

## Ares Management, L.P. | Annual Letter 2016

### Strong Investment Performance. Managing Through Volatility. Responsible Growth.

2016 was a year with many surprises, including a severe downturn in the equity and credit markets in the first few months of the year, followed by unexpected results in the Brexit referendum and the U.S. presidential election. The markets stabilized and then progressed towards the latter half of the year as investors regained confidence in the prospect of stronger economic growth and an extended market cycle. Despite this market volatility, Ares was able to capitalize on market opportunities through its robust sourcing capabilities, cycle-tested investment approach and flexible investment strategies. Ares had a strong year, generating our highest levels of economic net income (up 65% year-over-year) and distributable earnings (up 15% year-over-year) since our 2014 IPO. In addition, our strong performance led to increased distributions to common unit holders with \$0.91 in distributions per unit vs. \$0.84 for 2015. At December 31, 2016, Ares managed approximately \$99 billion in pro forma AUM, a 6% year-over-year increase, across approximately 200 investment vehicles, with investors spanning five continents.

Investment performance has always been and remains our central focus at Ares. Over nearly two decades, our growth has largely been driven by investment performance, which has helped us attract new investors and expand our strategies and product offerings. During 2016, we generated

*Ares had a strong year, generating our highest levels of economic net income and distributable earnings since our 2014 IPO.*

strong returns in our core strategies across all three Ares investment groups. Our corporate private equity funds appreciated approximately 31% gross and our two largest real estate private equity funds added approximately 20% on a gross basis during the year. Within credit, we generated annual gross returns ranging from 9%-13% in our liquid and illiquid credit strategies. We continue to see that assets follow performance as current investors reinvest capital across our funds and new investors join our platform.

As we look back on our accomplishments in 2016, we attribute our success to the breadth and strength of the Ares platform, with approximately 925 employees delivering local origination, research and distribution in over 15 offices around the globe. Using the power of the Ares platform, we continue to leverage our relationships, knowledge and industry insights across our investment groups to source, evaluate and generate strong risk-adjusted returns for our investors. Our fundamental, rigorous investment approach and ability to be highly selective served us well in 2016 and we believe will continue to be critical to our success in the coming year.

Pro forma AUM amounts are unaudited and reflect AUM at December 31, 2016, pro forma for Ares Capital Corporation's acquisition of American Capital, Ltd., which closed on January 3, 2017. 2016 gross and net returns for the ACOF I-IV aggregate are 31% and 24% respectively. Returns for our largest U.S. and European real estate equity funds are U.S. Real Estate Equity (U.S. Fund VIII): 19.5% gross, 11.7% net; European Real Estate Equity (EU IV): 20.7% gross, 16.2% net. 2016 gross and net returns for our Credit strategies include: U.S. Direct Lending: Ares Capital Corporation net return of 9.4%; European Direct Lending (ACE II): 9.0% gross, 6.6% net; High Yield: 12.8% gross, 12.2% net; Syndicated Loans: 9.0% gross, 8.4% net. For additional detail on performance methodology, please see the Endnotes.

#### HEADQUARTERS

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[www.aresgmt.com](http://www.aresgmt.com)

#### Company Locations

**U.S.** Los Angeles, New York, Chicago, Boston, Atlanta, Washington D.C., Dallas, San Francisco

**Europe/Middle East** London, Paris, Frankfurt, Stockholm, Luxembourg, Dubai

**Asia/Australia** Shanghai, Hong Kong, Chengdu, Sydney

Please see the Endnotes and Legal Notice and Disclaimers beginning on page 7.



