted on solely by the record holders of Class B common stock; or
- (iii) any amendment that reflects a merger or conveyance pursuant to certain provisions of our Certificate of Incorporation that do not require stockholder approval for such a merger or conveyance.

**Super-majority requirements for certain amendments to our Certificate of Incorporation.** Except for amendments to our Certificate of Incorporation that require the sole approval of the record holders of Class B common stock, any amendments to our Certificate of Incorporation require the vote or consent of stockholders holding at least 90% of the voting power of our Class A common stock and Class C common stock, voting together as a single class, unless we obtain an opinion of counsel confirming that such amendment would not affect the limited liability of any of our stockholders under the DGCL. Any amendment of this provision of our Certificate of Incorporation also requires the vote or consent of stockholders holding at least 90% of the voting power of our Class A common stock and Class C common stock, voting together as a single class.

**Merger, sale or other disposition of assets.** Our Certificate of Incorporation provides that we may, with the approval of the record holders of at least a majority in voting power of our Class A common stock and Class C common stock, and, on any date on which the Ares Ownership Condition is satisfied, with the approval of the record holders of our Class B common stock, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, or consummate any merger, consolidation or other similar combination, or approve the sale, exchange or other disposition of all or substantially all of the assets of our subsidiaries, except that no approval of our Class A common stock and Class C common stock shall be required in the case of certain limited transactions involving our reorganization into another limited liability entity where the governing instruments of the resulting entity provide our stockholders with substantially the same rights and obligations as are contained in our Certificate of Incorporation. We may in our sole discretion mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets (including for the benefit of persons other than us or our subsidiaries) without the prior approval of the holders of our Class A common stock and Class C common stock. We may also sell all or substantially all of our assets under any forced sale of any or all of our assets pursuant to the foreclosure or other realization upon those encumbrances without the prior approval of the holders of our Class A common stock and Class C common stock.

**Preferred stock.** If holders of any preferred stock that we may issue have the right to require us to redeem all or a portion of their series of preferred stock upon the occurrence of a change of control event, third parties may be discouraged from pursuing certain transactions with us that may otherwise be in the best interest of our stockholders.

**Choice of forum.** The Court of Chancery of the State of Delaware (or, solely to the extent that the Court of Chancery lacks subject matter jurisdiction, any other court in the State of Delaware with subject matter jurisdiction) is the exclusive forum for resolving any claims, suits, actions or proceedings arising out of or relating in any way to our Certificate of Incorporation (including any claims, suits or actions to interpret, apply or enforce (i) the provisions of our Certificate of Incorporation or our Bylaws, (ii) our duties, obligations or liabilities to our stockholders, or of

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our stockholders to us, or among our stockholders, (iii) the rights or powers of, or restrictions on, us or any of our stockholders, (iv) any provision of the DGCL or (v) any other instrument, document, agreement or certificate contemplated by any provision of the DGCL relating to us (regardless of whether such claims, suits, actions or proceedings (x) sound in contract, tort, fraud or otherwise, (y) are based on common law, statutory, equitable, legal or other grounds or (z) are derivative or direct claims)).

### **Business Combinations**

We have opted out of Section 203 of the DGCL, which provides that an “interested stockholder” (a person other than the corporation or any direct or indirect majority-owned subsidiary who, together with affiliates and associates, owns, or, if such person is an affiliate or associate of the corporation, within three years did own, 15% or more of the outstanding voting stock of a corporation) may not engage in “business combinations” (which is broadly defined to include a number of transactions, such as mergers, consolidations, asset sales and other transactions in which an interested stockholder receives or could receive a financial benefit on other than a pro rata basis with other stockholders) with the corporation for a period of three years after the date on which the person became an interested stockholder without certain statutorily mandated approvals.

### **Indemnification of Directors and Officers**

Our Certificate of Incorporation provides that in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee, whether arising from acts or omissions to act occurring on, before or after the date of its Certificate of Incorporation, on an after tax basis: (a) each member of our board of directors and each of our officers, (b) each record holder of Class B common stock, (c) our Former General Partner, (d) any person or entity who is or was a tax matters partner or partnership representative, member, manager, officer or director of any record holder of Class B common stock or our Former General Partner, (e) any member, manager, officer or director of any record holder of Class B common stock or our Former General Partner who is or was serving at the request of any record holder of Class B common stock or our Former General Partner as a director, officer, manager, employee, trustee, fiduciary, partner, tax matters partner, partnership representative, member, representative, agent or advisor of another person or entity; provided that such a person or entity will not be indemnified solely for providing, on a fee-for-services basis or similar arm’s-length compensatory basis, agency, advisory, consulting, trustee, fiduciary or custodial services, (f) any person or entity who controls any record holder of Class B common stock or the Former General Partner and (g) any person a record holder of Class B common stock, in its sole discretion, designates as an Indemnitee.

We agree to provide this indemnification unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that these persons acted in bad faith or with criminal intent. Any indemnification under these provisions will only be out of our assets. We are not personally liable for, and do not have any obligation to contribute or loan funds or assets to the board of directors to enable it to effectuate, indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our Certificate of Incorporation.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock, non-voting common stock, Class B common stock and Class C common stock is Equiniti Trust Company, LLC. The transfer agent and registrar’s address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

### **Listing**

Our Class A common stock is listed on the NYSE under the ticker symbol “ARES”.

## ARES MANAGEMENT CORPORATION

## MEMORANDUM

[DATE]

TO: [ ]

FROM: Ares Management Corporation

**RE: *Incentive Fee Compensation Related to Ares Capital Corporation***

This Memorandum (the "**Memorandum**") confirms the agreement between you and Ares Management Corporation (together with its subsidiaries, the "**Company**"), effective as of [DATE] (the "**Effective Date**"), with respect to your profit participation interest related to the "incentive fees" earned by Ares Capital Management LLC ("**ACM**"), attributable to the investment activities of Ares Capital Corporation ("**ARCC**") as set forth below, [[A: while you are employed by the Company or, if earlier, until the termination of the Management Agreement] // [B: until the earliest of (x) [DATE], (y) the termination of the Management Agreement or (z) such date you are no longer employed by the Company]]<sup>1</sup> (such period, the "**Term**"). Unless otherwise specified herein, capitalized terms not otherwise defined in the body of this Memorandum are defined in **Exhibit A**.

*This Memorandum should be retained in your files for future reference.*

1. **Incentive Fees.** The Company serves as the day-to-day investment manager to ARCC. ARCC is as a closed-end publicly traded specialty finance company that has elected to be treated as a business development company.
  - a. **Incentive Fee Allocation.** Subject to Section 1.c. below, during the Term, on each Incentive Payment Date, the Company shall pay you your Allocation Percentage of any Incentive Fees and Capital Gains Fees (each as defined in the Management Agreement) the Company is entitled to receive during the applicable calendar quarter or year (the "**Part I and Part II Incentive Compensation**").
  - b. **Deferred Incentive Fees.** Subject to Section 1.c. below, during the Term, on each Incentive Payment Date, the Company shall pay you your Allocation Percentage of any Deferred Incentive Fees (as defined in the Management Agreement) the Company is entitled to receive during the applicable calendar quarter or year[B: , based on your Allocation Percentage when such Deferred Incentive Fees were deferred] (the "**Deferred Incentive Compensation**" and, together with the Part I and II Incentive Compensation, the "**Incentive Compensation**") [B: ; provided that with respect to Deferred Incentive Compensation earned and deferred by the Company during the (x) Term or (y) prior to the third anniversary (the "**Severance Period**") following your Termination, as the case may be, such Deferred Incentive Compensation is received by the Company prior to the fifth anniversary of your Termination and in either case based on your Allocation Percentage at the time of deferral].
  - c. **Limitations on Incentive Compensation.** Notwithstanding anything to the contrary in this Memorandum but subject to Section 1.b above, the Company will only be obligated to pay you Incentive Compensation to the extent the Company actually receives the related Incentive Compensation from ARCC during the applicable quarter or year [A: and, subject to Section 2, the Incentive Compensation will be payable at the times provided in Sections

<sup>1</sup> Bracketed language in this Memorandum marked with A to be included for CEO. Bracketed language in this Memorandum marked with B to be included for recipients other than CEO.

1.a. and 1.b. so long as you have not been Dissociated as a partner from Ares Owners (as defined in the Ares Owners LP Agreement)].

2. Consequences of Termination of Employment. For the avoidance of doubt, this confirms that your employment with the Company is “at will.” As such, your employment may be terminated by you or the Company at any time, for any reason or no reason, with or without Cause. Moreover, this Memorandum is not intended as and is not a guaranty of future employment. In the event of your Termination, the following consequences will apply with respect to your Allocation Percentage of Incentive Compensation.
- a. Resignation for Good Reason. Subject to Section 2.f., if you terminate your employment with the Company **for Good Reason**, on each of the first [A: twelve] // [B: twenty] Incentive Payment Dates following your Termination [A: (the “**Severance Period**”)], the Company shall pay you the following amounts (and you shall be entitled to no further compensation or benefits under this Memorandum):
- i. *[[B: Part I and Part II Incentive Compensation]]*
1. On the first through the fourth Incentive Payment Dates following your Termination, an amount equal to **100% of the [B: Part I and Part II] Incentive Compensation** that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Termination Allocation Percentage,
  2. On the fifth through the eighth Incentive Payment Dates following your Termination, an amount equal to **66.7% of the [B: Part I and Part II] Incentive Compensation** that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Termination Allocation Percentage, and
  3. On the ninth through the twelfth Incentive Payment Dates following your Termination, an amount equal to **33.3% of the [B: Part I and Part II] Incentive Compensation** that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Termination Allocation Percentage.
- ii. *[B: [Deferred Incentive Compensation]* On each of the first twenty Incentive Payment Dates following your Termination, an amount equal to **100% of the Deferred Incentive Compensation** (to the extent not previously paid) that is deferred during the Term or the Severance Period, as the case may be, that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Allocation Percentage when the associated Deferred Incentive Fees were deferred (and if deferred during the Severance Period, determined in accordance with the applicable percentage payable under this Section 2.a. with respect to the Part I and Part II Incentive Compensation in effect at the time such Deferred Incentive Fees were deferred).]
- b. Resignation without Good Reason. Subject to Section 2.f., if you terminate your employment with the Company **without Good Reason** (i.e., your voluntary resignation), then subject to your continued compliance with your obligations set forth herein, [A: on each of the twelve Incentive Payment Dates following such Termination, the Company shall pay you the amount you would have received if you had terminated your employment for Good Reason pursuant to Section 2.a.] // [B: the Company shall pay you the following amounts:

