Debt Investor Presentation
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Leading Lender to the Middle Market

Ares Capital is a leading specialty finance company that is focused on providing debt and equity financing solutions to U.S. middle market companies.

**Attractive Industry & Corporate Structure**
- Middle market companies have exhibited strong growth, driving demand for financing and capital.
- Decades of bank consolidation and increased regulations have shifted more opportunities to non-bank lenders.
- The BDC structure has a low leverage profile.
- All BDC industry debt that has matured has been repaid at par.

**Significant Competitive Advantages**
- Largest BDC with a $13.0 billion portfolio and significant direct origination platform.
- Long tenured and experienced management team.
- Disciplined underwriting process supports highly selective approach.
- Incumbency benefits derived from large portfolio, providing attractive future investing opportunities.
- Deep portfolio management capabilities that seek to enhance investment performance.

**Well Positioned with Strong Investment Performance**
- Highly diversified portfolio.
- Top tier long term credit performance.
- Strong asset coverage as well as modest leverage ratio.
- Deep sources of liquidity from the portfolio and diverse financing options.
- Demonstrated track record with attractive returns.

**Active, Investment Grade Rated, Index Eligible Issuer**
- One of three BDCs with an investment grade rating from Moody’s, S&P and Fitch.
- Completed 19 debt capital markets transactions totaling $7 billion of financings.
- Strongest execution and most liquid issuer amongst BDCs.
- Demonstrated access to liquidity - 37 debt and equity transactions totaling ~$11 billion since inception.

Past performance is not a guarantee of future results. Diversification does not assure profit or protect against market loss.

(1) Information based on Ares’ observations of current market conditions.
(2) At fair value as of June 30, 2019.
(3) By market capitalization as of June 30, 2019 and total assets as of March 31, 2019, as not all BDC peers have filed June 30, 2019 financial results as of August 1, 2019.
(4) ARCC generated nearly 250 bps of average annual incremental gain differential vs. Peers since 2004. Annual average for ARCC is from December 31, 2004 through June 30, 2019. Annual average for BDC peer group and Banks is from December 31, 2004 to March 31, 2019, as not all BDC Peers have filed June 30, 2019 financial results as of August 1, 2019.
(6) Source: Bank of America Merrill Lynch as of 03/28/19 as measured by senior unsecured notes issued by BDCs greater than or equal to $100mm.
ARCC Has Delivered Compelling Long Term Performance

ARCC’s high quality portfolio and leading track record have led to a strong investment grade profile

- **~430 BPS PREMIUM** To Leveraged Loans
- **~14 YEARS** Length of Track Record
- **+1.2%** Annual Net Realized Gains Since Inception
- **14% IRR** On Realized Investments Since Inception
- **440bps Greater Net ROE Than Peers**
- **13% RETURN** Stock Based Return Since Inception

- Built a high quality portfolio of **345 portfolio companies** with a **focus on senior secured floating rate loans** to middle market companies that has generated long term **~430 bps of yield premium** as compared to average leveraged loans

- **~14 year track record** with low realized credit losses on over $53 billion of capital invested that has resulted in strong interest and attractive dividend coverage

- Approximately $1.1 billion in cumulative net realized gains on investments (**+1.2% average annual net realized gains**) with a consistent track record of generating net realized gains in 13 out of 14 years

- **14% asset level gross IRR on realized investments since inception in 2004**

- Attractive 5 year GAAP net return on equity **~440bps greater than the peer average**

- **13% average annual shareholder return since IPO in 2004**
  - Outperformed the S&P 500, BDC peers and representative bank index

As of June 30, 2019, unless otherwise stated.
Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.

Ares Capital Corporation - Not for Publication or Distribution
ARCC’s Competitive Advantages in an Attractive Market
ARCC’s Proven Business Model and Processes

ARCC’s time-tested strategy and business model have driven strong performance and returns for shareholders.

Past performance is not indicative of future results. Ares Capital Corporation - Not for Publication or Distribution

Active, Investment Grade Rated, Index Eligible Issuer
Supply Constraints Create an Attractive Market Opportunity

We believe supply constraints in the middle market have resulted in attractive risk adjusted returns for direct lenders.

(1) Source: Federal Deposit Insurance Corp Quarterly Banking Profile Q1-19.
(2) Source: S&P Global Market Intelligence U.S. Leverage Loan Data as of Q2-19. Amounts are based on administrative, syndication and documentation agent as well as arranger roles.
Direct Origination & Scale Provide Distinct Competitive Advantages

Broad and Deep U.S. Origination Coverage with Experienced Team

Direct Origination and Scale Improve Asset Selectivity, Credit Quality and Control
- Over 110 investment professionals in eight U.S. offices
- Drives asset selectivity and enhances returns
- Improves due diligence, access and influence over terms
- Focus on lead investing and controlling the tranche
- Active investor post-closing with board seats or observation rights on 38% of the portfolio \(^{(1)}\)

Larger/Broader Product Capability Enhances Returns
- Commit and hold up to $500 million in a single transaction
- Incumbency creates organic growth opportunities within existing portfolio
- Ability to underwrite and selectively sell post-closing

Deep PE Sponsor Network \(^{(2)}\)
- Relationships with over 450 sponsors
- Closed at least one investment with approximately 370 financial sponsors and multiple investments with over 175 financial sponsors in the U.S.