## Strong Fundraising

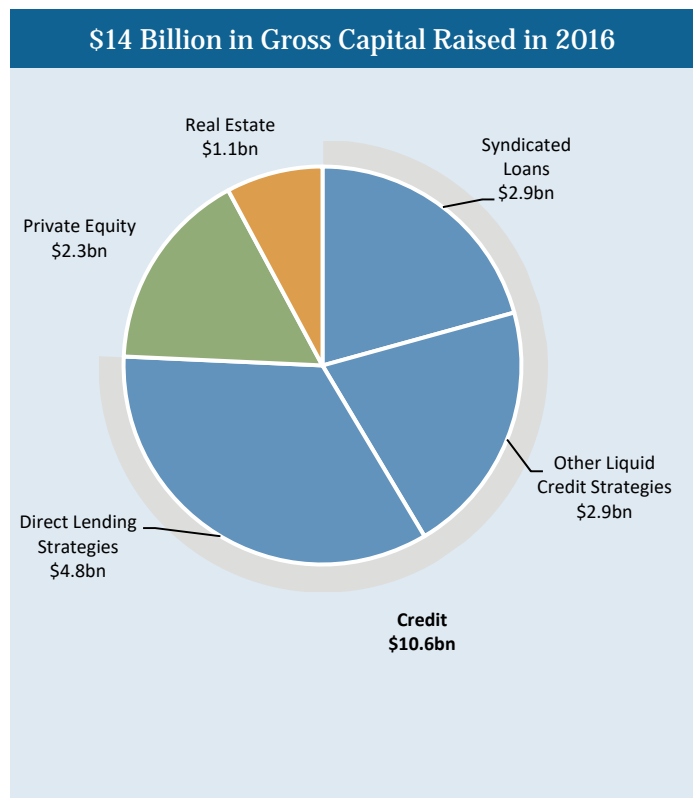
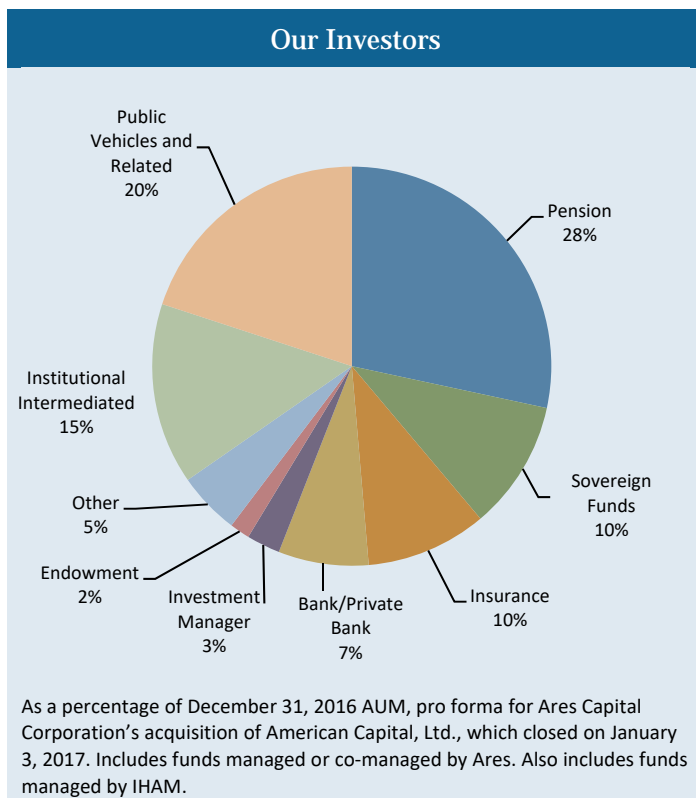
We followed our record fundraising in 2015 with another strong year in 2016. During the year, we raised gross commitments of approximately \$14 billion across our three investment platforms, from 127 direct institutional investors, approximately 50 of which were new to our platform. Approximately 63% of the capital raised was from North American investors, while 37% of the capital raised came from Asia, Europe and the Middle East. Our largest investors continue to be pension funds, insurance companies and sovereign wealth funds, but we are also seeing significant demand and momentum from high net worth investors, endowments and foundations. Key highlights include approximately \$10.6 billion raised in our credit strategies, \$2.3 billion raised in our private equity strategies and \$1.1 billion raised in our real estate private equity and debt strategies.

The trend of growing our relationships within our platform continued in 2016, with existing clients accounting for more than 80% of new commitments. At year end, more than 40% (approximately 285) of our investors, were invested in more than one fund with Ares, up from 23% (approximately 45) just five years ago. Institutional investors continue to seek efficiency in their asset allocations, employing more capital with fewer asset management firms with broader platforms. We are increasingly providing customized cross-platform investment solutions across the risk return spectrum for our clients.

**Credit:** Our differentiated and leading global credit platform continues to have great momentum as investors seek yield and non-correlated returns. These factors helped us raise \$10.6 billion in gross new commitments across over 40 commingled funds, CLOs and separately managed accounts in our Credit business in 2016, including \$4.8 billion in direct lending strategies, \$2.9 billion in syndicated loans, and \$2.9 billion in other liquid credit strategies. In 2016, we held the final closing for our third European direct lending fund, Ares Capital Europe III, which was oversubscribed and closed at its hard cap of €2.5 billion, above its initial target of €2.0 billion. The fund attracted strong backing from a diverse group of existing and new investors globally.

