



Ares to Acquire the International Business of GLP Capital Partners ("GCP International")

GCP International is a global alternative investment manager in Japan, Europe, the U.S., Brazil and Vietnam; Transaction excludes GLP Capital Partners' China business

October 2024

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The statements contained in this presentation are made as of June 30, 2024, unless otherwise specified, and access to this presentation at any given time shall not imply that there has been no change in the facts set forth in this presentation since that date. Certain historical amounts within this presentation were prepared to conform with our accounting policies that were implemented in each of the respective historical years.

For additional important information, please refer to the footnotes and endnotes of each section of this presentation.

Forward-Looking Statements

Statements included herein contain forward-looking statements within the meaning of the federal securities laws. 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," "approximately," "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 Ares' beliefs, assumptions and expectations of Ares' future performance, taking into account all information currently available to Ares. Such forward-looking statements are subject to various risks and uncertainties, including Ares' ability to consummate the GCP Acquisition and to effectively integrate GCP International into Ares' operations and to achieve the expected benefits therefrom, and assumptions including those relating to the GCP Acquisition, Ares' operations, financial results, financial condition, business prospects, growth strategy and liquidity. Some of these factors are described in the Annual Report on Form 10-K for the year ended December 31, 2023, including under the headings "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Quarterly Report on Form 10-Q filed with the SEC on August 7, 2024, including under the heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations." 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 Ares' other periodic filings. If one or more of these or other risks or uncertainties materialize, or if Ares' underlying assumptions prove to be incorrect, Ares' 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 the Company to predict those events or how they may affect Ares. 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. Ares does not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Note: For Additional Important Disclosure Information, please refer to the Footnotes and Endnotes of each section of this presentation, as needed.

GCP International is a Highly Strategic Fit for Ares

Adds Strategic Investment Capabilities

- ✓ Enhances Position as a Leading Global Real Estate Manager
- ✓ Establishes Data Center Development & Operational Capabilities
- ✓ Expands Vertical Integration¹ Capabilities Across Real Estate and Digital Infrastructure
- ✓ Enhances Opportunities at the Intersection of Digital & Climate Infrastructure

Expands Products, Investors and Geographic Coverage

- ✓ Enhances Diversification Across Asset Classes and Geographies
- ✓ Establishes Key Capabilities in Asia Real Estate
- ✓ Increases Perpetual Capital
- ✓ Expands Investor Base and Helps Strengthen Key Strategic Investor Relationships
- ✓ Creates Additional Product Development Opportunities

Financially Attractive For Stockholders

- ✓ Highly Attractive, Initially Nearly 100% FRE Business
- ✓ Expected to be Financially Accretive on a FRE and RI Basis²
- ✓ Significant Opportunities For Business Growth and Financial Synergies
- ✓ Alignment of Interests Through Upfront Structure and Long-term Incentives for Growth via Earnout Provisions³

Note: The acquisition is expected to close 1H25 subject to customary regulatory approvals and other closing conditions. Projections and forward-looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all. Please refer to the Endnotes for additional important information.

GCP International Overview

- GCP International is a global alternative asset management firm with \$44 billion of AUM, as of June 30, 2024, and a long history of building scaled platforms oriented to new economy sectors that benefit from attractive, long-term secular trends, such as industrial, digital infrastructure and self-storage
- GCP International has differentiated itself over time through its vertically integrated platforms with significant local presence in major geographies, including Japan, Europe and the U.S.¹
- GCP International spun out from GLP Pte. Ltd., a leading global business builder formerly listed on the Singapore Stock Exchange, in 2022 as a balance sheet light, pure-play alternative asset manager

Demonstrated History of Managing High Conviction Strategies Globally

	Japan	Europe	U.S.	Other ²
FPAUM AUM	\$19 B	\$14 B	\$5 B	\$6 B
	\$12 B	\$11 B	\$4 B	\$5 B
Strategies ⁴	Industrial Development	Industrial Development	Industrial Value-Add	Industrial Development
	Industrial Income	Industrial Income	Self Storage Value-Add	Industrial Income
	Data Center	Data Center	Data Center	Data Center

Investment Professionals⁵

~215

Property Operation Professionals⁵

~205

Global Offices

29

\$44 Billion

AUM³

\$32 Billion

FPAUM

As of June 30, 2024, unless otherwise stated. Please refer to the Endnotes for additional important information.

Transaction Expected to Provide Significant Benefits and Growth Opportunities

- 1** Adds meaningful asset class and geographic diversification to the Ares platform
- 2** Highly complementary to the current Ares Real Estate and Real Assets platform
- 3** Positions Ares to be a market leader in what we believe are the fastest growing segments across real assets that support the new economy
- 4** Establishes development and operational capabilities in the rapidly growing data center sector
- 5** Expands Ares as a global vertically integrated¹ real estate investor in high conviction sectors supported by secular tailwinds
- 6** Adds a scaled industrial platform in Japan with meaningful perpetual capital
- 7** Strengthens our institutional platform and deepens relationships with key investors
- 8** Incentives aligned to drive potential further growth and earnings accretion

Note: The acquisition is expected to close 1H25 subject to customary regulatory approvals and other closing conditions. Please refer to the Endnotes for additional important information.