- i *[Part I and Part II Incentive Compensation]* On each of the first twelve Incentive Payment Dates following your Termination, an amount equal to 100% of the Part I and Part II Incentive Compensation that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date, and
  - ii *[Deferred Incentive Compensation]* On each of the first twenty Incentive Payment Dates following such Termination, an amount equal to 100% of the Deferred Incentive Compensation that is deferred during the Term or during the Severance Period that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Allocation Percentage when the associated Deferred Incentive Fees were deferred (and if deferred during the Severance Period, determined in accordance with the applicable percentage payable under this Section 2.b. with respect to the Part I and Part II Incentive Compensation in effect at the time such Deferred Incentive Fees were deferred). You shall be entitled to no further compensation or benefits.]
- c. Termination for Cause. If the Company terminates your employment **for Cause** you will not be entitled to any further compensation or benefits under this Memorandum.
- d. Termination without Cause. Subject to Section 2.f., if the Company terminates your employment **without Cause**, the Company shall pay you the amount you would have received if you had terminated your employment for Good Reason pursuant to Section 2.a. and you shall be entitled to no further compensation or benefits under this Memorandum.
- e. Death or Disability. Subject to Section 2.f., if your employment is terminated due to your **death or Disability**, [A: on each of the twelve Incentive Payment Dates following such termination, the Company shall pay you 50% of the Incentive Compensation that you would otherwise have been entitled to pursuant to Section 1 if you were still employed by the Company on such date, based on your Termination Allocation Percentage] // [B: the Company shall pay you the following amounts:
  - i *[Part I and Part II Incentive Compensation]* On each of the first twelve Incentive Payment Dates following your Termination, **50% of the Part I and Part II Incentive Compensation** that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date, based on your Termination Allocation Percentage, and
  - ii *[Deferred Incentive Compensation]* On each of the first twenty Incentive Payment Dates following your Termination, **100% of the Deferred Incentive Compensation** that is deferred during the Term or during the Severance Period that you would otherwise have been entitled to receive pursuant to Section 1 as if you were still employed by the Company on such date based on your Allocation Percentage when the associated Deferred Incentive Fees were deferred (and if deferred during the Severance Period, determined in accordance with the percentage payable under this Section 2.e. with respect to the Part I and Part II Incentive Compensation at the time such Deferred Incentive Fees were deferred). You shall be entitled to no further compensation or benefits.]
- f. Notwithstanding anything to the contrary in this Memorandum,
  - i you will not be entitled to any benefits payable pursuant to this Section 2 (“**Severance Benefits**”) unless you have, or your estate or representative has, (a) executed and delivered, and not revoked, the Company’s (and any Related Entity’s) then standard release of all claims against the Company and all Related Entities so that the standard release becomes effective and irrevocable on or before the sixtieth

(60<sup>th</sup>) day after the date of Termination, and (b) if requested by the Company, resigned from your then current positions, offices and appointments with the Company and all Related Entities; for Severance Benefits that would otherwise be paid to you prior to the sixtieth (60<sup>th</sup>) day after the date of your Termination, such Severance Benefits shall be made on the sixtieth (60<sup>th</sup>) day after the date of your Termination if the standard release requirement is then satisfied by you,

- ii you will not be entitled to any Severance Benefits if you have breached any material provision of this Memorandum (including any of the Restrictive Covenants), whether during the Term or the Severance Period, commencing as of the date of such breach,
- iii [B: the Company shall not be deemed “entitled to receive” any Incentive Compensation that is waived under the Management Agreement and you shall not be entitled to receive any Incentive Compensation that is waived whether or not earned during the Term and/or the Severance Period as applicable,
- iv If during employment or prior to the 3<sup>rd</sup> anniversary of the termination of your employment, for any reason, and as of such date you are or become convicted of, or plead guilty or no contest to, a felony under any federal or state statute punishable by a fine of more than \$100,000 or incarceration of more than 90 days (a “**Conviction**”) and such felony occurred while you were employed by the Company, then as of the date of such Conviction you will no longer be entitled to receive Severance Benefits, or
- v If during employment or prior to the 3<sup>rd</sup> anniversary of the termination of your employment for any reason, and as of such date you are or become subject to any order, judgment or decree (whether entered by consent or after trial or adjudication) of any court, governmental agency or regulatory authority (including, without limitation, the Securities and Exchange Commission or state securities commissions) involving a material violation of federal or state securities laws or any rules or regulations thereunder that materially censures or imposes any material sanctions on you in connection with investment advisory securities related activities or that enjoins, bars, disqualifies, suspends or otherwise limits you from engaging in any investment related or securities related activities (an “**Order**”) in any such cases based on an act or acts committed by you while employed by the Company, then as of the date of such Order you will no longer be entitled to receive Severance Benefits.]

3. Restrictive Covenants. You acknowledge and agree to be bound by the restrictive covenants set forth in **Exhibit B** attached to this Memorandum (the “**Restrictive Covenants**”), which is incorporated into this Memorandum by reference and a part of this Memorandum for all purposes.

4. General Provisions.

- a. This Memorandum is not transferable by you and constitutes an unsecured obligation of the Company. Ares Management Corp may assign this Memorandum to any affiliate.
- b. This Memorandum, together with any corresponding annual award documentation respecting your Allocation Percentage, constitutes our entire agreement with respect to your profits participation interest attributable to the investment activities of ARCC from and after the Effective Date and sets forth the entire agreement as of the Effective Date with respect to your right to receive severance or similar payments under this Memorandum, and all prior and contemporaneous agreements and representations whether oral or written, including that certain [\_\_\_\_], shall be superseded as of the Effective Date. This Memorandum does not cover the terms of any relationship, if any, you may have with

any Related Entity. For the avoidance of doubt, nothing in this Memorandum affects or amends in any way the interests you have in the Company or any Related Entity or any agreements with such entities.

- c. This Memorandum may not be amended, waived or discharged except by a writing signed by both parties.
- d. Any payments provided for hereunder will be paid net of any applicable withholdings. Except in the case of amounts that constitute “deferred compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (“**Code Section 409A**”), the Company’s obligation to make any payments provided for in this Memorandum will be subject to set-off, counterclaim or recoupment of any amounts owed by you to the Company or any of its Related Entities.
- e. By accepting this Memorandum you agree to the terms and conditions set forth in this Memorandum.
- f. This Memorandum shall be governed by and construed in accordance with New York law irrespective of conflicts of laws principles that would require the application of the laws of another jurisdiction.
- g. The provisions of this Memorandum will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof.
- h. In the event there is any dispute between us that we are unable to resolve ourselves, we both agree that the exclusive remedy for determining any and all disputes, claims or causes of action, in law or equity, arising from or relating to this Memorandum will be, to the fullest extent permitted by law, by final, binding and confidential arbitration in **New York, New York** conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. (“**JAMS**”), or its successor, pursuant to its then applicable rules. The arbitrator will have the same, but no greater, remedial authority than would a court of law and shall issue a written decision including the arbitrator’s essential findings and conclusions and a statement of the award. This agreement to resolve any disputes by binding arbitration extends to claims against the Company or any of its Related Entities or any of their respective past or present stockholders, members, partners, principals, directors, officers, managers, employees, agents, representatives or service providers and applies to claims arising out of federal, state and local laws, including claims of alleged discrimination on any basis, as well as to claims arising under the common law. Nothing in this Memorandum is intended to prevent the Company or any of its Related Entities from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. The prevailing party in any such arbitration proceeding, as determined by the arbitrator, or in any enforcement or other court proceedings, will be entitled to the extent permitted by law, to reimbursement from the other party for all of the prevailing party’s costs (including but not limited to the arbitrator’s compensation), expenses and attorneys’ fees. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Memorandum will prevail.
- i. Upon the receipt of reasonable notice from the Company (including outside counsel), you agree that while employed by the Company and thereafter, you will respond and provide information with regard to matters in which you have knowledge as a result of your performing services for the Company or any of its Related Entities, and will provide reasonable assistance to the Company and its Related Entities and their respective representatives in defense of any claims that may be made against them, and will assist them in the prosecution of any claims that they may make, to the extent that such claims may relate to the period of your employment with the Company. You also agree to

promptly inform the Company (to the extent you are legally permitted to do so) if you are asked to assist in any investigation of the Company or any of its Related Entities or any of their respective stockholders, members, partners, principals, directors, officers, managers, employees, agents, representatives or service providers (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against them with respect to such investigation, and shall not so assist unless legally required. In addition, you shall not make or induce other persons or entities to make any negative statements as to the Company or any of its Related Entities or their respective past or present stockholders, members, partners, principals, directors, officers, managers, employees, agents, representatives, other service providers, products, services, businesses, portfolio companies or reputation. The Company agrees to reimburse you for reasonable pre-approved expenses incurred by you in connection with providing the assistance described in this Section.

- j. The payments and benefits under this Memorandum are intended to comply with or be exempt from Code Section 409A and shall be interpreted accordingly to the maximum extent permitted. The Company does not guarantee you any particular tax treatment with respect to this Memorandum or any payments hereunder. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on you by Code Section 409A or any damages for failing to comply with Code Section 409A.
- k. Other than in the case of a payment upon death, if you are deemed by the Company in good faith to be a “specified employee,” as defined in Code Section 409A(a)(2)(B)(i), in accordance with procedures set by the Company, any payments required to be made under Section 2 of this Memorandum, to the extent such payments constitute nonqualified deferred compensation, shall be delayed and not be paid during the six month period following the date of your Termination but such delayed or deferred amounts, as the case may be, shall be paid in a lump sum on the first business day immediately following the expiration of such six month period, or if earlier the date of your death, and any remaining payments shall be paid on the date such payments would have otherwise been paid without regard to this Section 3.k.
- l. You shall only be entitled to receive the amounts set forth under Section 2 of this Memorandum upon your “separation from service” within the meaning of the regulations issued under Code Section 409A.
- m. Your rights to receive any installment payments pursuant to this Memorandum shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Memorandum specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.
- n. Nothing in this Memorandum shall prohibit you from: (i) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (ii) making any other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulations; or (iii) otherwise fully participating in any federal, state or local whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange Commission and/or the Occupational Safety and Health Administration. Moreover, nothing in this Memorandum shall prohibit or prevent you from receiving individual monetary awards or other individual relief by virtue of participating in such federal whistleblower programs.
- o. Under the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either

directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; (ii) is made to your attorney in relation to a lawsuit for retaliation against you for reporting a suspected violation of law; or (iii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

**ARES MANAGEMENT CORPORATION**

Dated:

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
Participant Name: [ ]

[Signature Page to Memorandum]

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**EXHIBIT A**

Except as otherwise stated in the Memorandum to which this **Exhibit A** is attached, the following terms have the meanings assigned below:

1. “**Affiliate**” means, with respect to any person or entity, any other person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such person or entity; provided that[B: , other than Ivy Hill Asset Management, L.P.,] portfolio companies of any Related Entity will not be deemed to be Affiliates of the Company or any Related Entities.
2. “**Allocation Percentage**” means a percentage equal to [ ]% ([ ] bps out of [ ] bps) subject at any time and from time to time to dilution for allocations to additional recipients or increased allocations to existing recipients, as reflected in your annual memorandum setting forth your profits participation interests (i.e., your Allocation Percentage of the Part I and/or Part II Incentive Fee), or as otherwise determined by the Company. For example, if the Company grants interests of [ ]% to new or other employees, your Allocation Percentage will be correspondingly decreased by [ ]% to [ ]% ([ ] bps out of [ ]). For the avoidance of doubt, your Allocation Percentage may be increased or reduced (including to 0%) by the Company in its sole discretion at any time.

Without limiting the Company’s discretion to adjust your Allocation Percentage, the Company may in its sole discretion elect to reduce your Allocation Percentage in connection with an ARCC Incentive Fee Reduction. For the avoidance of doubt, any reduction to your Allocation Percentage other than in connection with an ARCC Incentive Fee Reduction shall constitute Good Reason (as defined below).

“**ARCC Incentive Fee Reduction**” means the Company’s election, in its sole discretion, to reduce your Allocation Percentage in exchange for a Restricted Unit Award granted on or around [ ] of the year in which the applicable reduction occurs. The targeted ARCC Incentive Fee Reductions are as follows:

<u>Year</u>	<u>Reduced Allocation Percentage</u>	<u>Incentive Fee Restricted Units</u>
[ ]	-[ ]% ([ ] bps of [ ] bps)	[ ]
[ ]	-[ ]% ([ ] bps of [ ] bps)	[ ]
[ ]	-[ ]% ([ ] bps of [ ] bps)	[ ]

3. “**Ares Management Corp**” means Ares Management Corporation, a Delaware corporation.
4. [A: “**Ares Owners LP Agreement**” means the Fifth Amended and Restated Agreement of Limited Partnership of Ares Owners, dated on or about July 1, 2021.]
5. [A: “**Ares Owners**” means Ares Owners Holdings L.P., a Delaware limited partnership.]