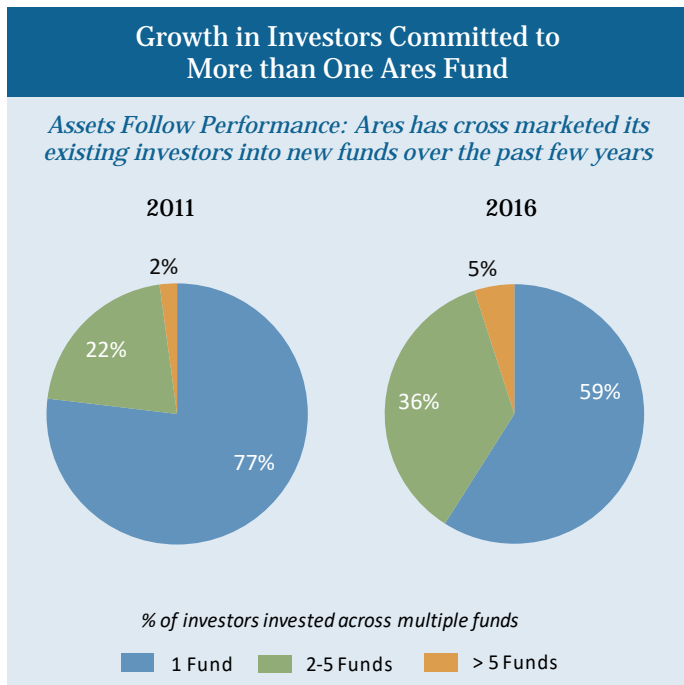
In keeping with our history of launching new product offerings adjacent to our core competencies, we also held a first closing in Q1 2017 of over \$1 billion for our first junior capital private direct lending fund. Over half of the investors participating in the first close were new to the Ares platform. Our junior capital strategy is complementary to our market-leading senior loan funds and invests in upper middle market companies in the form of private high yield, mezzanine debt and second lien loans.

**Private Equity:** We raised \$2.3 billion in gross new commitments in private equity, driven primarily by \$2.2 billion in equity commitments for our fifth global flexible capital private equity fund, Ares Corporate Opportunities Fund V, L.P.



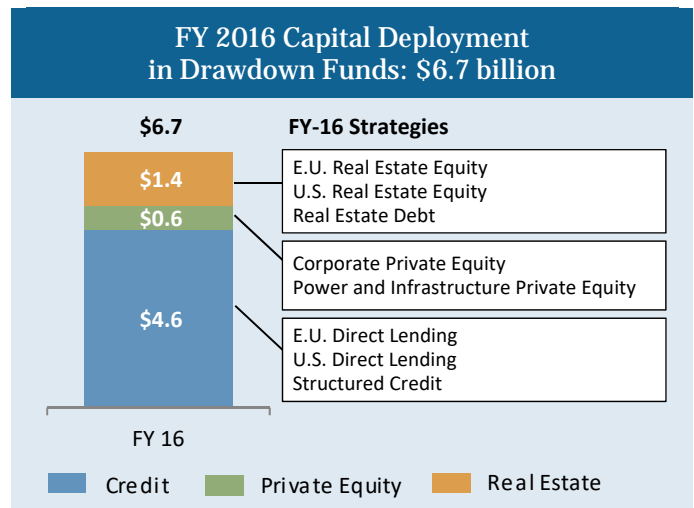
("ACOF V"), which closed at its hard cap of \$7.85 billion, above its initial target of \$6.5 billion. Approximately 80% of ACOF V's limited partner commitments came from existing investors in one or more of the Ares Private Equity Group's four predecessor ACOF funds, a testament to the confidence our investors place in us. We also raised \$130 million in additional equity commitments for our fifth power and energy infrastructure fund and \$30 million in equity commitments for a new fund in our corporate private equity strategy in Asia.

**Real Estate:** We raised approximately \$1.1 billion in gross equity commitments across our real estate equity and debt strategies, driven primarily by equity commitments and co-investments in our U.S. and European equity strategies. Real estate fundraising included a final close for our European Property Enhancement Fund II of €664 million, above its target of more than €600 million.



### Excellence in Investing

2016 was a strong year of fund performance across our platform. We were increasingly selective on the whole as the market environment for quality assets became more competitive in certain segments, particularly after volatility subsided during the second half of the year. Overall, we invested approximately \$10 billion in 2016, \$6.7 billion of which was related to our drawdown funds.



**Credit:** Within our Credit Group, we generated solid performance in a wide range of strategies including full-year gross returns ranging from 9% to 13% across our credit strategies in US and European direct lending, and our liquid strategies in syndicated loans and high yield.

- *U.S. Direct Lending:* Ares Capital Corporation net return of 9.4%<sup>i</sup>
- *European Direct Lending (ACE II):* 9.0% gross, 6.6% net<sup>ii</sup>
- *High Yield:* 12.8% gross, 12.2% net<sup>iii</sup>
- *Syndicated Loans:* 9.0% gross, 8.4% net<sup>iv</sup>

*We were able to use the breadth of our direct origination platform, scale, incumbent relationships and flexibility to source a broad spectrum of risk-adjusted transactions.*

We continued to actively invest in our liquid syndicated loan and high yield strategies. However, our greatest investment activity within drawdown funds was in our U.S. and European direct lending strategies, which comprised more than half of our total deployment. We were able to use the breadth of our origination platform, scale, incumbent relationships and flexibility to source a broad spectrum of attractive transactions. We also continued to grow our presence in structured credit, including our third party CLO investing platform and in the self-originated private asset backed sector, where we continue to see banks retrench from providing asset based financing to specialty finance companies.