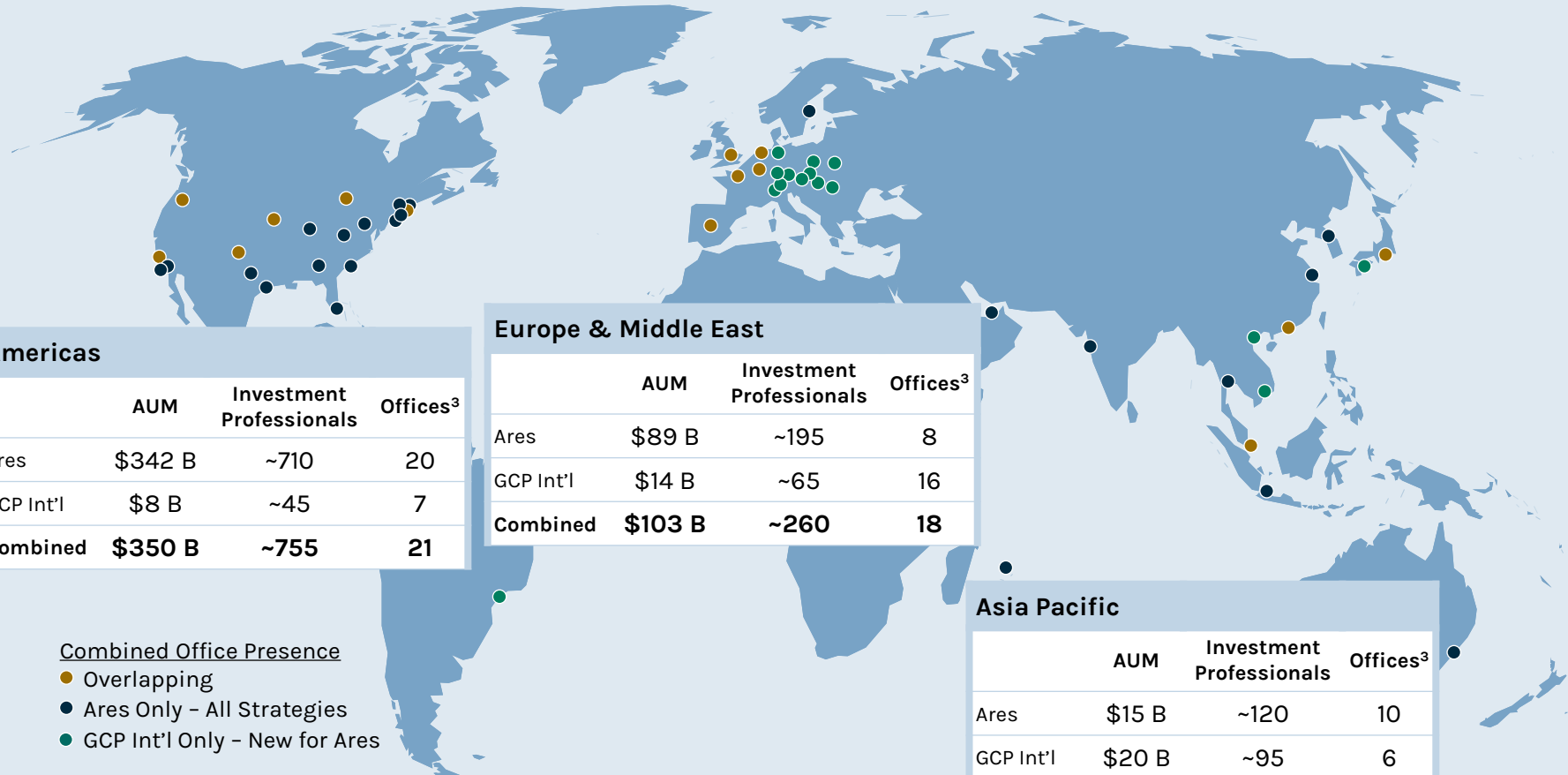
GCP International Adds Significant Scale to Ares