6. “**Award Agreement**” means the Restricted Unit Agreement, dated on or about [ ], between you and Ares Management Corp.
7. “**Cause**” has the meaning ascribed in the Award Agreement.
8. “**Disability**” has the meaning ascribed in the Award Agreement.
9. “**Equity Plan**” means the Ares Management Corporation 2023 Equity Incentive Plan, as amended or restated from time to time, or any successor equity incentive plan adopted by the Ares Management Corp.
10. “**Good Reason**” has the meaning ascribed in the Award Agreement. For the avoidance of doubt, an ARCC Incentive Fee Reduction shall not constitute Good Reason for any purpose.
11. “**Incentive Payment Date**” means, with respect to any calendar quarter or, in the case of Capital Gains Fees, calendar year ending after the date of this Memorandum, 74 days after the end of such quarter or year (or if such day is not a business day, the business day immediately preceding such 74th day).
12. “**Investment Fund**” means any (a) U.S. domiciled or offshore investment fund, pooled investment vehicle, feeder fund, collective investment scheme, investment portfolio or alternative investment vehicle (whether formed as a limited partnership, limited liability company, corporation or other entity), (b) managed account or (c) any similar contractual arrangement, in each case, for which the Company or any of its Affiliates is compensated for acting, directly or indirectly, as general partner, manager, managing member, investment manager, trading manager, investment advisor or in a similar capacity.
13. “**Management Agreement**” means the Second Amended and Restated Investment Advisory and Management Agreement, dated as of June 6, 2019 (as amended, modified, restated, renewed or replaced), between ARCC and ACM; provided, that if the rights and obligations of ACM thereunder are subsequently performed by one of its Affiliates references to the “Management Agreement” herein will refer to any successor management agreement between ARCC and such Affiliate.
14. “**Related Entity**” means any (a) Affiliate of the Company or (b) Investment Fund.
15. “**Restricted Unit Award**” means an award of Restricted Units (as defined in the Equity Plan) granted pursuant to the Equity Plan. Unless otherwise determined by Ares Management Corp:
  - a. If a Restricted Unit Award is granted in connection with an ARCC Incentive Fee Reduction that occurs in calendar year [ ] or [ ], then the Restricted Units subject to such Restricted Unit Award will vest in four equal installments on each of [ ], [ ], [ ] and [ ], provided that you have not had a Termination (as defined in the Equity Plan) prior to the applicable vesting date.
  - b. If a Restricted Unit Award is granted in connection with an ARCC Incentive Fee Reduction that occurs in calendar year [ ], then the Restricted Units subject to such Restricted Unit Award will vest in three equal installments on each of [ ], [ ] and [ ], provided that you have not had a Termination prior to the applicable vesting date.

- c. Any Shares (as defined in the Equity Plan) that are issued in settlement of the Restricted Units prior to [ ] will be subject to a lock-up restriction (the “**Lock-Up Restriction**”). The Lock-Up Restriction will cease to apply to equal installments of Shares on each anniversary of the applicable vesting date through [ ]. For example, if 100,000 Shares are issued in settlement of the Restricted Units that vest on [ ], then [ ] of those Shares will cease to be subject to the Lock-Up Restriction on each of [ ], [ ] and [ ]. For clarity, none of the Shares issued in settlement of the Restricted Units that vest on [ ] will be subject to the lock-up restriction. The Company may, in its sole discretion and following your request, transfer the Lock-Up Restriction to other Ares Company (as defined in **Exhibit B**) equity awards held by you.
- d. The terms of the Restricted Unit Awards will otherwise be materially consistent with the Award Agreement.

16. “**Termination**” means the date of termination of your employment.

17. “**Termination Allocation Percentage**” means your Allocation Percentage prior to the date of your Termination.

Exhibit A

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## EXHIBIT B

Capitalized terms used in this **Exhibit B** but not defined in this Memorandum have the meanings ascribed to them in the Second Amended and Restated Certificate of Incorporation of Ares Management Corporation, dated as of April 1, 2021, as may be amended and/or restated from time to time (the "**Certificate of Incorporation**").

### **General**

#### 1. **Duties.**

(a) Subject to Section 1(b), while you are employed by, or providing services to, any Ares Company, you shall at all times:

(i) notwithstanding anything to the contrary in Section 13.01(b) and Section 13.02 of the Certificate of Incorporation, devote substantially all of your working time and efforts to the business and affairs of the Ares Companies on a full-time basis, other than (1) service with a charitable organization or on an industry or charitable board, panel or committee; (2) the management of certain existing investments listed on **Schedule I** and any follow-on investments with respect thereto ("**Legacy Investments**") or (3) the management of your assets or the assets of, or providing investment advice to, family members (including through a "family office"), any trust established for your benefit or the benefit of one or more of your family members or any private foundation established or controlled by you or one or more of your family members (including making direct or indirect investments in, or providing financing to, public or private companies, joint ventures and other commercial enterprises) ("**Family Office Investments**"); provided, that, in the case of (x) each of clauses (1), (2) and (3), such activities do not interfere in any material respect with the performance of your duties for the Ares Companies and (y) clauses (2) and (3), such investments or assets do not include a business whose principal business is raising, investing and managing the capital of Funds, and

(ii) observe and comply in all material respects with all lawful rules, regulations, written policies and practices in effect or adopted by the Ares Companies that are generally applicable to employees or service providers (as applicable) of the Ares Companies at this time or in the future.

(j) For the avoidance of doubt, any periods of leave for your or any of your family member's serious health condition shall not be considered "working time" under Section 1(a)(i). You acknowledge that any Legacy Investments and Family Office Investments are subject to written policies and practices in effect or adopted by the Ares Companies that are generally applicable to employees or service providers (as applicable) of the Ares Companies at this time or in the future; provided that any such policies and practices shall not require that you devote substantially all of your working time and efforts to the business and affairs of the Ares Companies on a full-time basis in a manner that prohibits investments or activities that are otherwise permitted by Section 1(a)(i).

#### 2. **Corporate Opportunities.** While you are employed by, or providing services to, any Ares Company, you shall at all times:

(a) promptly disclose to Ares Management Corp all Potential Ares Business Opportunities (as defined below), and

(b) not usurp or take advantage of any Potential Ares Business Opportunity personally or for the benefit of any other Person without first offering such opportunity to the Ares Companies.

“**Potential Ares Business Opportunity**” means a business opportunity that (i) you become aware of during your employment by, or provision of services to, any Ares Company and (ii) is of a substantially similar nature to an existing business of any of the Ares Companies or to a type of business that you have knowledge that an Ares Company is currently considering investing in or acquiring.

### **Confidentiality and Non-Disclosure**

1. **Business Partner Confidences**. During the course of their businesses, the Ares Companies are entrusted with a variety of non-public information by their investors, portfolio companies, sponsors, consultants, operating advisors, joint venture partners, counterparties and other Persons with whom or which they do business (collectively, “**Business Partners**”). The Business Partners expect that the Ares Companies will hold all such information, including the fact that such Business Partners are doing business with the Ares Companies and the specific matters on which such Business Partners are doing business, in the strictest confidence (“**Business Partner Confidences**”).

### **Definitions**

2.

(a) “**Ares Company**” means any of (i) Ares Management Corp, (ii) Ares Management GP LLC, (iii) Ares Voting LLC, (iv) any entity that is or becomes part of the Ares Operating Group and (v) any entity in which any the foregoing directly or indirectly owns a majority interest or which any of the foregoing controls, or through which any of the foregoing directly or indirectly manages, directs or invests in a Fund, but excluding any Fund.

(b) “**Confidential Information**” means: (i) information developed by or on behalf of any of the Ares Companies or their Affiliates that is not generally known by persons not employed by the Ares Companies and that could not easily be determined or learned by someone outside the Ares Companies (including information concerning (A) clients, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information (including personal, compensation, remuneration and bonus arrangements), forecasts, business and marketing plans, (B) the affairs or assets of the Ares Companies, private equity funds, accounts, or clients for which an Ares Company performs, directly or indirectly, services, any portfolio companies thereof or any prospective portfolio companies that are being actively considered, or (C) the nature and material terms of business opportunities, investment funds, portfolio investments, investors, business and investment proposals available to an Ares Company), (ii) Track Record (as defined below) and (iii) Business Partner Confidences. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Ares Companies, their Affiliates and their respective businesses and (z) provides the Ares Companies with a competitive advantage.

(c) “**Fund**” means any fund, investment vehicle or account which makes investments, whether managed by an Ares Company or any other party.

(d) “**Relevant Entity**” means any Ares Company and any entity in which any Ares Company, directly or indirectly, owns any interest, and any Fund to which any Ares Company provides services.

(e) **“Representative”** means, with respect to any Person, any Affiliate, director, officer, employee, shareholder, member, manager, partner or agent of such Person.

(f) **“Track Record”** means all information that is not available to the general public related to the investments and performance of the Ares Companies and their affiliated investment managers and the investment vehicles managed by them, including such information as is typically used in the compilation of an investment performance table including, with respect to each such investment and investment entity, to the extent applicable: (i) the name of the company invested in, (ii) the date of an investment, (iii) the dollar amount invested, the number and type of securities purchased and any other relevant terms of such purchase, (iv) the total dollar amount of proceeds realized, (v) the date of realization, (vi) the amount of any unrealized value, (vii) the multiple of investment cost, (viii) the internal rate of return, and (ix) any other data relevant to the performance of such investments and funds. All Track Record is proprietary, confidential, and is the sole and exclusive property of the Ares Companies.

3. **Duty to Preserve Confidential Information.** In and as a result of your employment or other relationship with the Ares Companies, you will acquire and be making use of Confidential Information. At all times during the existence of the Ares Companies, you shall, and shall cause your Representatives (which shall not include any Person solely because such Person is an employee or Representative of the Ares Companies or any of their respective Affiliates or any other Relevant Entity while you are an employee of the Ares Companies) to, maintain the confidentiality of, and not disclose to any person or use in any way, any Confidential Information other than your good faith disclosure (a) as is reasonably necessary and appropriate in the course of, and in furtherance of, the conduct of the business of the Ares Companies or any of its Affiliates or any other Relevant Entity, or (b) (i) as you reasonably believe (after consultation with counsel) to be required by law, court order or regulatory authority, (ii) to your legal, tax or other professional advisors or (iii) to any bank or other lender or to any family member, in each case, to the extent such Confidential Information is included in any of your financial statements, provided you obtain reasonable assurances that such information will be treated confidentially. Nothing in this Section or otherwise in this Memorandum prohibits or restricts you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

4. **Company Documents.** All documents, in hard copy or electronic form, received, created or used by you in connection with your employment with, or provision of services to, an Ares Company are and will remain the property of the Ares Companies. Except as set forth in this Section 6, you shall return all such documents (including all copies) promptly upon the termination of your employment or service and agree that, during and after your employment or service, you will not, under any circumstances, disclose those documents to anyone outside the Ares Companies or use those documents for any purpose other than (a) the advancement of the interests of the Ares Companies or (b) your good faith disclosure (i) as you reasonably believe (after consultation with counsel) to be required by law, court order or regulatory authority, (ii) to your legal, tax or other professional advisors or (iii) to any bank or other lender or to any family member, in each case, to the extent such Confidential Information is included in any of your financial statements, provided you obtain reasonable assurances that such information will be treated confidentially. You are authorized to retain documents (1) related to the terms of your employment by any Ares Company, (2) related to equity interests in the Ares Companies so long as you (or any of your permitted transferees) hold the equity interests in Ares Management Corp or are entitled to any amounts with respect thereto, (3) related to amounts due to you pursuant to any agreement between you and any Ares Company or other Relevant Entity, (4) for any of the purposes set forth in clause (b) of this Section 6 for so long as you reasonably believe retention of documents may serve any such purpose or (5) if such documents only contain information that is available to the general public.