**Private Equity:** Our Private Equity Group performance was strong in 2016, with our ACOF I-IV composite returning 31% gross and 24% net.<sup>iv</sup> We continued to focus on attractive

investments in our corporate private equity funds. Given LBO market dynamics and elevated purchase price multiples, we continue to employ an investment strategy emphasizing careful company selection, a focus on high-quality assets and a view on how to drive asymmetric upside.

In keeping with our opportunistic and flexible funds, we were active investors in the energy sector amidst the volatility in early 2016. Within our U.S. power and energy infrastructure fund strategy, market fundamentals for new investment also remain vibrant. This is being driven largely by the ongoing shift in electricity production from coal to natural gas and renewables.

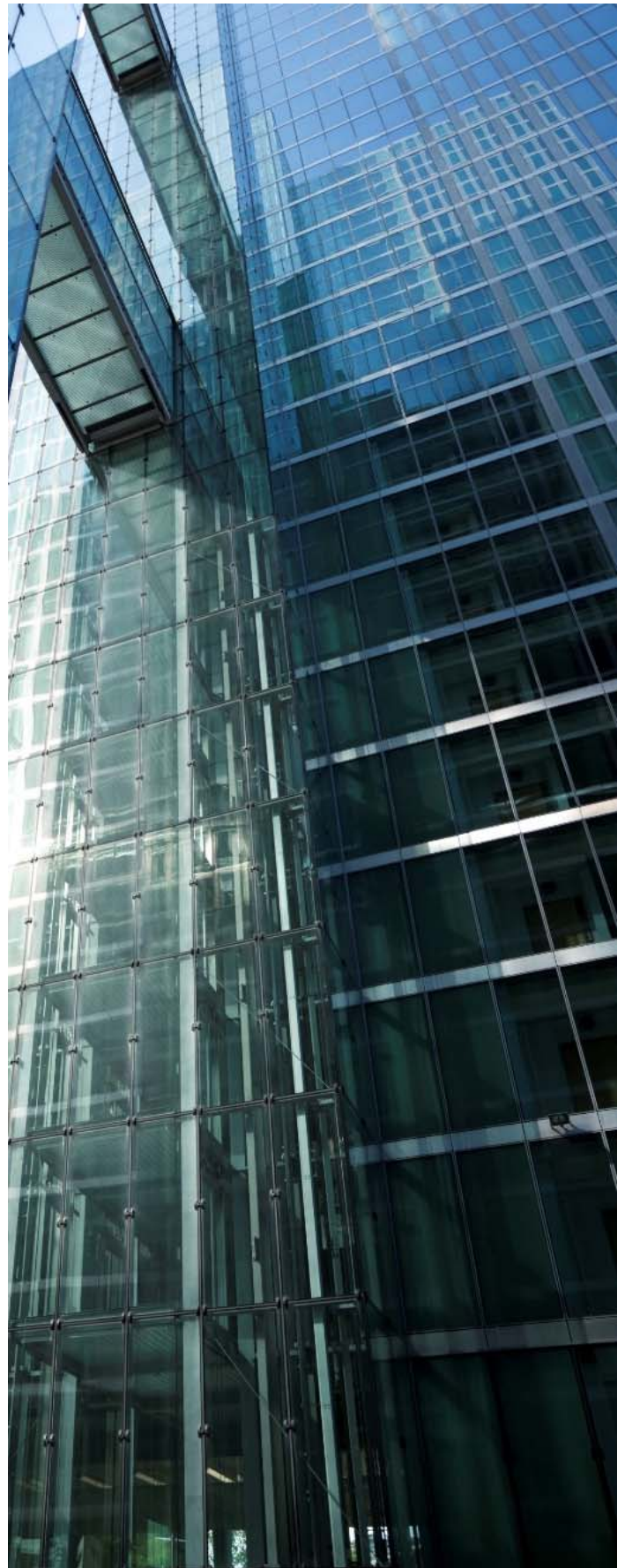
- During 2016, we invested over \$200 million into the development and construction of new energy infrastructure assets, including completion of a natural gas-fired plant in Southern California.
- We are also investing in the construction of two additional natural gas power plants in the Midwest to replace retiring coal generation, while constructing a gas pipeline to bring inexpensive Marcellus shale gas to the eastern seaboard.

**Real Estate:** During 2016, we achieved strong returns in our largest U.S. and European real estate private equity funds:

- *U.S. Real Estate Equity (U.S. Fund VIII):*  
19.5% gross, 11.7% net<sup>v</sup>
- *European Real Estate Equity (EU IV):*  
20.7% gross, 16.2% net<sup>vi</sup>

Within our real estate strategies, we remained active in both the U.S. and Europe, investing in opportunities across the capital structure.