Expected Ares & GCP International Combined Global Footprint

1,240+
Investment Professionals¹

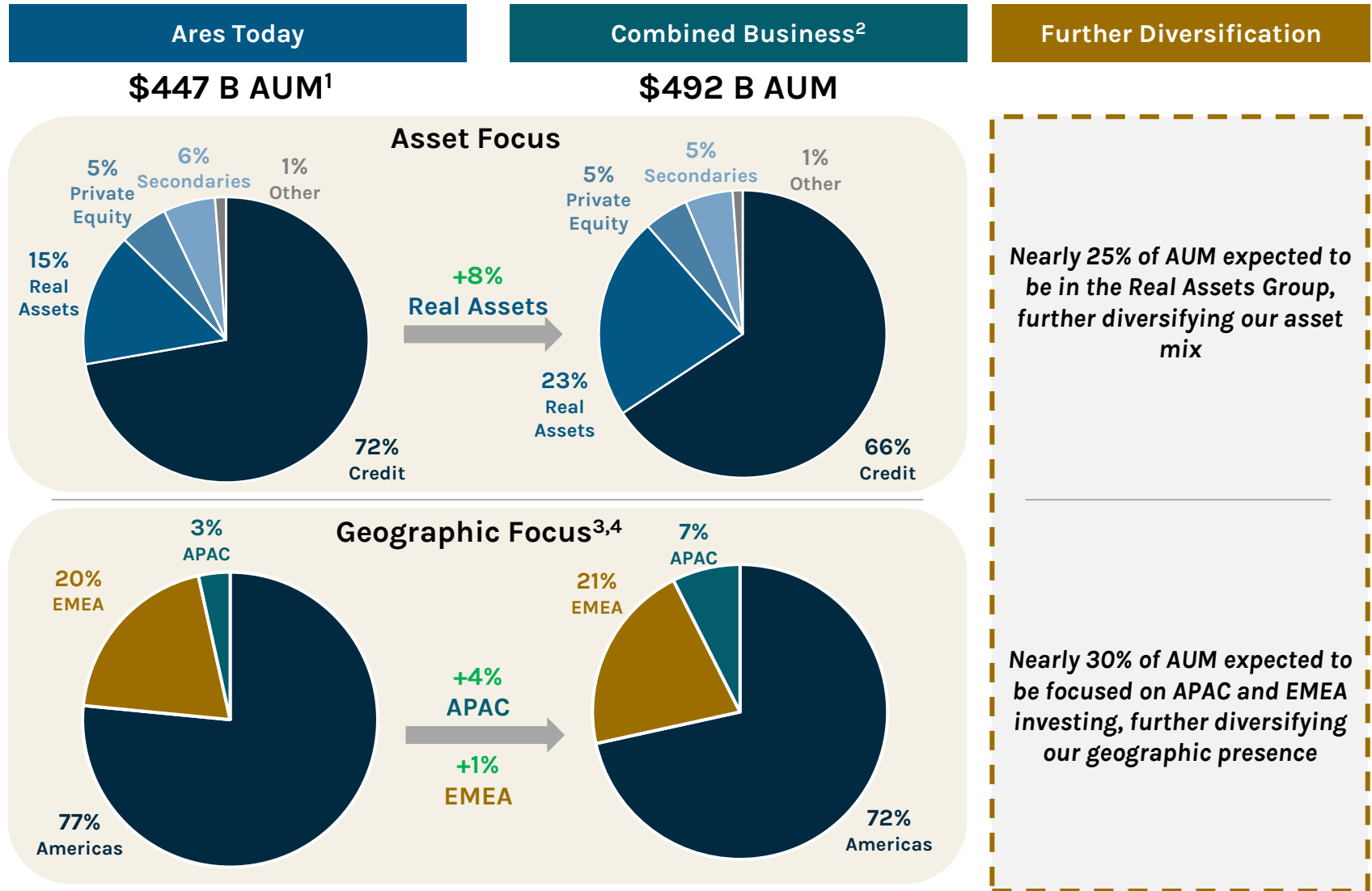
\$492 Billion
Combined AUM²

50+
Global Offices³



As of June 30, 2024, unless otherwise stated. Numbers may not sum due to rounding and other adjustments noted in the Endnotes. Please refer to the Endnotes for additional important information.

Combination Further Diversifies Ares' Asset Class Mix and Geographic Presence



As of June 30, 2024, unless otherwise stated. Percentages may not sum to 100% due to rounding. Please refer to the Endnotes for additional important information.

Capabilities Will Strategically Expand Ares Real Estate

» GCP International's geographic presence and product set strategically align with growth opportunities

		Ares Real Estate Capabilities <u>Today</u> (\$52 Billion AUM)			Ares & GCP Int'l RE Capabilities <u>Combined</u> (\$96 Billion AUM)		
		Region			Region		
		North America	Europe	Asia	North America	Europe	Asia
Risk / Return	Opportunistic	✓	✓	✗	✓	✓	✓
	Value-Add	✓	✓	✗	✓	✓	✓
	Core/Core+	✓	✗	✗	✓	✓	✓
Mandate	Diversified	✓	✓	✗	✓	✓	--
	Industrial	✓	✗	✗	✓	✓	✓
	Data Centers	✗	✗	✗	✓	✓	✓
	Self Storage	✗	✗	✗	✓	--	--
Structure	Institutional	✓	✓	✗	✓	✓	✓
	Wealth Channel	✓	✗	✗	✓	--	✓
Vertical Integration ¹	In-House Capabilities	✓	✗	✗	✓	✓	✓

GCP International's business complements Ares' current real estate equity and debt platforms by expanding our geographic footprint, investment capabilities and product set

Immediate Capability with GCP Int'l
Potential Opportunity with Ares

As of June 30, 2024, unless otherwise stated. Please refer to the Endnotes for additional important information.