## **Restrictive Covenants**

5. **Notice of Intent to Resign.** If you wish to resign from your employment by, or cease providing services to, an Ares Company, you shall give such Ares Company two months of advance written notice of your intent to do so (the “**Termination Notice Period**”). After receipt of such notice:

(a) such Ares Company, in its sole discretion, may (i) require you to continue working or providing services during the Termination Notice Period, (ii) relieve you of some or all of your work responsibilities during the Termination Notice Period or (iii) advance your effective date of termination to an earlier date after receipt of such notice but prior to the last day of the Termination Notice Period (provided that in the case of clause (i) or (ii) you will be entitled to your normal base compensation and benefits through and including the last day of the Termination Notice Period, and in the case of clause (iii) you will be entitled to a payment in lieu of notice equal to the base compensation you would have received (based on your base compensation rate as in effect immediately prior to your effective date of termination) beginning on the day immediately following your effective date of termination and ending on the last day of the Termination Notice Period that would have been applicable but for the Ares Company’s election to advance your effective date of termination in accordance with this Section 7(a)); and

(b) Ares Management Corp may take any actions with respect to any equity interests in Ares Management Corp that Ares Management Corp is entitled to take upon any such termination pursuant to the Certificate of Incorporation or the Equity Plan.

In the event that an Ares Company wishes to terminate your employment with such Ares Company without Cause, it will provide you with written notice of no less than the Termination Notice Period, subject to the same discretionary rights reserved by Ares Companies in Section 7(a) above.

## 6. **Covenant Not To Compete.**

(a) A Person shall be deemed to have engaged in a “**Competitive Business Activity**” if such Person (i) owns, manages, operates, controls, or participates in the ownership, management, operation, or control of, (ii) is employed by or (iii) renders services or advice to, or consults with, any other Person in any Competitive Business. The foregoing shall not apply to (A) passive investments in up to 5% of any class of securities (x) listed on any national or regional securities exchange or registered under Section 12(g) of the Securities Exchange Act of 1934 or (y) in a private company made by you that have been approved by the compliance department of the Ares Companies (in the case of each of clauses (x) and (y), so long as such Person does not otherwise actively participate in the business activities of such enterprise), (B) Legacy Investments, (C) Family Office Investments or (D) passive investments in up to 20% of any class of securities of a private Fund that has been approved by the compliance department of the Ares Companies (so long as such Person does not actively participate in the business activities of such enterprise). “**Competitive Area**” means, as of the applicable date, the geographic area in which Ares Management Corp, directly or indirectly through any other Ares Company or a Fund managed by an Ares Company, conducts business. “**Competitive Business**” means, as of the applicable date, the business engaged in by Ares Management Corp directly or indirectly through any other Ares Company or a Fund managed by an Ares Company. As of the date hereof, a Competitive Business includes, but is not limited to, creating Funds, and raising, investing and managing the capital of Funds. “**Restricted Period**” means the period beginning on the date hereof and ending on the two-year anniversary of the Termination Date, provided that the Restricted Period will be reduced by any period during the Termination Notice Period that an Ares Company relieves you of all of your work responsibilities. You acknowledge that the Ares Companies are in a highly competitive industry and that your participation in a Competitive



Business during the Restricted Period may jeopardize the Confidential Information and relationships with the Business Partners. You agree that if you resign from your employment by, or cease providing services to, an Ares Company, or are terminated for Cause, you will not directly or indirectly, independently or in cooperation with any other Person (including without limitation a Person you own, manage, operate, control or participate in the ownership, management, operation or control of), engage in a Competitive Business Activity in a Competitive Area (whether or not for compensation) during the Restricted Period. **You agree that this covenant is necessary for the protection of trade secrets and reasonable with respect to its duration, geographical area and scope, in light of the nature and worldwide scope of the business activities of the Ares Companies.**

(b) Without limiting the foregoing, should you (or a Person you own, manage, operate, control or participate in the ownership, management, operation or control of) consider engaging in any activity that is or may be a Competitive Business Activity in a Competitive Area during the Restricted Period, you shall provide Ares Management Corp with two weeks advance written notice of your intention to do so and of the nature of your anticipated job responsibilities in sufficient detail to allow Ares Management Corp to meaningfully exercise its rights hereunder.

(c) An executive officer of Ares Management Corp may decide, in its sole discretion, to waive, modify or condition its rights (in a manner favorable to you) under this Section 8. In particular, an executive officer of Ares Management Corp may agree to waive or modify (in a manner favorable to you) this Section 8 if the work you will be performing for a competitor is different from the work you were performing during your employment with, or provision of services to, an Ares Company.

7. **Non-Solicitation of Clients.** You have gained or will gain knowledge of the identity, characteristics and preferences of the Business Partners and other Confidential Information, which you may inevitably draw upon if you were to solicit or service the Business Partners on behalf of a Competitive Business. Accordingly, until the expiration of the Restricted Period, you shall not, directly or indirectly, whether on your own behalf or on behalf of another Person, (i) solicit investments from, solicit the business of or perform any services of the type you performed for actual or prospective Business Partners as to which (x) you performed services or had direct contact, or (y) you had access to Confidential Information, in each case, during the course of your employment by, or provision of services to, any Ares Company (a “**Covered Business Partner**”) or (ii) encourage or assist any Competitive Business to solicit or service any actual or prospective Covered Business Partner, or otherwise seek to encourage or induce any such Covered Business Partner to cease doing business with, or reduce the extent of its business dealings with, any Ares Company. The prohibitions contained in this Section 9 shall not apply to any Business Partner you developed a relationship with without any substantial assistance from any Ares Company, provided you so demonstrate in writing during your employment with or provision of services to an Ares Company or within 30 days following the Termination Date. “**Termination Date**” means the date you become no longer employed by, and cease to provide services to, the Ares Companies at any time for any reason.

8. **Non-Solicitation of Employees.** Until the expiration of the Restricted Period, you shall not, directly or indirectly, whether on your own behalf or on behalf of some other Person, (a) solicit, hire or seek to hire any person who is at that time (or was during the prior six months) an employee (other than an employee that was terminated by the Ares Companies without “cause”) of any Ares Company in the United States or (b) induce or encourage any employee, consultant, independent contractor, representative or other agent of any Ares Company in the United States to terminate or reduce their employment or other business relationship or affiliation with any of the Ares Companies. Notwithstanding anything to the contrary herein, you shall not be in breach of this Section 10 due to any general solicitation that is not specifically targeted at any employees of any Ares Company.

9. **Non-Interference.**

(a) Until the expiration of the Restricted Period, you shall not, directly or indirectly, (i) induce or encourage any Person, including any provider of goods or services, to terminate or diminish its business relationship with any Ares Company or their affiliated investment managers and the investment vehicles managed by them, or (ii) take any other action that could, directly or indirectly, be detrimental to the relationships of any of the Ares Companies or Funds managed by them with their providers of goods or services or other business affiliates or that could otherwise interfere with the business of any of the Ares Companies or Funds managed by them.

(b) Both during and after your employment or provision of services, you will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage (even by making truthful statements) (i) any Ares Company or any Affiliate, director, officer, member, manager or partner thereof, (ii) any Person that you know to be (or have been) a Business Partner (in its capacity as such), or (iii) any Person that you know to have been a Representative of any Person included in the foregoing clause (ii) (in such Representative's capacity as such), in each case, except (A) as may be required by applicable laws, court orders, regulatory authorities or listing exchanges or (B) in confidence to your legal or other professional advisors who need to know such information. Nothing in this Section or otherwise in this Memorandum prohibits or restricts you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

**Intellectual Property**

10. During your employment with, or while you are providing services to, any of the Ares Companies, you shall fully and promptly disclose to the Ares Companies, without additional compensation, all ideas, original or creative works, inventions, discoveries, computer software or programs, trading strategies, statistical and economic models, improvements, designs, formulae, processes, production methods and technological innovations, in each case, whether or not patentable or copyrightable, which, during your employment with any Ares Company are made, conceived or created by you, alone or with others, during or after usual working hours, either on or off your job, that (a) are related to the business of any of the Ares Companies or (b) relate in any way to tasks assigned to you by any Ares Company (collectively, "**Intellectual Property**"). You acknowledge and agree that the Ares Companies own all such Intellectual Property rights as works made for hire to the fullest extent of the law. For the avoidance of doubt, you hereby assign to the Ares Companies all Intellectual Property rights in any and all media now known or hereafter developed, along with all existing causes of action, known or unknown. At any time, whether during or after your employment or provision of services, you shall sign all papers and do such other acts and things as any Ares Company deems necessary or desirable and may reasonably require of you to protect the rights of any of the Ares Companies to such Intellectual Property, including applying for, obtaining and enforcing patents or copyrights with respect to such Intellectual Property in any and all countries.

**Other Terms**

11. This **Exhibit B** shall be binding upon and shall inure to the benefit of the respective heirs, successors, permitted assigns and legal representatives of you and the Company. Each of the Ares Companies, including the Ares Company that is your employer, is an intended beneficiary of this **Exhibit B**.

12. If a court of appropriate jurisdiction or an arbitrator, as applicable, determines that any term or provision of this **Exhibit B** shall be invalid or unenforceable under applicable law,

such invalidity or unenforceability shall not invalidate the entire **Exhibit B** or any other term or provision in **Exhibit B**. In that case, such court or arbitrator shall reform and narrow such term or provision to the extent necessary to make it enforceable or valid to the maximum extent permitted by any applicable law, and, in the event such term or provision cannot be so limited, this **Exhibit B** shall be construed to omit such invalid or unenforceable provisions without affecting the validity of the rest of this **Exhibit B**.

13. You and the Company agree that (a) irreparable damage may occur if any provision of this **Exhibit B** were not performed in accordance with the terms hereof, (b) no provision hereof shall preclude any party from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this **Exhibit B**, and (c) the parties shall be entitled to seek an injunction to prevent breaches of this **Exhibit B** or to enforce specifically the performance of the terms and provisions thereof in accordance with the provisions of this Section 15, in addition to any other remedy to which they are entitled at law or in equity. No party seeking relief under this Section 15 shall be required to post a bond or prove special damages.

14. You shall, upon Ares Management Corp's request, execute such further documents and take such other actions as may be permitted or required by law to implement the purposes, objectives, terms, and provisions of this **Exhibit B**.

15. As used herein: (a) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this **Exhibit B**, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) any pronoun shall include the corresponding masculine, feminine and neuter forms; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this **Exhibit B** as a whole and not to any particular article, section or other provision hereof; (g) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this **Exhibit B**; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is used in the inclusive sense of "and/or"; (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (k) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

16. You acknowledge that you understand the terms and conditions set forth in this **Exhibit B** and have had adequate time to consider whether to agree to them and to consult a lawyer or other advisor of your choice if you wish to do so.