- In the U.S., we focused on acquiring undermanaged cash flowing assets and investing in select, de-risked development opportunities.
- We also continued to expand our modern bulk industrial portfolio, where we have distinct sourcing advantages, and remained active investors in multifamily opportunities in attractive and liquid markets.
- In U.S. real estate debt, we were active lenders to owner operators and sponsors of value-added real estate in the middle market, completing transactions in 15 states through our commercial mortgage REIT, Ares Commercial Real Estate Corporation (NYSE: ACRE), and a SMA.
- Within our European real estate strategy, we leveraged our local knowledge and experience with complex multi-jurisdictional transactions to acquire and execute asset management plans for large Pan-European portfolios of both retail and office assets.
- We also built critical mass within our multifamily portfolio across select markets in the UK, Denmark, and Germany.



## Investment Realizations

In addition to our investing activity, we took advantage of firmer market conditions in the latter half of 2016 to make strategic exits across our portfolios. Distributions to our LP investors increased to \$5.2 billion for the year, compared with \$3.9 billion in 2015. Stronger distributions were primarily driven by increased exit activity in ACOF III, our 2008 vintage corporate private equity fund. Our realizations were tied to sales and recapitalizations of private equity portfolio companies, monetizations within a variety of credit funds, and various real estate property sales primarily in our U.S. equity funds.

*Looking ahead, we remain focused on maintaining our disciplined, selective investment approach, leveraging the power of our broad platform to assess, identify and capitalize on attractively-valued assets.*

## Market Recognition

**Credit:** Our flagship U.S. direct lending fund, Ares Capital Corporation (NASDAQ:ARCC), continues to be the largest business development company. ARCC's recent strategic acquisition of American Capital, Ltd. (NASDAQ: ACAS) has further enhanced its position as a leading direct lender to U.S. middle market companies. ARCC was recognized by *Private Equity International* as Lender of the Year in North America for the third year in a row.<sup>vi</sup> *Private Debt Investor* additionally awarded ARCC with the Global Sponsored Deal of the Year Award for 2016.<sup>vii</sup> *Preqin* ranks Ares as the second largest direct lending fund manager by total funds raised in the last ten years.<sup>viii</sup> Certain of our evergreen, commingled strategies (Ares Institutional Loan Fund and our composites for U.S. banks loans and U.S. high yield debt) received top quartile rankings from *Thomson Reuter's Lipper Fund Awards*.<sup>ix</sup>



Lender of the Year North America  
2014, 2015, 2016



Second Largest Direct Lending Fund  
Manager by Total Funds Raised in  
the Last 10 Years – 2016



Global Sponsored  
Deal of the Year – 2016



Top Quartile Rankings for  
Several Funds

**Private Equity:** In 2016, *Preqin* recognized Ares as the most consistent performing U.S. unlisted infrastructure fund manager in its Global Infrastructure Report.<sup>x</sup> Additionally, *Preqin* has awarded Ares top rankings for our corporate private equity strategies in past years.<sup>xi</sup> *IJGlobal North America* recognized Ares for the North America Power Deal of the Year.<sup>xii</sup>



Most Consistent Performing U.S. Unlisted  
Infrastructure Fund Manager  
(2016 Global Infrastructure Report)

One of Most Consistent Performing  
Buyout Fund Managers  
(2013 Performance Monitor)

Manager of a Top 10 Buyout Fund for Vintages  
2006 through 2010  
(2013 Performance Monitor)



2016 North America  
Power Deal of the Year

**Real Estate:** Certain Ares funds in both U.S. and European real estate private equity hold top quartile investment performance rankings.<sup>xiii</sup> Ares was additionally rated by *PERE* as a Top 15 Real Estate Manager based on 2010-2015 equity raised.<sup>xiv</sup> Bill Benjamin, Head of the Ares Real Estate Group, received Honorable Mention for the 2016 Investor of the Year Award from *Commercial Property Executive*.