Opportunities for Significant Value Creation and Growth for the Real Assets Group

» We expect the addition of GCP International will be highly strategic and complementary to the Ares Real Assets Group with multiple potential avenues for growth

	Ares Real Assets Group (Today)	GCP International	Ares Real Assets Group (Combined)
Enhanced Scale & Global Reach	Diversified real assets platform with \$68B of AUM¹	Global real estate platform with \$44B of AUM	Diversified and scaled global real assets platform with \$112B+ of combined AUM
Increased Product & Investor Diversification	Retail & institutional equity and debt real asset strategies in North America and Europe	Retail & institutional equity real asset strategies across Asia, Europe, the U.S., Vietnam and Brazil	Full range of global retail & institutional real assets products with regional presence in the Americas, Europe & Asia
Broader Exposure to High Conviction Sectors	Ability to invest across sectors, with leading U.S. industrial operating platform and expanding multifamily capabilities	Broad capabilities in the new economy sectors of logistics, digital infrastructure and self storage	Further expansion of vertically-integrated ² capabilities, with focus on industrial and digital infrastructure
Cultural Alignment	Cycle-tested leadership team averaging 25+ years of experience	Highly experienced leadership team averaging 25+ years of experience	Collaborative culture led by a seasoned team with an investor-centric focus

As of June 30, 2024, unless otherwise stated. Please refer to the Endnotes for additional important information.



Adds Significant Scale in Real Assets Supporting the New Economy

Secular Trends are Driving Demand for Industrial Space

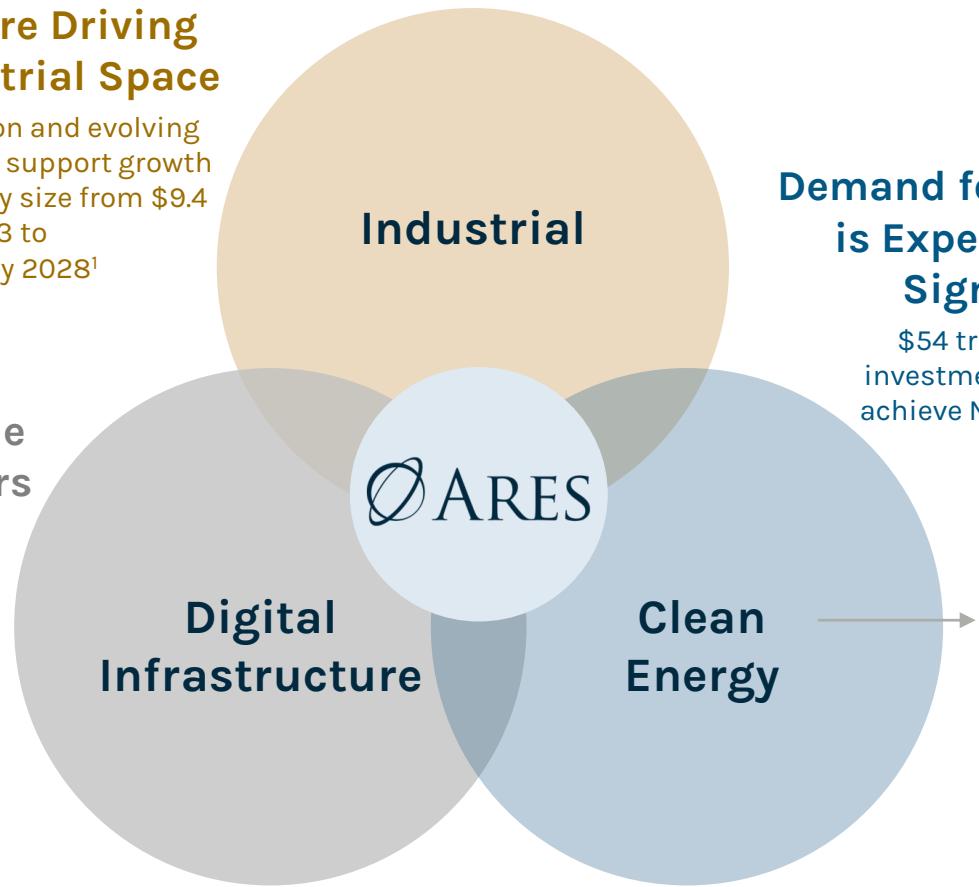
E-commerce, digitalization and evolving supply chains expected to support growth in global logistics industry size from \$9.4 trillion in 2023 to over \$14 trillion by 2028¹