17. NOTHING IN THIS **EXHIBIT B** PROHIBITS YOU FROM REPORTING POSSIBLE VIOLATIONS OF FEDERAL LAW OR REGULATION TO ANY GOVERNMENTAL AGENCY OR ENTITY, INCLUDING BUT NOT LIMITED TO THE DEPARTMENT OF JUSTICE, THE SECURITIES AND EXCHANGE COMMISSION, THE CONGRESS, ANY AGENCY INSPECTOR GENERAL, AND THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION OR MAKING OTHER DISCLOSURES THAT ARE PROTECTED UNDER THE WHISTLEBLOWER PROVISIONS OF FEDERAL, STATE OR

LOCAL LAW OR REGULATION. YOU DO NOT NEED THE PRIOR AUTHORIZATION OF THE COMPANY TO MAKE ANY SUCH REPORTS OR DISCLOSURES AND YOU ARE NOT REQUIRED TO NOTIFY THE COMPANY THAT YOU HAVE MADE SUCH REPORTS OR DISCLOSURES. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, AND IN ACCORDANCE WITH THE DEFEND TRADE SECRETS ACT OF 2016, THE COMPANY HEREBY NOTIFIES YOU THAT AN INDIVIDUAL CANNOT BE HELD CRIMINALLY OR CIVILLY LIABLE UNDER ANY FEDERAL OR STATE TRADE SECRET LAW FOR THE DISCLOSURE OF A TRADE SECRET THAT: (A) IS MADE IN CONFIDENCE TO A FEDERAL, STATE, OR LOCAL GOVERNMENT OFFICIAL (EITHER DIRECTLY OR INDIRECTLY), OR TO AN ATTORNEY, SOLELY FOR THE PURPOSE OF REPORTING OR INVESTIGATING A SUSPECTED VIOLATION OF LAW, OR (B) IS MADE IN A COMPLAINT OR OTHER DOCUMENT FILED IN A LAWSUIT OR OTHER PROCEEDING, IF SUCH FILING IS MADE UNDER SEAL. THE COMPANY ALSO NOTIFIES YOU THAT AN INDIVIDUAL WHO FILES A LAWSUIT FOR RETALIATION BY AN EMPLOYER FOR REPORTING A SUSPECTED VIOLATION OF LAW MAY DISCLOSE THE TRADE SECRET TO THE ATTORNEY OF THE INDIVIDUAL AND USE THE TRADE SECRET INFORMATION IN THE COURT PROCEEDING, IF THE INDIVIDUAL FILES ANY DOCUMENT CONTAINING THE TRADE SECRET UNDER SEAL, AND DOES NOT DISCLOSE THE TRADE SECRET, EXCEPT PURSUANT TO A COURT ORDER.

Exhibit B

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**Schedule I**

Exhibit B

**RESTRICTED UNIT AGREEMENT PURSUANT TO THE  
ARES MANAGEMENT CORPORATION  
2023 EQUITY INCENTIVE PLAN**

THIS AGREEMENT (the “**Agreement**”) is entered into as of [\_\_\_\_\_] (the “**Grant Date**”), by and between Ares Management Corporation, a Delaware corporation (the “**Company**”), and [\_\_\_\_\_] (the “**Participant**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Ares Management Corporation 2023 Equity Incentive Plan (the “**Plan**”).

**WITNESSETH:**

**WHEREAS**, the Company has adopted the Plan, a copy of which has been delivered to the Participant, which is administered by the Committee;

**WHEREAS**, pursuant to Article VII of the Plan, the Committee may grant Other Share-Based Awards to Service Providers under the Plan, including restricted units that represent the right to receive Common Shares; and

**WHEREAS**, the Participant is a Service Provider under the Plan.

**NOW, THEREFORE**, the parties agree as follows:

**1. Grant of Restricted Units.**

Subject to the restrictions and other conditions set forth herein, the Committee hereby grants to the Participant the right to receive [\_\_\_\_\_] Common Shares (the “**Restricted Units**”) as of the Grant Date. Each Restricted Unit is an Other Share-Based Award under the Plan that represents an unfunded, unsecured right of the Participant to receive a Common Share on the Vesting Dates specified in Section 2.

**2. Vesting and Payment.**

(a) The Restricted Units shall vest in [\_\_\_\_\_] equal installments on each of [\_\_\_\_\_] (the “**Vesting Dates**”); provided that the Participant has not had a Termination prior to the applicable Vesting Date. There shall be no proportionate or partial vesting in the periods prior to each Vesting Date. Except as expressly provided in Section 2(b), all unvested Restricted Units will be forfeited without compensation on the Participant’s Termination for any reason.

(b) Upon an Acceleration Event (as defined below), subject to the Participant (or the Participant’s estate, if applicable) executing and not revoking a separation and release agreement with the Company (or its designated affiliate) in the standard form then in effect (a “**Release**”) within 30 days following such Acceleration Event, 100% (or, if such Acceleration Event was triggered by the Participant’s death or Disability (as defined below), then 50%) of the Restricted Units that are outstanding and unvested as of such Acceleration Event shall vest immediately upon such Acceleration Event. If the Participant incurs a Termination by the Company on account of the Participant’s death, any remaining outstanding and unvested Restricted Units shall remain outstanding for 30 days following the Participant’s Termination date, and during such time the Committee may, in its sole discretion, determine to accelerate the vesting of all or a portion of such Restricted Units. If the Committee does not accelerate the vesting of any such outstanding and unvested Restricted Units, then such Restricted Units (as well as any Dividend Equivalent Payments with respect to such Restricted Units arising following the Participant’s Termination) shall be immediately forfeited without compensation as of the 30-day anniversary of the Participant’s Termination date. The date on which any Restricted Unit becomes vested pursuant to this Section 2(b) shall be the Vesting Date for such Restricted Unit.

(c) The Company shall, on or within 60 days following a Vesting Date (but in all events prior to March 15th of the calendar year following the calendar year in which the applicable Vesting Date occurs) with respect to any Restricted Unit, deliver (or cause to be delivered) to the Participant one Common Share with respect to each such vested and outstanding Restricted Unit, as settlement of such Restricted Unit and each such Restricted Unit shall thereafter be cancelled.

### 3. Dividend Equivalents.

With respect to ordinary cash dividends in respect of Common Shares covered by any outstanding Restricted Units, the Participant will have the right to receive an amount in cash equal to (a) the amount of any ordinary cash dividend paid with respect to a Common Share, multiplied by (b) the number of Common Shares covered by such Restricted Units, payable at the time such dividend is paid to holders of Common Shares generally (a “**Dividend Equivalent Payment**”). In no event shall a Dividend Equivalent Payment be made that would result in the Participant receiving both the Dividend Equivalent Payment and the actual dividend with respect to a Restricted Unit and the corresponding Common Share.

### 4. Restricted Unit Transfer Restrictions.

(a) Unless otherwise determined by the Committee, Restricted Units may not be Transferred by the Participant other than by will or by the laws of descent and distribution, and any other purported Transfer shall be void and unenforceable against the Company and its Affiliates.

(b) Notwithstanding anything to the contrary in this Agreement or the Plan, the Participant may not Transfer any Common Shares acquired upon settlement of Restricted Units that vest on each of the first three Vesting Dates (the “**Settled Shares**”) without the prior written consent of the Committee (the “**Lock-Up Restriction**”). The Lock-Up Restriction will automatically lapse with respect to equal installments of the Settled Shares on each 12-month anniversary of the applicable Vesting Date through [ ]. For the avoidance of doubt, the Lock-Up Restriction will no longer apply to any Settled Shares on [ ]. Any purported Transfer of Settled Shares in violation of the Lock-Up Restriction shall be void and unenforceable against the Company and its Affiliates. The Company may, in its sole discretion and following your request, waive the Lock-Up Restriction as it applies to any Settled Share and instead apply the Lock-Up Restriction to any other Common Share or other equity interest of any Ares Company (as defined in the Memorandum) that is held by the Participant.

### 5. Definitions.

(a) “**Acceleration Event**” means the Participant’s Termination by the Company without Cause or due to the Participant’s death or Disability, or the Participant’s Termination on account of the Participant’s resignation for Good Reason.

(b) “**Ares Entities**” means, collectively, (i) Ares Management Corporation, (ii) Ares Management GP LLC, a Delaware limited liability company, (iii) Ares Voting LLC, a Delaware limited liability company, (iv) any entity that is a subsidiary of Ares Management Corporation, and (v) any entity in which any of the foregoing directly or indirectly owns a majority interest or which any of the foregoing controls, or through which any of the foregoing directly or indirectly manages, directs or invests in a fund, investment vehicle or account, but excluding any fund, investment vehicle or account. For the avoidance of doubt, any reference in this Agreement to an Ares Entity shall include any successor entity of such Ares Entity.

(c) “**Cause**” means the occurrence of any of the following events or occurrences. For purposes of the definition of Cause, acts or failures to act on the Participant’s part shall be deemed “willful” if done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Ares Entities; provided, that any

mistake in judgment made by the Participant in good faith on the advice of legal counsel, any activities taken or omitted by the Participant in accordance with the direction of the investment committee of any Ares Entity, or the making of an approved portfolio investment whether or not successful, in each case, shall not be deemed a willful act or failure to act on the Participant's part for purposes of determining whether Cause exists. Notwithstanding any other definition of "cause" (or term of similar import) in any other agreements between the Participant and any Ares Entity, the following definition of Cause shall control in all events with respect to the Restricted Units:

(i) the Participant's failure to devote substantially all of the Participant's working time and efforts to the business and affairs of the Ares Entities and any fund, investment vehicle or account directly or indirectly managed, directed or invested by an Ares Entity (collectively, the "**Funds**") on a full-time basis, other than reasonable vacation time and personal days, in each case that do not interfere in any material respect with the Participants' duties to the Ares Entities or to the Funds;

(ii) the Participant becoming convicted of, or pleading guilty or no contest to, a felony;

(iii) the Participant becoming subject to any order, judgment or decree (whether entered by consent or after trial or adjudication) of any court, governmental agency or regulatory authority (including, without limitation, the Securities and Exchange Commission or state securities commissions) involving a material violation of federal or state securities laws or any rules or regulations thereunder that materially censures or imposes any material sanctions on the Participant in connection with investment advisory securities related activities or that enjoins, bars, disqualifies, suspends or otherwise limits the Participant from engaging in any investment-related or securities-related activities (an "**Order**");

(iv) the Participant's dishonesty, bad faith, gross negligence, willful misconduct, fraud or willful or reckless disregard of the Participant's duties in connection with the performance of any service for or on behalf of any Ares Entity or for or on behalf of any Fund that materially injures the reputation, business or a business relationship of any Ares Entity;

(v) the Participant's intentional failure to comply with any lawful and written (including via email) material directive of the Board, the Executive Management Committee of the Company or any successor(s) thereto, or an investment committee of any Ares Entity;

(vi) the Participant's (x) material violation of the Code of Ethics for any Ares Entity, or (y) taking of any improper action or the intentional omission to take any proper action, in each case, which has the effect of materially injuring the reputation, business or a business relationship of an Ares Entity;

(vii) the Participant's violation of any material written policies adopted by any Ares Entity governing the conduct of executives performing services on behalf of such Ares Entity, which violation materially injures the reputation, business or business relationship of any Ares Entity; or

(viii) the Participant's material breach of any material agreement entered into between the Participant and any Ares Entity (including the restrictive covenants in the Memorandum).

(d) "**Disability**" means the Participant's inability to substantially perform his essential duties with the applicable Ares Entities for a period of 90 consecutive days or for a total of 90 days (including weekends and holidays) during any 12-month period as a result of any mental or physical illness, disability, or incapacity, whether totally or partially. Any question as to the existence of the Participant's Disability as to which the Participant and the applicable Ares Entity cannot agree shall be



determined in writing by a qualified independent physician mutually acceptable to the Participant and the applicable Ares Entity.

(e) “**Good Reason**” means any of the following events or occurrences, in each case, without the Participant’s written consent (each or any a “**Good Reason Trigger**”):

(i) A material diminution of the Participant’s title, duties, responsibilities or authorities as [ ] of Ares Management Corporation;

(ii) A reduction in the Participant’s Allocation Percentage (as defined in the Memorandum), other than in connection with an ARCC Incentive Fee Reduction (as defined in the Memorandum);

(iii) A material breach of this Agreement by the Company; or

(iv) The relocation of the Participant’s principal office outside the area that comprises a [ ]-mile radius from [ ].