Bill Benjamin  
Honorable Mention,  
2016 Investor of the Year Award



Top 15 Real Estate Manager Based  
on 2010-15 Equity Raised



## Financial Results:

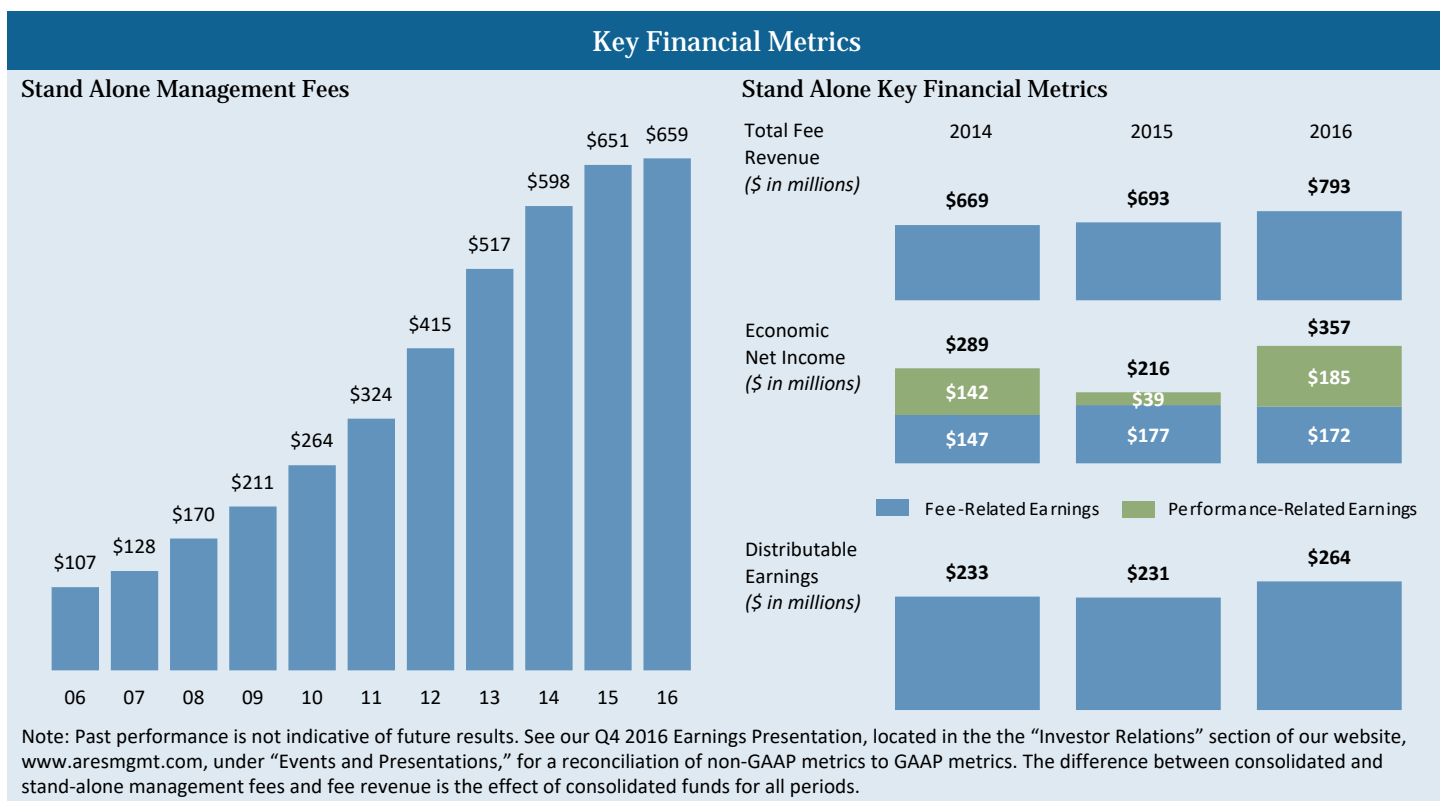
As shown below, we have continued to generate strong growth across our key financial metrics. During 2016, we grew our assets under management to \$99 billion, pro forma for ARCC's acquisition of ACAS, which added approximately \$3.6 billion of AUM, bringing year-over-year growth to approximately 6%. Our full-year 2016 management fees and fee-related earnings were \$659.5 million and \$172.4 million, respectively. Management fees continue to be the primary driver of our results, representing 83% of our 2016 total fee revenue (including fees we generate from ARCC's Part I fees). In 2016, our economic net income increased 65% to \$357 million compared to \$216 million in 2015. Our 2016 distributable earnings increased 15% to \$264 million. For 2016, we distributed \$0.91 per unit to our common unitholders, up from \$0.84 from 2015.

## Strategic Acquisition of ACAS

On January 3, 2017, our externally managed business development company, ARCC, completed its acquisition of ACAS. We believe this strategic acquisition enhanced ARCC's market position as the largest business development company in the United States and a leading direct lender to U.S. middle market companies. The transaction is expected to benefit ARCC stockholders through several anticipated synergies, including:

- improved value proposition to sponsor clients
- further diversification of ARCC's portfolio
- improved access to capital markets
- greater fee income opportunities from underwriting and distribution capabilities

In addition to the increased competitive advantages ARCC obtains from greater scale, Ares Management's AUM and fee-paying AUM increased by \$3.6 billion and \$2.8 billion, respectively, at closing.



## Looking Ahead Into 2017

We feel very good about our strong business performance and believe that we are well-positioned for growth in 2017 and beyond. We have significant dry powder, flexible fund mandates and long-dated capital poised to take advantage of opportunities for selective investments as we navigate through evolving markets. Macroeconomic and industry tailwinds for alternative managers like Ares continue to be positive, particularly with respect to the growing demand for yield and illiquid credit, which means that our fundraising prospects remain very strong. We continue to expand our platform by introducing adjacent products like our new junior capital direct lending fund, where we can leverage our existing core competencies and track records.