AI is Accelerating the Need for Data Centers

AI-related capital expenditures are expected to exceed \$1 trillion over the next several years²

Demand for Clean Energy is Expected to Grow Significantly

\$54 trillion of global investment is required to achieve Net Zero by 2050³



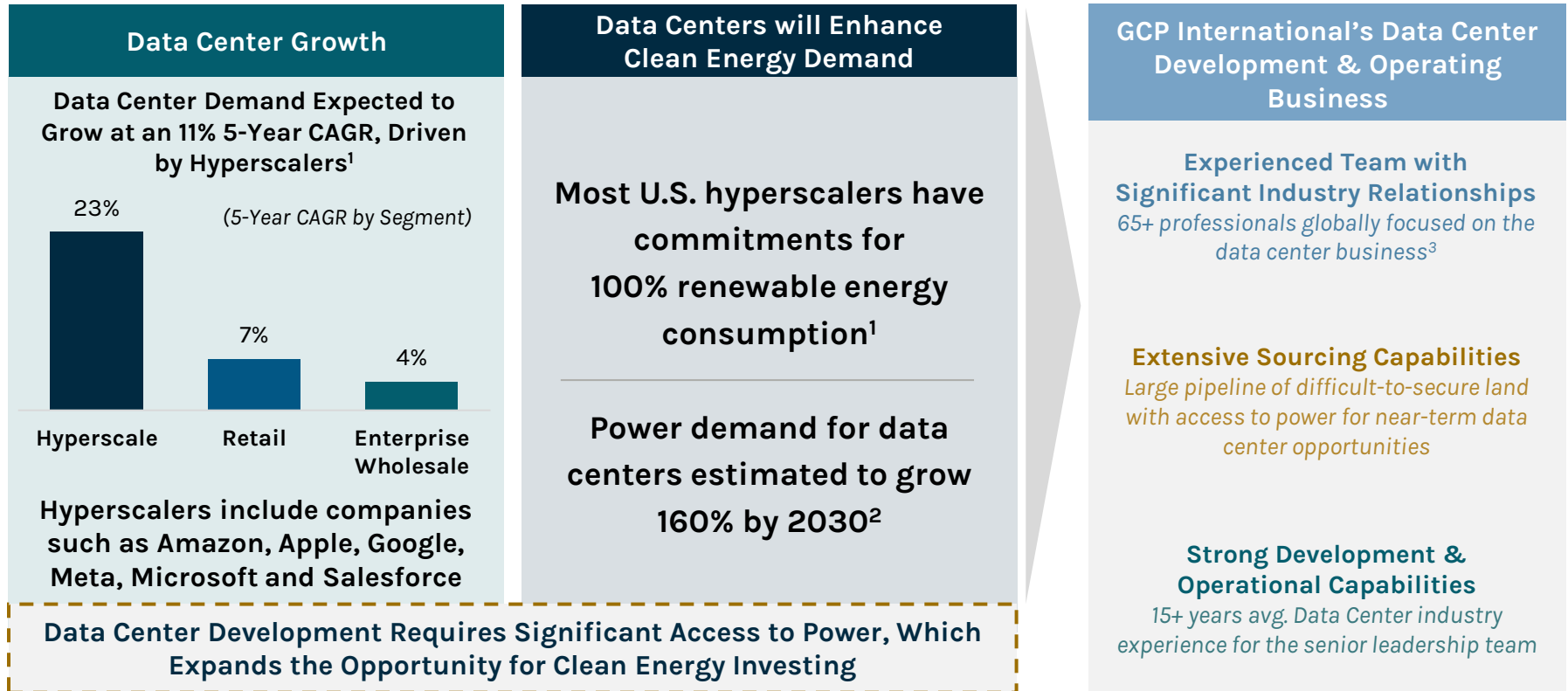
We believe Ares' existing Climate Infrastructure capabilities, along with its investment in X-Energy, attractively positions us to further capitalize on the intersection of clean energy & digital infrastructure

We believe it is critical for asset managers to have all three capabilities to capitalize on these converging global opportunities

Projections and forward-looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all. Please refer to the Endnotes for additional important information.

Data Center Capability Creates a Compelling Growth Opportunity

» GCP International's in-house platform has the capability to invest in, develop and operate data centers, a complementary asset class to our industrial real estate, clean energy and digital infrastructure capabilities



GCP International has near-term plans to build 1 GW of IT load, representing \$7 billion of hyperscale DC development opportunities across London, Tokyo, Osaka and São Paulo

Vertical Integration Expands Investment Opportunities and Can Improve Investor Outcomes

Expected to Capture Greater Economics for LPs Through Expanded Vertical Integration¹

Vertical integration includes acquisition & deal sourcing, property development, leasing, property management and fund management

Expected Benefits Include

- ✓ **Increased Global Deal Origination**
- ✓ **Access to Proprietary Market Data**
- ✓ **Enhanced Underwriting Capabilities**
- ✓ **In-House Execution Capabilities**