In order for an event or occurrence to qualify as a Good Reason Trigger, the Participant must (x) give the Company a signed written notice of the existence of Good Reason and the particular circumstances constituting the basis for the Participant’s resignation or right to resign, as applicable, with Good Reason within 30 calendar days after the Participant obtains actual knowledge of any circumstance having occurred, (y) allow the Company 30 calendar days from receipt of such notice to cure the same, and (z) if the Company fails to cure such circumstance, if applicable, resign the Participant’s employment no later than (1) if the Company provides notice that it will not cure such circumstance, the 15th calendar day following such notice, and (2) otherwise, the 75th calendar day after the Participant first obtains knowledge of such circumstance. For the avoidance of doubt, an ARCC Incentive Fee Reduction shall not qualify as a Good Reason Trigger.

(f) “**Memorandum**” means that certain Memorandum, effective as of [ ], between the Participant and the Company.

**6. Rights as a Stockholder.**

The Participant shall have no rights as a stockholder with respect to Common Shares covered by Restricted Units.

**7. Provisions of Plan Control.**

This Agreement is subject to all the terms, conditions and provisions of the Plan, including the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. Any amendment or other modification of the terms of the Restricted Units granted hereunder shall be subject to the terms of the Plan; provided, that, notwithstanding any provision of the Plan to the contrary, in no event shall any such amendment or other modification adversely affect the rights of the Participant without the Participant’s consent.

**8. Notices.**

All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) Unless otherwise specified by the Company in a notice delivered by the Company in accordance with this section, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Ares Management Corporation  
2000 Avenue of the Stars, 12th Floor  
Los Angeles, CA 90067  
Attention: General Counsel

(b) If to the Participant, to the address on file with the Company.

Any notice, demand or request, if made in accordance with this section shall be deemed to have been duly given: (i) when delivered in person; (ii) when sent by electronic mail; (iii) three days after being sent by United States mail, or foreign equivalent; or (iv) on the first business day following the date of deposit if delivered by a nationally or internationally recognized overnight delivery service.

**9. No Right to Employment or Services.**

This Agreement is not an agreement of employment or services. None of this Agreement, the Plan or the grant of Restricted Units shall (a) obligate the Company to employ or otherwise retain, or to continue to employ or otherwise retain, the Participant for any specific time period or (b) modify or limit in any respect the Company's or its Affiliates' right to terminate or modify the Participant's employment, services or compensation.

**10. Transfer of Personal Data.**

The Participant authorizes, agrees and unambiguously consents to the transmission by the Company of any personal data information related to the Restricted Units awarded under this Agreement, for legitimate business purposes (including, without limitation, the administration of the Plan) out of the Participant's home country and including to countries with less data protection than the data protection provided by the Participant's home country. This authorization/consent is freely given by the Participant.

**11. Withholding.**

The Participant hereby authorizes the Company, or an Affiliate thereof to which the Participant provides services, to satisfy applicable income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items ("**Tax-Related Items**"), with respect to any issuance, transfer, or other taxable event under this Agreement or the Plan by withholding from the proceeds of the sale of Common Shares acquired upon settlement of the Restricted Units either through a voluntary sale authorized by the Company or through a mandatory sale arranged by the Company or any of its Affiliates on the Participant's behalf pursuant to this authorization, to cover the amount of such Tax-Related Items. The Participant further authorizes the Company or the applicable Affiliate to take such action as may be necessary in the opinion of the Company or the applicable Affiliate to withhold from any compensation or other amount owing to the Participant to satisfy all obligations for the payment of such Tax-Related Items. Without limiting the foregoing, the Committee may, from time to time, permit the Participant to make arrangements prior to any Vesting Date described herein to pay the applicable Tax-Related Items in a manner prescribed by the Committee prior to the applicable Vesting Date, including by cash, check, bank draft or money order. The Participant acknowledges that, regardless of any action taken by the Company or any of its Affiliates the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Affiliates. The Company may refuse to issue or deliver the Common Shares or the proceeds from the sale of Common Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

**12. Dispute Resolution.**

(a) The exclusive remedy for determining any and all disputes, claims or causes of action, in law or equity, arising out of or related to this Agreement, or the breach, termination, enforcement, interpretation or validity thereof will, to the fullest extent permitted by law, be determined by: (i) the dispute resolution provisions in any employment, consulting agreement, or similar agreement, between the Company or any of its Affiliates and the Participant or, if none, (ii) the Company's or any of its Affiliates' mandatory dispute resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to the Participant's employment or service with the Company or, if none, (iii) by final, binding and confidential arbitration in New York, New York, before one arbitrator, conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. ("**JAMS**"), or its successor. If disputes are settled pursuant to prong (iii) of this Section 12, Section 12(b) shall apply.

(b) Disputes shall be resolved in accordance with the Federal Arbitration Act, 9 U.S.C. §§1-16, and JAMS' Employment Arbitration Rules and Procedures then in effect. The arbitrator will have the same, but no greater, remedial authority than would a court of law and shall issue a written decision including the arbitrator's essential findings and conclusions and a statement of the award. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company or any of its Affiliates or any of their respective past or present representatives and applies to claims arising out of federal, state and local laws, including claims of alleged discrimination on any basis, as well as to claims arising under the common law. The prevailing party in any such arbitration proceeding, as determined by the arbitrator, or in any proceeding to enforce the arbitration award, will be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including the arbitrator's compensation), expenses and attorneys' fees. If no party entirely prevails in such arbitration or proceeding, the arbitrator or court shall apportion an award of such fees based on the relative success of each party. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail.

### 13. **Section 409A.**

The Restricted Units are intended to comply with or be exempt from the applicable requirements of Section 409A and shall be limited, construed and interpreted in accordance with such intent; provided, that the Company does not guarantee to the Participant any particular tax treatment of the Restricted Units. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A. Dividend Equivalent Payments shall be treated separately from the Restricted Units and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

### 14. **Miscellaneous.**

(a) Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) Governing Law. All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws.

(c) Counterparts; Electronic Acceptance. This Agreement may be executed in one or more counterparts (including by facsimile or electronic transmission), all of which taken together shall

constitute one contract. Alternatively, this Agreement may be granted to and accepted by the Participant electronically.

(d) Interpretation. Unless a clear contrary intention appears: (i) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by the Plan or this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) any pronoun shall include the corresponding masculine, feminine and neuter forms; (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (v) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (vi) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (vii) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (ix) "or" is used in the inclusive sense of "and/or"; (x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (xi) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(e) No Strict Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

(f) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

#### 15. **Language.**

If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

#### 16. **Clawback.**

Notwithstanding any provision in this Agreement or the Plan to the contrary, to the extent required by (a) any applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any SEC rule or any applicable securities exchange listing standards, and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Common Shares issued or any benefits received hereunder shall be subject to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment, cancellation, remuneration adjustment and/or other similar action to the extent necessary to comply with any such law(s) and/or policy of the Company or any of the Company's Affiliates. The Participant's acceptance of an Award will constitute:

(i) the Participant's acknowledgment of and consent to the Company's application, implementation and enforcement of any applicable Company, or any of the Company's Affiliate's, clawback or similar policy that may apply to the Participant, whether adopted before or after the date of grant, and any applicable law relating to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment, cancellation, remuneration adjustment and/or other similar action of compensation, and (ii) the Participant's agreement that the Company may take any actions that may be necessary to effectuate any such policy or applicable law without further consideration or action.

**17. NO ACQUIRED RIGHTS.**

THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT: (A) THE COMPANY MAY TERMINATE OR AMEND THE PLAN AT ANY TIME; (B) THE AWARD OF RESTRICTED UNITS MADE UNDER THIS AGREEMENT IS COMPLETELY INDEPENDENT OF ANY OTHER AWARD OR GRANT AND IS MADE AT THE SOLE DISCRETION OF THE COMPANY; (C) NO PAST GRANTS OR AWARDS (INCLUDING THE RESTRICTED UNITS AWARDED HEREUNDER) GIVE THE PARTICIPANT ANY RIGHT TO ANY GRANTS OR AWARDS IN THE FUTURE WHATSOEVER; (D) THE PLAN AND THIS AGREEMENT DO NOT FORM PART OF THE TERMS OF THE PARTICIPANT'S EMPLOYMENT; AND (E) BY PARTICIPATING IN THE PLAN AND RECEIVING AN AWARD PURSUANT TO THIS AGREEMENT, THE PARTICIPANT WAIVES ALL RIGHTS TO COMPENSATION FOR ANY LOSS IN RELATION TO THE PLAN OR THIS AGREEMENT, INCLUDING ANY LOSS OF RIGHTS IN ANY CIRCUMSTANCES INCLUDING TERMINATION OF EMPLOYMENT.

*[Remainder of This Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

**ARES MANAGEMENT CORPORATION**

Dated:

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
Participant Name: [ ]

## AIRCRAFT TIME SHARING AGREEMENT

THIS AIRCRAFT TIME SHARING AGREEMENT (this “**Agreement**”) is entered into effective as of [ ] by and between [ ] (“**Lessor**”), and Ares Management LLC, a Delaware limited liability company (“**Lessee**”). Lessor and Lessee are hereinafter sometimes referred to individually as “**Party**” and collectively as the “**Parties**.”

## RECITALS

WHEREAS, Lessor has the right to possess, use and operate the aircraft described in Schedule A attached hereto (the “**Aircraft**”);

WHEREAS, Lessor has agreed to make the Aircraft, with the flight crew, available to Lessee for business use on a time sharing basis, as defined in Section 91.501(c)(1) of the Federal Aviation Regulations (“**FAR**”);

WHEREAS, Lessee has agreed to reimburse Lessor for such business use of the Aircraft in accordance with its Reimbursement Policy, as amended from time to time, and pursuant to the terms and conditions of this Agreement, which sets forth the understanding of the Parties.

NOW, THEREFORE, in consideration of the foregoing and the provisions of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Provision of Aircraft and Crew.** Lessor agrees to provide the Aircraft to Lessee on a time sharing basis in accordance with the provisions of FAR §§ 91.501(c)(1) and 91.501(d) for the Term (as defined in Section 2). Lessor shall provide, at its sole expense, qualified flight crew for all flight operations under this Agreement.

**2. Term.** The term of this Agreement (the “**Term**”) shall commence on the date hereof and shall continue until terminated by either Party on written notice to the other Party, such termination to become effective ten (10) days from the date of the notice; provided, however, that this Agreement may be terminated on such shorter notice as may be required to comply with applicable laws or regulations. Notwithstanding the foregoing, any provisions directly or indirectly related to Lessee’s payment obligations for flights completed prior to the date of termination and the limitation of liability provisions in Section 9 shall survive the termination of this Agreement.

**3. Expenses and Payments.** The terms and conditions of the reimbursements made by Lessee to Lessor for the expenses of the flights conducted under this Agreement and the payments thereof are set forth in Schedule B.

**4. Scheduling Flights.** The Parties shall cooperate to arrange the most efficient scheduling of the Aircraft, including exchanging all required information in a manner or form, whether oral or written, mutually convenient to and agreed upon by the Parties, provided that Lessor shall have final authority over all scheduling of the Aircraft.

**5. Flight Operations.**

**(a) Operational Control and Authority.** Lessor shall be responsible for the physical and technical operation of the Aircraft and the safe performance of all flights under this Agreement, and shall retain full authority and control, including exclusive operational control (as defined in FAR §1.1 “*operational control*,” with respect to a flight, means the exercise of authority over initiating, conducting, or terminating a flight) and exclusive possession, command and control of the Aircraft (as determined under the Internal Revenue Code, as amended, and the Regulations and rulings promulgated thereunder) for all flights under this Agreement.

**(b) Flight Crew.** Lessor shall furnish at its expense a fully qualified flight crew with appropriate credentials to conduct each flight undertaken under this Agreement and included on the insurance policies that Lessor is required to maintain hereunder. In accordance with applicable FAR, the qualified flight crew provided by

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Lessor will exercise all required and/or appropriate duties and responsibilities in regard to the safety of each flight conducted hereunder.