Our business benefits from a high proportion of stable management fees, representing more than 80% of our total fees for 2016. Meanwhile, our fee related earnings continue to comprise the majority of our distributable earnings, representing 65% in 2016. By deploying our significant shadow AUM and earning incremental fees, we believe we are on a visible path for earnings growth. We additionally believe that our significant incentive eligible AUM, which was more than \$19 billion at year-end, lays the foundation for further earnings upside in the coming years.

Heading into 2017, we see many catalysts for increased uncertainty and volatility in our investable markets: an uneven global growth picture, geopolitical tensions, European elections, the execution of Brexit, the nature and timing of U.S. fiscal policy implementation, the unwinding of central bank balance sheets, and prospective interest rate hikes, to name a few! As demonstrated by our performance last year, we believe that Ares is well positioned to navigate any volatility ahead due to our long-dated capital, flexible fund structures, significant liquidity and deep experience across market cycles.

As we progress into 2017 and beyond, we are excited and optimistic about our business. We thank our investors for their continued support and confidence in our abilities, our Board for its leadership and our employees for their deep commitment to Ares Management and its stakeholders.



**Tony Ressler**  
Chairman, Chief Executive Officer



**Michael Arougheti**  
President

## Legal Notice

This letter contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or Ares’ future performance or financial condition. These statements are based on certain assumptions about future events or conditions and involve a number of risks and uncertainties. These statements are not guarantees of future performance, condition or results. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the SEC. Ares undertakes no duty to update any forward-looking statements made herein.

Management uses certain non-GAAP financial performance measures to evaluate Ares’ performance and that of its business segments. Management believes that these measures provide investors with a greater understanding of Ares’ business and that investors should review the same supplemental non-GAAP financial measures that management uses to analyze Ares’ performance. The measures described herein represent those non-GAAP measures used by management, in each case before giving effect to the consolidation of certain funds that Ares consolidates with its results in accordance with GAAP. These measures should be considered in addition to, and not in lieu of Ares’ financial statements prepared in accordance with GAAP. These non-GAAP financial measures are discussed more fully in, and the reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included under, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Ares’ Annual Report on Form 10-K (the “Form 10-K”) and are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov).

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

## Endnotes

<sup>i</sup> ARCC 2016 net return was calculated using the fund's NAV and assumes dividends were reinvested at the closest quarter-end NAV to the relevant quarterly ex-dividend dates. Additional information related to ARCC can be found in its financial statements filed with the SEC, which are not part of this document.

<sup>ii</sup> Gross and net returns for E.U. direct lending are represented by ACE II. ACE II is made up of two feeder funds, one denominated in U.S. dollars and one denominated in Euros. The gross returns are for the U.S. dollar denominated feeder fund as that is the larger of the two feeders. The gross and net returns for the Euro denominated feeder fund are 9.2% and 6.5% for FY-16, respectively. Returns are calculated at the fund level and are time-weighted rates of return calculated on a quarterly basis using the modified Dietz method. Returns 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, carried interest, if applicable, or any other expenses. Net returns are reduced by applicable management fees, accrued carried interest, if applicable, and other expenses.

<sup>iii</sup> Performance for syndicated loans is represented by the U.S. Bank Loan Aggregate Composite. Performance for high yield is represented by the U.S. high yield composite.

<sup>iv</sup> Performance for corporate private equity portfolio is represented by the ACOF I-IV Aggregate, which is comprised of investments held by ACOF I, ACOF II, ACOF III and ACOF IV. Gross and net performance returns are time-weighted rates of return calculated on a quarterly basis. Returns 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, carried interest, if applicable, or any other expenses. Net returns include the impact of deducting actual management fees, carried interest and operating expenses of the Funds. We believe aggregated performance returns reflect overall quarterly performance returns in a strategy, but are not necessarily investable funds or products themselves. All returns are expressed in U.S. Dollars. 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.

<sup>v</sup> Returns are gross time-weighted rates of return and do not reflect the deduction of management fees or carried interest, or fund expenses, if applicable. Gross return for U.S. equity is represented by U.S. Fund VIII and gross return for E.U. equity is represented by EU IV. EU IV is made up of two feeder funds, one denominated in U.S. dollars and one denominated in Euros. The gross returns are for the U.S. dollar denominated feeder fund as that is the larger of the two feeders. Net returns are reduced by applicable management fees, accrued carried interest, if applicable, and other expenses. The gross and net returns for the Euro denominated feeder fund were 21.6% and 17.9% for FY-16, respectively.

<sup>vi</sup> Private Equity International selected Ares Management as Mid-Cap Lender of the Year – North America for 2014 and Ares Capital Corporation as Lender of the Year – North America for 2015 and 2016 – Awards based on an industry wide global survey across 60 categories conducted by Private Equity International. In the Mid-Cap Lender of the Year in North America category (renamed to Lender of the Year in 2015), Ares was listed as one of three shortlisted firms as suggested by the editorial board of PEI Media. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.