Vertical Integration Expands the Real Assets Opportunity Set for Ares¹

Capability Today



United States

Added Vertical Integration Capabilities



Japan



Europe



Brazil



Vietnam

Ability to Develop Assets
Enables Greater Access to
the Real Assets TAM

Expands Ability to Form New
Strategies Around Specific
Assets for Development

Opportunity to Hold
Developed Assets Longer in
Perpetual Capital Funds

Enhances Potential
Revenue Streams

Capacity to Scale More
Quickly and Expand Fund
Offerings

Improves Market
Positioning & Enriches
Competitive Differentiation

Through vertical integration, we expect to deliver greater benefits for our fund investors while expanding the global Real Assets opportunity set for Ares

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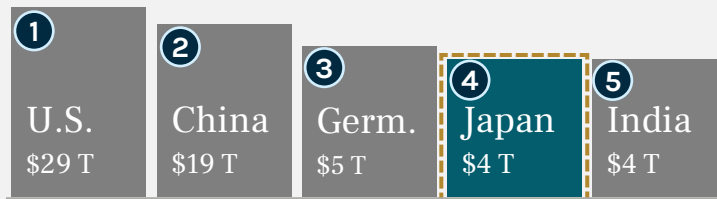
Combination Adds Immediate Scale in Japan With Significant Perpetual Capital

Asia is a Large and Growing Opportunity¹

Asia is expected to account for ~60% of global growth in 2024

3 of the top 5 countries by 2024E GDP are in Asia

World Ranking by 2024E Nominal GDP



Attractively Positioned in the Japanese Market

GCP International's senior professionals in the Japan business have worked together for over a decade with a long-standing investment history at scale and a broad regional network

Further complements our existing APAC offerings in Credit and Private Equity, expanding Ares' presence in the region

Adds Significant Japan Exposure & Additional Perpetual Capital Strategies

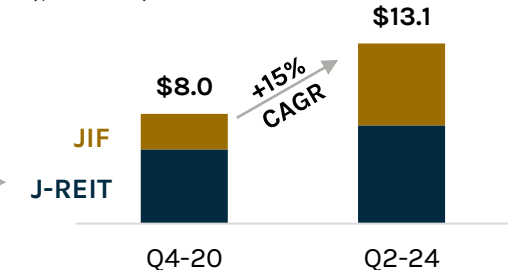
\$19 Billion
of Japan AUM



**\$14 Billion AUM in
Income Funds**
(incl. J-REIT and JIF)

**\$5 Billion AUM in
Development Funds**

Japan Perpetual Capital AUM² (\$ in Billions)



GCP International is a scaled real estate manager in Japan with a history of meaningful growth

As of June 30, 2024, unless otherwise stated. Projections and forward-looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all. Please refer to the Endnotes for additional important information.

Creates a Powerful Institutional Real Estate Platform Supported by a Diverse Global Investor Base with Opportunity for Synergies

Combination of Scaled Real Estate Managers Creates a Major Global Real Estate Manager



Rank (as adjusted)	Real Estate Asset Manager	PERE 5-Year RE Capital Raised (\$B) ^{1,2}
#1	Asset Manager #1	\$63.5
#2	Asset Manager #2	\$39.8
#3	Ares + GCP Int'l^{1,3}	~\$26.3
#4	Asset Manager #3	\$24.0
#5	Asset Manager #4	\$19.0

Expanded Depth and Breadth of High-Quality Institutional Investor Relationships Globally

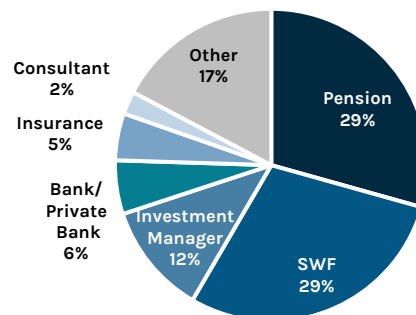
GCP Int'l has diverse, global blue-chip investor base with over 110 institutional LPs

Ares currently has over \$33 billion of AUM from GCP International's top 20 investors, approximately half of which are not currently invested with Ares Real Estate

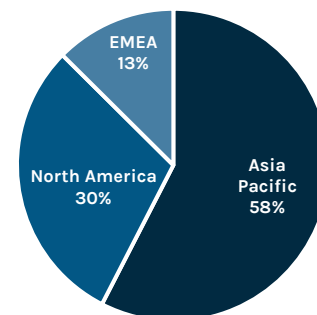
Solidifies, deepens and broadens some of Ares' most significant investor relationships

Increased opportunity for cross-product collaboration given the complementary GCP Int'l investor base

GCP Int'l AUM
by Investor Type^{4,5}



GCP Int'l AUM
by Investor Geography⁵



Transaction Terms and Financial Impact

» Combination Expected to Be Financially Accretive in First Full Calendar Year and Expected to Close in 1H25