**(c) Authority of Pilot-in-Command.** The pilot-in-command shall have absolute discretion in all matters concerning the preparation of the Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made, and all other matters relating to operation of the Aircraft. Lessee specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition that in the sole judgment of the pilot-in-command could compromise the safety of the flight, and to take any other action that in the sole judgment of the pilot-in-command is necessitated by considerations of safety. No such action of the pilot-in-command shall create or support any liability to Lessee or any other person for loss, injury, damage or delay. Lessor's operation of the Aircraft hereunder shall be strictly within the guidelines and policies established by Lessor and FAR Part 91.

**6. Aircraft Maintenance.** Lessor shall, at its own expense, cause the Aircraft to be inspected, maintained, serviced, repaired, overhauled, and tested in accordance with FAR Part 91 so that the Aircraft will remain in good operating condition and in a condition consistent with its airworthiness certification and shall take such requirements into account in scheduling the Aircraft hereunder, including but not limited compliance with applicable airworthiness directives and mandatory customer bulletins.

#### **7. Insurance.**

**(a) Aviation Liability and Hull Insurance Policy.** Lessor, at its expense, will maintain or cause to be maintained in full force and effect throughout the Term of this Agreement an aviation liability and hull insurance policy including: aviation liability insurance against bodily injury and property damage claims arising out of the use of the Aircraft in an amount not less than \$400,000,000.00 for each occurrence; and breach of warranty and hull insurance for the Aircraft in amounts determined by Lessor at its sole discretion. The aviation liability coverage shall include Lessee as additional insured, and include a severability of interest provision providing that the insurance shall apply separately to each insured against whom a claim is made, except as respects the limits of liability. The aviation liability and hull insurance coverage shall include provisions whereby the insurer(s) waive all rights of subrogation they may have or acquire against Lessee and shall permit the use of the Aircraft by Lessor as provided in FAR § 91.501.

**(b) Additional Insurance.** Lessor shall use reasonable commercial efforts to provide such additional insurance for specific flights under this Agreement as Lessee may reasonably request. Lessee acknowledges that any trips scheduled by Lessee to areas not currently covered by existing policies may require Lessor to purchase additional insurance to comply with applicable regulations, and Lessor shall be required to maintain or cause to be maintained such additional insurance. The cost of all flight-specific insurance for flights requested by Lessee shall be borne by Lessee, subject to the specific terms set forth in Schedule B.

#### **8. Use of Aircraft.** Lessee represents and warrants that:

**(a)** Lessee's use of the Aircraft under this Agreement shall be for business purposes, including the carriage of Lessee's guests, and Lessee will not use the Aircraft for the purpose of providing transportation of persons or cargo for compensation or hire or for common carriage;

**(b)** Lessee will not permit any lien, security interest or other charge or encumbrance to attach against the Aircraft as a result of his actions or inactions, and shall not attempt to convey, mortgage, assign, lease or



in any way alienate the Aircraft or Lessor's rights hereunder or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) During the Term of this Agreement, Lessee will abide by and conform to all such laws, governmental and airport orders, rules, and regulations as shall from time to time be in effect relating in any way to the operation or use of the Aircraft under a time sharing arrangement.

**9. Limitation of Liability.** NEITHER LESSOR (NOR ITS AFFILIATES) MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE. IN NO EVENT SHALL LESSOR OR ANY OF ITS AFFILIATES, MEMBERS, MANAGERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS BE LIABLE FOR OR HAVE ANY DUTY FOR INDEMNIFICATION OR CONTRIBUTION TO LESSEE OR LESSEE'S GUESTS FOR ANY CLAIMED LIABILITIES, LOSSES, OR INDIRECT, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES RESULTING FROM OR ARISING OUT OF THE USE OR OPERATION OF THE AIRCRAFT PURSUANT TO THIS AGREEMENT (ALTOGETHER, THE "**LOSSES**"), REGARDLESS OF WHETHER SUCH LOSSES ARISE OUT OF OR ARE CAUSED BY, IN WHOLE OR IN PART, LESSOR'S NEGLIGENCE, GROSS NEGLIGENCE, OR STRICT LIABILITY OR WHETHER LESSOR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH LOSSES.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, LESSOR ASSUMES AND SHALL BEAR THE ENTIRE RISK OF LOSS, THEFT, CONFISCATION, DAMAGE TO, OR DESTRUCTION OF THE AIRCRAFT. LESSOR SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS LESSEE AND ITS RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, PARTNERS, EMPLOYEES, SHAREHOLDERS FROM AND AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, JUDGMENTS, DAMAGES, FINES, PENALTIES, DEFICIENCIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) INCURRED OR SUFFERED BY LESSEE ON ACCOUNT OF A CLAIM OR ACTION MADE OR INSTITUTED BY A THIRD PERSON ARISING OUT OF OR RESULTING FROM OPERATIONS OF THE AIRCRAFT HEREUNDER AND/OR ANY SERVICES PROVIDED BY LESSOR TO LESSEE HEREUNDER, PROVIDED THE FOREGOING LIABILITIES ARE NOT COVERED BY ANY INSURANCES CARRIED BY THE PARTIES, AND EXCEPT IN ANY EVENT TO THE EXTENT ATTRIBUTABLE TO THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSEE OR LESSEE'S GUESTS ON THE AIRCRAFT OR FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES.

The provisions of this Section 9 shall survive the termination or expiration of this Agreement.

**10. Risk of Loss.** Lessor assumes and shall bear the entire risk of loss, theft, confiscation, damage to, or destruction of the Aircraft from any cause whatsoever.

**11. Base of Operations.** For purposes of this Agreement, the base of operations of the Aircraft is [ ], provided that such base may be changed at Lessor's sole discretion upon notice from Lessor to Lessee.

**12. Copy of Agreement in Aircraft.** A copy of this Agreement shall be carried in the Aircraft and available for review at the request of the Federal Aviation Administration on all flights conducted pursuant to this Agreement.

**13. Notices and Communications.** All notices and other communications under this Agreement shall be in writing (except as permitted in Section 4) and shall be given (and shall be deemed to have been duly given upon

receipt or refusal to accept receipt) by personal delivery or electronic mail (with a simultaneous confirmation copy sent by first class mail properly addressed and postage prepaid), or by a reputable overnight courier service, addressed as set forth in Schedule C attached hereto. The address of a Party may be changed from time to time by such Party by written notice to the other Party.

**14. Entire Agreement.** This Agreement constitutes the entire understanding between the Parties with respect to its subject matter, and there are no representations, warranties, rights, obligations, liabilities, conditions, covenants, or agreements relating to such subject matter that are not expressly set forth herein.

**15. Further Acts.** Lessor and Lessee shall from time to time perform such other and further acts and execute such other and further instruments as may be required by law or may be reasonably necessary (i) to carry out the intent and purpose of this Agreement, and (ii) to establish, maintain and protect the respective rights and remedies of the other party.

**16. Non-Assignment.** Neither this Agreement nor any party's interest hereunder shall be assignable to any person whatsoever. This Agreement shall inure to the benefit of, and be binding on the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

**17. Taxes.** Lessee shall be responsible for paying, and Lessor shall be responsible for collecting from Lessee and paying over to the appropriate authorities, all applicable Federal excise taxes imposed under Section 4261 of the Internal Revenue Code of 1986, as amended, and all sales, use and other excise taxes imposed by any authority in connection with the use of the Aircraft by Lessee hereunder.

**18. Governing Law and Consent to Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of [ ], without regard to principles of conflicts of laws.

**19. Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions shall not be affected or impaired.

**20. Amendment or Modification.** This Agreement may be amended, modified or terminated only in writing duly executed by the Parties hereto.

**21. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement, binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart.

**22. Truth-in-Leasing Compliance.** Lessor, on behalf of Lessee, shall (i) deliver a copy of this Agreement to the Federal Aviation Administration, Aircraft Registration Branch, Attn: Technical Section, P.O. Box 25724, Oklahoma City, Oklahoma 73125 within 24 hours of its execution, (ii) notify the appropriate Flight Standards District Office at least 48 hours prior to the first flight under this Agreement of the registration number of the Aircraft, and the location of the airport of departure and departure time for such flight, and (iii) carry a copy of this Agreement onboard the Aircraft at all times when the Aircraft is being operated under this Agreement.

**23. TRUTH-IN-LEASING STATEMENT PURSUANT TO FAR § 91.23.**

LESSOR CERTIFIES THAT THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT (OR SUCH SHORTER PERIOD AS OPERATOR SHALL HAVE POSSESSED THE AIRCRAFT) IN ACCORDANCE WITH THE PROVISIONS OF PART 91 OF THE FEDERAL AVIATION REGULATIONS. THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN COMPLIANCE WITH THE MAINTENANCE AND INSPECTION REQUIREMENTS FOR ALL OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.

LESSOR, WHOSE OFFICE ADDRESS IS 2000 AVENUE OF THE STARS, 12TH FLOOR, LOS ANGELES, CALIFORNIA 90067, AGREES, CERTIFIES AND ACKNOWLEDGES, AS EVIDENCED BY ITS SIGNATURE BELOW, THAT WHENEVER ANY OF THE AIRCRAFT IS OPERATED UNDER THIS AGREEMENT, LESSOR SHALL BE KNOWN AS, CONSIDERED, AND SHALL IN FACT BE THE OPERATOR OF THE AIRCRAFT, AND THAT LESSOR UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

THE PARTIES UNDERSTAND THAT AN EXPLANATION OF FACTORS AND PERTINENT FEDERAL AVIATION REGULATIONS BEARING ON OPERATIONAL CONTROL CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Aircraft Time Sharing Agreement to be duly executed on the day and year first above written.

**Lessor:**  
[ ] LLC

**Lessee:**  
ARES MANAGEMENT LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE A**

Type of Aircraft	U.S. Registration Number	Manufacturer Serial Number

**SCHEDULE B**

TERMS AND CONDITIONS OF LESSEE'S REIMBURSEMENT AND INVOICING AND PAYMENT

1. **Reimbursement of Expenses.** For each flight conducted under the Agreement, Lessee shall pay Lessor an amount as determined by Lessee's applicable Reimbursement Policy, as amended from time to time, provided in all cases that the reimbursement shall not exceed the maximum amount allowed to be charged as expenses for a specific flight under FAR § 91.501(d), as follows:
- i. Fuel, oil, lubricants, and other additives;
  - ii. Travel expenses of the crew, including food, lodging, and ground transportation;
  - iii. Hangar and tie-down costs away from the Aircraft's base of operation;
  - iv. Insurance obtained for the specific flight;
  - v. Landing fees, airport taxes, and similar assessments;
  - vi. Customs, foreign permit, and similar fees directly related to the flight;
  - vii. In-flight food and beverages;
  - viii. Passenger ground transportation;
  - ix. Flight planning and weather contract services; and
  - x. An additional charge equal to one hundred percent (100%) of the expenses listed in subsection (i) above.
2. **Invoicing and Payment.** All payments, if any, to be made to Lessor by Lessee hereunder shall be paid in the manner set forth in this Section. Lessor will pay, or cause to be paid, the expenses related to the operation of the Aircraft hereunder in the ordinary course. As to each flight operated by Lessor hereunder, Lessor shall provide to Lessee an invoice for the charges specified hereinabove (plus domestic or international air transportation excise taxes, as applicable, imposed by the Internal Revenue Code and collected by Lessor), such invoice to be issued as agreed to by the Parties. Lessee shall pay Lessor the full amount of such invoice on terms agreeable to Lessor.