<sup>vii</sup> Private Debt Investor selected Ares Capital Corporation as Global Sponsored Deal of the Year (Qlik Technologies) for 2016. Awards based on an industry wide global survey across 43 categories conducted by Private Debt Investor. In the Global Sponsored Deal of the Year category Ares was listed as one of four shortlisted firms as suggested by the editorial board of PEI Media. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.

<sup>viii</sup> Please refer to the 2016 Preqin Global Private Debt Report in Figure 5.8 for a detailed list of the Direct Lending managers and funds raised in the last 10 years. Information from the report is sourced from the Preqin Private Debt Online database. The rankings are based on all private debt funds tracked by Preqin from 2006 - 2016. Only funds for which Preqin has fundraising data were considered for purpose of the rankings.

<sup>ix</sup> Lipper Rankings reported in Lipper Marketplace Best Money Managers, December 31, 2016. Lipper Marketplace is the source of the long-only and multi-strategy credit rankings. Lipper's Best Money Managers rankings consider only those funds that meet the following qualification: performance must be calculated "net" of all fees and commissions; must include cash; performance must be calculated in U.S. dollars; asset base must be at least \$10 million in size for "traditional" U.S. asset classes (equity, fixed income, and balanced accounts); and, the classification of the product must fall into one of the categories which they rank. Lipper defines Short Duration as 1-5 years. Lipper's Active Duration definition does not specify a time period but rather refers to an Active rather than Passive strategy. Ares Institutional Loan Fund was ranked 7 out of 59 for the 20 quarters ended December 31, 2016. Composites for Ares U.S. Bank Loan Aggregate and Ares U.S. High Yield additionally received rankings of 8 of 59 and 7 of 43, respectively, for the 20 quarters ended December 31, 2016.

<sup>x</sup> Reference is made to the 2016 Preqin Global Infrastructure Report. Ares Management was ranked second as one of the Most Consistent Performing Unlisted Infrastructure Fund Managers and was the top-listed U.S. infrastructure fund manager in this league table. The rankings are based on a subset of funds tracked by Preqin. Preqin assigns each closed-end fund a quartile ranking based on its performance against other funds of the same geographic focus and vintage year. The methodology used to compile our consistent performing managers list looks at these quartile rankings; a top-quartile fund will be ascribed a score of one, a second-quartile fund a score of two and so on. Preqin only assigns quartile rankings to funds of more mature vintage years. Funds with vintages of 2013 or later are not considered. Furthermore, the table has been restricted to fund managers that have raised at least three funds, and is further narrowed down to include only active fund managers. Managers that have not launched a new fund since 2009 are excluded. The league table does not seek in any way to endorse these fund managers, but rather to illustrate those that have performed the most consistently in the past.

<sup>xi</sup> Please refer to the 2013 Preqin Consistent Performers in Private Equity Report for a detailed description of the ranking methodology. ACOF III was awarded one of the Top 10 Buyout Funds for vintages 2006-2010. The rankings are based on a subset of buyout funds tracked by Preqin. Only funds for which Preqin has performance data and has assigned a quartile ranking have been considered for purpose of the rankings. As such, buyout funds with 2011, 2012 and 2013 vintage years have been excluded. Ares Management was awarded one of the most Consistent Performing Buyout Fund Managers. Only those fund managers that have raised at least three buyout funds of a similar strategy have been considered by Preqin for purposes of the rankings.

<sup>xii</sup> The IJGlobal Awards combine the heritage of Infrastructure Journal and Project Finance to create one of the most prestigious awards for excellence in developing and financing energy, infrastructure and resources transactions. They draw on over two decades of leadership in providing information and analysis in these markets. IJGlobal recognizes excellence in projects and transactions in each sector and region, and its editorial staff, in consultation with the market, picks the winning transactions. Newark Energy Center was voted "Winner North American Power Deal" for 2016.

<sup>xiii</sup> Cambridge Associates Real Estate Index and Benchmark Statistics Report, as of September 30, 2016.

<sup>xiv</sup> PERE 50: Ranking applies to the Ares Real Estate Group related to selected funds managed therein, some of which were previously managed by AREA Property Partners ("AREA") prior to Ares Management LLC's acquisition of AREA in July 2013. The PERE 50 measures equity raised between January 1, 2010 and the end of March 2015 for direct real estate investment through closed-ended, commingled real estate funds and co-investment vehicles that invest alongside those funds. The vehicles must give the general partner discretion over capital and investment decisions and excludes club funds, separate accounts and joint ventures where the general partner does not have discretion over capital and investments. Also excluded are funds with strategies other than real estate value-added and opportunistic (such as core and core-plus), funds not directly investing in real estate (such as fund of funds and debt funds) and funds where the primary strategy is not real estate focused (such as general private equity funds).