	Consideration (\$ in billions)	Commentary
GCP International	\$3.5	Purchase 100% of FRE from GCP International and carried interest in JIF and all future funds The transaction excludes GLP Capital Partners' China business
GP Stakes in GCP Int'l Funds	0.2 ¹	Certain existing GP commitments to managed funds
Total Upfront Consideration	\$3.7	Cash: \$1.8 billion (48%) / Stock²: \$1.9 billion (52%)

- Transaction includes earnout provision of up to \$1.5 Billion measured through the end of 2027³, expected to be payable primarily in ARES Class A common stock, at Ares' option⁴
 - Earnout payable upon achievement of financial targets associated with growth in the Japan and data center businesses
 - Deal structure incentivizes leadership and investment teams through significant Class A common stock consideration, earnout provision and retained carry

Financial Impact

- Anticipate transaction to be modestly accretive to After-Tax Realized Income per share of Class A and non-voting common stock in the first full calendar year following the acquisition with meaningfully higher accretion expected in future years⁵
 - Meaningful financial synergies anticipated to be recognized in 2026 and beyond
 - Assumes nearly 100% FRE contribution in early years which enhances ARES' overall earnings mix
 - Expect meaningfully higher financial accretion potential if earnout is achieved
- Ares has secured a \$2.0 Billion bridge loan commitment and has ample liquidity to fully fund the cash portion of the upfront consideration
 - We plan to explore longer term financing options as appropriate
- Transaction is expected to close 1H25 subject to customary regulatory approvals and other closing conditions

Projections and forward-looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all. Please refer to the Endnotes for additional important information.



Endnotes & Glossary

Endnotes

GCP International is a Highly Strategic Fit for Ares

1. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.
2. Accretion expected on a per Class A and non-voting common stock basis. For further detail on the timing of anticipated financial accretion to After Tax RI per Class A and non-voting common stock, please refer to footnote 5 on the slide titled "Transaction Terms and Financial Impact."
3. The earnouts are conditioned on certain specified financial targets being achieved. No assurance can be given that such financial targets or any expected growth will occur as expected or at all.

GCP International Overview

1. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.
2. Other includes Brazil, Vietnam and the GLP International Vehicle. Ares will manage \$2.4 billion of assets via the GLP International Vehicle as of June 30, 2024.
3. Assets Under Management "AUM" is estimated based on Ares definition of AUM on page 19 of this presentation and may differ from GCP International's historical definition and is subject to change.
4. GCP International has not yet raised meaningful third-party capital in data centers but has a significant near-term opportunity for data center development on owned, powered land in the United Kingdom, Japan and Brazil.
5. GCP International employee data as of August 30, 2024.

Transaction Expected to Provide Significant Benefits and Growth Opportunities

1. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.

GCP International Adds Significant Scale to Ares Across The Globe

1. GCP International total investment professionals includes global investment professionals and data center investment professionals (13 total) which are excluded from the figures on the map. GCP International employee data as of August 30, 2024.
2. Includes \$2.4 billion of assets that Ares will manage via the GLP International Vehicle as of June 30, 2024, which is excluded from the figures on the map. GCP Int'l Assets Under Management "AUM" is estimated based on Ares definition of AUM on page 19 of this presentation and may differ from GCP International's historical definition and is subject to change.
3. Ares and GCP International office counts reflect the number of metro areas where each respective firm has team members seated pre-close. The Global Offices count and regional combined office counts reflect the pro forma number of metro areas where Ares anticipates having offices, with the inclusion of acquired GCP Int'l offices.

Combination Further Diversifies Ares' Asset Class Mix and Geographic Presence

1. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. Past performance is not indicative of future results.
2. Information is presented on an as-adjusted basis by combining Ares and GCP International results as of June 30, 2024 and not a pro forma basis under Article 11 of Reg. S-X. No assurance can be given that the Transaction will be consummated on the contemplated terms/timeline or at all.
3. AUM percentages based on the primary investment geographies of each specific fund. Certain funds have the flexibility to invest across multiple geographic regions and continents.
4. Combined business AUM by geography excludes \$2.4 billion of assets that Ares will manage via the GLP International Vehicle as of June 30, 2024.

Capabilities Will Strategically Expand Ares Real Estate Group

1. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.

Opportunities for Significant Value Creation and Growth for the Real Assets Group

1. Ares Real Assets AUM includes \$52 billion of Real Estate AUM and \$16 billion of Infrastructure AUM.
2. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.

Endnotes

Adds Significant Scale In Real Assets Supporting the New Economy

1. Source: Statista, 2024. “Size of the Global Logistics Industry from 2018 to 2023, with Forecasts Until 2028.”
2. Goldman Sachs Global Macro Research, 2024. “GEN AI: Too Much Spend, Too Little Benefit?”
3. BNEF Energy Transition Investment Trends 2023. Worldwatch Institute 2003 Paper. Ares does not maintain a net zero goal or target.