**SCHEDULE C**  
**ADDRESSES FOR NOTICES**

If to Lessor:            []

If to Lessee:            Ares Management LLC  
                              2000 Avenue of the Stars, 12th Floor  
                              Los Angeles, CA 90067  
                              Attn: General Counsel  
                              Email: [generalcounsel@aresmgmt.com](mailto:generalcounsel@aresmgmt.com)

## Significant Subsidiaries - December 31, 2023

Entity	Jurisdiction
Ares Holdco LLC	Delaware
Ares Holdings L.P.	Delaware
Ares Finance Co. LLC	Delaware
Ares Finance Co. II LLC	Delaware
Ares Finance Co. III LLC	Delaware
Ares Finance Co. IV LLC	Delaware
Ares Management Worldwide Holdings LLC	Delaware
Ares AMWH Holdings, Inc.	Delaware
Ares Investments Holdings LLC	Delaware
Ares Management Holdings L.P.	Delaware
Ares Management LLC	Delaware
Ares Operations LLC	Delaware
Ares European Operations S.à.r.l.	Luxembourg
Ares Management Capital Markets LLC	Delaware
Ares Wealth Management Solutions, LLC	Colorado
Ares Insurance Solutions LLC	Delaware
Ares Capital Management LLC	Delaware
Ares Capital Management II LLC	Delaware
Ares Capital Management III LLC	Delaware
Ares Management Limited	England and Wales
Ares Management Luxembourg	Luxembourg
Ares Management UK Limited	England and Wales
Ares Commercial Real Estate Management LLC	Delaware
Ares Australia Holdings LLC	Delaware
Ares India Management (US) LLC	Delaware
Ares Operations India LLP	Delaware
AOI Holdings, LLC	Delaware
Ares Administrative Services (DIFC) Limited	Dubai
Ares IDF Management LLC	Delaware
ACE IV GP LLC	Delaware
Ares Capital Europe IV GP (Delaware), L.P.	Delaware
Ares Capital Europe IV GP S.à r.l.	Luxembourg
ACE V GP LLC	Delaware
Ares Capital Europe V GP S.à r.l.	Luxembourg
Ares Capital Europe V GP (Delaware), LP	Delaware
Ares PCS Management GP II, LLC	Delaware
Ares PCS Management II, L.P.	Delaware
Ares SDL Capital Investors GP LLC	Delaware
Ares SDL Capital Management LLC	Delaware
SDL Management GP, L.P.	Cayman Islands



CION Ares Management, LLC	Delaware
APF Management GP LLC	Delaware
Ares Alternative Credit Management LLC	Delaware
APF Management, L.P.	Delaware
APC Management GP LLC	Delaware
APC Management, L.P.	Delaware
ASOF Management GP LLC	Delaware
ASOF Management, L.P.	Delaware
ASOF Investment Management, LLC	Delaware
ASOF Management II GP LLC	Delaware
ASOF Management II, L.P.	Delaware
ACOF Investment Management LLC	Delaware
ACOF Management V GP LLC	Delaware
ACOF Management V, L.P.	Delaware
Ares PE Co-Invest GP LLC	Delaware
ACOF Management VI GP LLC	Delaware
ACOF Management VI, L.P.	Delaware
Double Diamond LLC	Delaware
Ares Industrial Real Estate Fund Manager LLC	Delaware
Ares Industrial Real Estate Fund GP LLC	Delaware
Landmark Partners, LLC	Delaware
Landmark Equity Advisors, L.L.C.	Delaware
Landmark Partners XVI-GP, L.P.	Delaware
Landmark Realty Advisors LLC	Delaware
Landmark Real Estate Fund VIII-GP, L.P.	Delaware
IDF IV GP. S.à r.l.	Luxembourg
Ares (IDF V GP) S.à r.l.	Luxembourg

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-195627) pertaining to Ares Management Corporation 2014 Equity Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-202901) pertaining to Ares Management Corporation 2014 Equity Incentive Plan,
- (3) Registration Statement (Form S-8 No. 333-218063) pertaining to Ares Management Corporation 2014 Equity Incentive Plan,
- (4) Registration Statement (Form S-3/A No. 333-211068) of Ares Management Corporation,
- (5) Registration Statement (Form S-3ASR No. 333-211239) of Ares Management Corporation,
- (6) Registration Statement (Form S-3ASR No. 333-216251) of Ares Management Corporation,
- (7) Registration Statement (Form S-3ASR No. 333-236771) of Ares Management Corporation,
- (8) Registration Statement (Form S-8 No. 333-225271) pertaining to Ares Management Corporation Second Amended & Restated 2014 Equity Incentive Plan,
- (9) Registration Statement (Form S-8 No. 333-233394) pertaining to Ares Management Corporation Second Amended & Restated 2014 Equity Incentive Plan,
- (10) Registration Statement (Form S-8 No. 333-246350) pertaining to Ares Management Corporation Second Amended & Restated 2014 Equity Incentive Plan,
- (11) Registration Statement (Form S-8 No. 333-258777) pertaining to Ares Management Corporation Second Amended & Restated 2014 Equity Incentive Plan,
- (12) Registration Statement (Form S-8 No. 333-266785) pertaining to Ares Management Corporation Second Amended & Restated 2014 Equity Incentive Plan,
- (13) Registration Statement (Form S-3ASR No. 333-270053) of Ares Management Corporation,
- (14) Registration Statement (Form S-3ASR No. 333-271085) of Ares Management Corporation,
- (15) Registration Statement (Form S-8 POS No. 333-266785) pertaining to Ares Management Corporation Third Amended & Restated 2014 Equity Incentive Plan, and
- (16) Registration Statement (Form S-8 No. 333-273232) pertaining to Ares Management Corporation 2023 Equity Incentive Plan

of our reports dated February 27, 2024, with respect to the consolidated financial statements of Ares Management Corporation and the effectiveness of internal control over financial reporting of Ares Management Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Los Angeles, California  
February 27, 2024

**Certification of Chief Executive Officer  
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d- 14(a)**

I, Michael J Arougheti, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Management Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2024

/s/ Michael J Arougheti

Name: Michael J Arougheti

Title: *Co-Founder, Chief Executive Officer & President (Principal Executive Officer)*

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**Certification of Chief Financial Officer  
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Jarrod Phillips, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Management Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2024

/s/ Jarrod Phillips

Name: Jarrod Phillips  
Title: Chief Financial Officer (Principal Financial & Accounting Officer)

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**Certification of Chief Executive Officer and Chief Financial Officer**  
**Pursuant to**  
**18 U.S.C. Section 1350**

In connection with the Annual Report on Form 10-K of Ares Management Corporation (the “Company”) for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael J Arougheti, as Chief Executive Officer of the Company, and Jarrod Phillips, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2024

Name: /s/ Michael J Arougheti  
Michael J Arougheti  
Title: *Co-Founder, Chief Executive Officer & President (Principal Executive Officer)*

Name: /s/ Jarrod Phillips  
Jarrod Phillips  
Title: *Chief Financial Officer (Principal Financial & Accounting Officer)*

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ares Management Corporation and will be retained by Ares Management Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

## CLAWBACK POLICY

### ARES MANAGEMENT CORPORATION

#### PURPOSE

The Board of Directors (the “Board”) of Ares Management Corporation, a Delaware corporation (the “Company”), believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation if the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the federal securities laws (this “Policy”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules promulgated thereunder, and the listing standards of the national securities exchange on which the Company’s securities are listed.

#### ADMINISTRATION

This Policy shall be administered by the Board. Any determinations made by the Board shall be final and binding on all affected individuals.

#### COVERED EXECUTIVES

This Policy applies to the Company’s current and former executive officers (as determined by the Board in accordance with Section 10D of the Exchange Act, the rules promulgated thereunder, and the listing standards of the national securities exchange on which the Company’s securities are listed) and such other senior executives/employees who may from time to time be deemed subject to this Policy by the Board (“Covered Executives”).

#### RECOUPMENT; ACCOUNTING RESTATEMENT

If the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws as provided for in Section 10D of the Exchange Act, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each an “Accounting Restatement”), the Board will require reimbursement or forfeiture of the Overpayment (as defined below) received by any Covered Executive from the Company during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement and any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years.

#### INCENTIVE-BASED COMPENSATION

For purposes of this Policy, “Incentive-Based Compensation” means any compensation that is granted to, earned by, or received by, a Covered Executive, based wholly or in part upon the attainment of a financial reporting measure, including, but not limited to: (i) non-equity incentive plan awards that are earned solely or in part by satisfying a financial reporting measure performance goal; (ii) bonuses paid from a bonus pool, where the size of the pool is determined solely or in part by satisfying a financial reporting measure performance goal; (iii) other cash awards based on satisfaction of a financial reporting measure performance goal; (iv) restricted stock, restricted stock units, stock options, stock appreciation rights, and performance share units that are granted or vest solely or in part on satisfying a financial reporting measure performance goal; and (v) proceeds from the sale of shares acquired through an incentive plan that were granted or vested solely or in part on satisfying a financial reporting measure performance goal. Compensation that would not be considered Incentive-Based Compensation includes, but is not limited to: (a) salaries; (b) bonuses paid solely on satisfying subjective standards, such as demonstrating leadership, and/or completion of a specified employment period; (c) non-equity incentive

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plan awards earned solely on satisfying strategic or operational measures; (d) wholly time-based equity awards; and (e) discretionary bonuses or other compensation that is not paid from a bonus pool that is determined by satisfying a financial reporting measure performance goal.

A financial reporting measure is: (i) any measure that is determined and presented in accordance with the accounting principles used in preparing financial statements, or any measure derived wholly or in part from such measure, such as revenues, EBITDA, or net income and (ii) stock price and total stockholder return. Financial reporting measures include, but are not limited to: revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); net assets or net asset value per share (e.g., for registered investment companies and business development companies that are subject to the rule); earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an accounting restatement; revenue per user, or average revenue per user, where revenue is subject to an accounting restatement; cost per employee, where cost is subject to an accounting restatement; any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an accounting restatement; and tax basis income.

#### **OVERPAYMENT: AMOUNT SUBJECT TO RECOVERY**

The amount to be recovered will be equal to the amount of Incentive-Based Compensation received from the Company that is in excess of the amount of Incentive-Based Compensation that otherwise would have been received from the Company had the Incentive-Based Compensation been determined based on the restated financial statements, and must be computed without regard to any taxes paid (the "Overpayment"). Incentive-Based Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

For Incentive-Based Compensation based on stock price or total stockholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the exchange on which the Company's securities are listed.

#### **METHOD OF RECOUPMENT**

The Board will determine, in its sole discretion, the method for recouping Overpayment hereunder which may include, without limitation:

- requiring reimbursement of cash Incentive-Based Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Board.

#### **LIMITATION ON RECOVERY; NO ADDITIONAL PAYMENTS**

The right to recovery will be limited to Overpayments paid or distributed during the three years prior to the date on which the Company is required to prepare an Accounting Restatement and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. In no event shall the Company be required to award any Covered Executives any additional payment if the restated or accurate financial results would have resulted in a higher Incentive-Based Compensation payment.

#### **NO INDEMNIFICATION**

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive-Based Compensation.

#### **INTERPRETATION**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and the applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

#### **EFFECTIVE DATE**

This Policy shall be effective as of the date it is adopted by the Board (the "Effective Date") and shall apply to Incentive-Based Compensation (including Incentive-Based Compensation granted but not yet received as of the Effective Date pursuant to arrangements existing prior to the Effective Date).

#### **AMENDMENT; TERMINATION**

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final rules or additional standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

#### **OTHER RECOUPMENT RIGHTS**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

#### **IMPRACTICABILITY**

The Board shall recover any Overpayment in accordance with this Policy except to the extent that the Board determines such recovery would be impracticable because:

- (i) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered;
- (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022; or

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.



## **SUCCESSORS**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.