Data Center Capability Creates a Compelling Growth Opportunity

1. PGIM: Data Center Growth Abounds in the Digital Age. Examples of hyperscalers include Amazon, Apple, Google, Meta, Microsoft, Oracle, Salesforce and SAP.
2. Goldman Sachs Research, 2024. “AI is poised to drive 160% increase in data center power demand.”
3. GCP International employee data as of August 30, 2024.

Combination Adds Immediate Scale in Japan With Significant Perpetual Capital

1. Source: IMF, World Economic Outlook, April 2024.

Vertical Integration Expands Investment Options and Can Improve Investor Outcomes

1. Vertical integration includes Acquisition & Deal Sourcing, Property Development, Leasing, Property Management and Fund Management of industrial assets across the U.S., Europe, Japan, Brazil and Vietnam.
2. USD figures converted from JPY in both periods using the USD:JPY exchange rate as of Q2-24 quarter end.

Creates a Powerful Institutional Real Estate Platform Supported by a Diverse Global Investor Base with Opportunity for Synergies

1. 2024 PERE Top 100 Real Estate Manager List. Based on the amount of value-add and opportunistic private real estate direct investment capital raised from January 1, 2019, to December 31, 2023.
2. GLP Capital Partner's PERE ranking includes inflows contributed by the remaining GLP China business that is out of scope for this transaction.
3. GCP Internationals inflow data in the table excludes estimated PERE-related inflows contributed by the remaining GLP China business that is out of scope for this transaction.
4. Other includes: Endowment/Foundation, High Net Worth, Family Office, Fund of Funds, and Banks/Private Banks.
5. Data excludes J-REIT Investors and investors in Monoful Venture Partners, a fund with ~\$85 million in AUM focused on growth-stage start-ups in the logistics and real estate ecosystem in Japan. Ares will manage \$2.4 billion of assets via the GLP International Vehicle as of June 30, 2024.

Transaction Terms and Financial Impact

1. Value is based on the NAV of GP commitments as of June 30, 2024, totaling \$160 million, and is subject to change based on the most recently available NAV at the time of closing.
2. Class A common stock.
3. Subject to a potential six-month extension.
4. The earnouts are conditioned on certain specified financial targets being achieved. No assurance can be given that such financial targets or any expected growth will occur as expected or at all.
5. Financial accretion in the first full calendar year following the closing of the acquisition is based on an estimated \$245 million in FRE related to the acquired business in 2026 and excludes transaction related expenses and includes the expected financial impact of specifically identified financial synergies that may not be fully recognized during the year. We would also expect the transaction to be modestly accretive in the first twelve months under our currently contemplated longer-term financing scenarios and our planned presentation of After-Tax Realized Income per share of Class A common stock. Information is presented on an as-adjusted basis by combining Ares and GCP results as of June 30, 2024 and not a pro forma basis under Article 11 of Reg. S-X. No assurance can be given that the Transaction will be consummated on the contemplated terms/timeline or at all.

Glossary

Assets Under Management	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.
Fee Paying AUM	Fee Paying AUM or “FPAUM” refers to the AUM from which we directly earn management fees. FPAUM is equal to the sum of all the individual fee bases of our funds that directly contribute to our management fees. For our funds other than CLOs, our FPAUM represents the amount of limited partner capital commitments for certain closed-end funds within the reinvestment period, the amount of limited partner invested capital for the aforementioned closed-end funds beyond the reinvestment period and the portfolio value, gross asset value or NAV. For 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	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.
Management Fees	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.
Our Funds	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.
Performance Income	Performance Income refers to income we earn based on the performance of a fund that is generally based on certain specific hurdle rates as defined in the fund’s investment management or partnership agreements and may be either incentive fees earned from funds with stated investment periods or carried interest.

Glossary

Perpetual Capital

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 ASIF, CADC and AESIF, our non-traded real estate investment trusts (“REITs”) and Ares Private Markets Fund (“APMF”); (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

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.

After-tax RI is RI less the current income tax provision. For this purpose, the current income tax provision represents the sum of (i) taxes paid or payable as reflected in the Company’s GAAP financial statements for the period and (ii) amounts payable under the Tax Receivable Agreement for which a tax benefit was included in the current period provision. The current income tax provision reflects the tax benefits associated with deductions available to the Company on certain expense items that have been excluded from the underlying calculation of RI, such as equity-based compensation deductions. If tax deductions related to the vesting of restricted units and exercise of stock options were excluded, the resulting current income tax provision and the implied tax rate would be higher, which would reduce After-tax RI. The assumptions applied in calculating our current income tax provision as presented under U.S. GAAP and in determining After-tax RI are consistent. Management believes that utilizing the current income tax provision, calculated as described above, in determining After-tax RI is meaningful because it increases comparability between periods and more accurately reflects amounts that are available for distribution to stockholders.