Scale Creates Cost of Capital Advantages
- Enhances access to capital
- Leads to diversified funding sources and more efficient access to capital

93 portfolio companies
65 portfolio companies
164 portfolio companies
Ares office locations

Note: portfolio company locations excludes 23 portfolio companies outside of the United States.
All data is as of June 30, 2019 unless otherwise noted.
(1) Based on fair value.
(2) Data as of March 31, 2019.
* Office locations in New York, NY and Tarrytown, NY.
Why is Direct Origination Important?

1. Widens the Funnel to Provide For a Larger Deal Universe
   - Selectivity

2. Primary Diligence on Thousands of Deals Reviewed Since Inception
   - Better Investing

3. Control Over Structures and Better Economics
   - Differentiated and Diversified Portfolios

4. Incumbency and Relationships
   - Long-Term Annuity

Broad, direct origination is the core foundation of our disciplined investment strategy.
Sourcing Advantages Drives Attractive Portfolio

We believe our portfolio benefits from the many sourcing advantages we have:

**A. Scale & Leadership**
- We believe we are the largest US direct lender with 100+ investment professionals
- Ability to lead results in control of documents and outcomes

**B. Significant Deal Flow**
- Reviewed the majority of annual reported market transactions in 2018

**C. Selectivity**
- Our direct origination capabilities enable optimal asset selectivity

**D. Incumbency**
- Informational advantages
- Opportunity to drive differentiated deal flow
- Supports growth of leading portfolio companies and enhances credit quality

**Arranger role 93% of transactions**

**Reviewed 1,500 transactions in 2018**

**Average ~4% Closing Rate**

**61% of Q2-19 Commitments to Existing Borrowers**

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As of June 30, 2019, unless otherwise stated. Past performance is not indicative of future results.

(1) Calculated based on the cost basis of ARCC’s portfolio as of June 30, 2019, excluding our investment in the subordinated certificates of the SDLP, equity-only investments and legacy investments from portfolio acquisitions.

(2) Combined S&P and Thomson Reuters reported transactions totaled ~1,700 transactions in 2018.

(3) Calculation based on ARCC’s reviewed and closed transactions with new portfolio companies (excludes any investments in existing portfolio companies) in each calendar year or twelve month period and excludes equity-only investments and legacy investments from portfolio acquisitions.

(4) Calculated based on the total commitments completed during the quarter.
Long Tenured & Highly Experienced Investment Team

ARCC benefits from a long tenured and highly experienced team with significant experience in direct lending and extensive middle market knowledge:

- ARCC’s investment team has invested over $53 billion across more than 1,000 transactions since 2004\(^1\)
- Approximately 76% of senior investment professionals in our direct lending team have been with Ares for at least 5 years\(^2\)
- The members of the investment committee possess an average of 23 years of investing experience and every member has been with Ares at least 11 years
- ARCC receives referrals from other teams across the Ares Platform

<table>
<thead>
<tr>
<th>Partners</th>
<th>Mark Affolter</th>
<th>Michael Arougheti</th>
<th>Kipp deVeer</th>
<th>Mitch Goldstein</th>
<th>Jim Miller</th>
<th>Kort Schnabel</th>
<th>Dave Schwartz</th>
<th>Michael Smith</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Experience</td>
<td>30 Years</td>
<td>26 Years</td>
<td>24 Years</td>
<td>25 Years</td>
<td>20 Years</td>
<td>21 Years</td>
<td>18 Years</td>
<td>24 Years</td>
<td>23 Years</td>
</tr>
<tr>
<td>Years with Ares</td>
<td>11 Years</td>
<td>15 Years</td>
<td>15 Years</td>
<td>14 Years</td>
<td>13 Years</td>
<td>18 Years</td>
<td>15 Years</td>
<td>15 Years</td>
<td>14 Years</td>
</tr>
</tbody>
</table>

**U.S. Direct Lending Investment Committee**

**Extensive Direct Lending Team**

<table>
<thead>
<tr>
<th></th>
<th>Direct Lending</th>
<th>Commercial Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Senior Investment Professionals (^2)</td>
<td>~42</td>
<td>~10</td>
</tr>
<tr>
<td>Average Industry Experience of Sr. Professionals</td>
<td>18 years</td>
<td>25 years</td>
</tr>
</tbody>
</table>

As of June 30, 2019.

\(^1\) Includes invested capital from inception on October 8, 2004 through June 30, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination, $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.

\(^2\) Includes principals, managing directors and partners.
Differentiated Portfolio Management Capabilities and Focus

Longstanding Process with Clear Differentiation

- 25 person dedicated portfolio management team is enhanced by Ares firm wide resources such as legal, industry experts, etc.
- 7 have restructuring experience
- Team has deep capabilities:
  - Restructuring
  - Valuation
  - Due diligence

Large Portfolio Management Team

- Ares has spent a significant amount of time and effort creating a web based platform which enhances access, speed and quality of information
- System architecture provides extensive reporting capabilities and data to support investment and portfolio management decisions

Proprietary Technology

- Investment teams work alongside portfolio management team once loan is originated – life of loan approach
- Ongoing dialogue with company and sponsors/owners
- Ares Management provides operational and informational advantages to maximize value

Active Management Approach

- Be early, be smart, be flexible
- Deep ability to protect capital while avoiding unnecessary damage to sponsor relationships
- Generated net positive realized gains vs losses since inception

Extensive Workout Restructuring Experience

As of June 30, 2019, unless otherwise noted. Past performance is not indicative of future results.
Ares Credit Group

Integrated scaled global platform combines direct origination, deep fundamental credit research and broad perspective of relative value

Advantages

- Deep Investment Opportunity Set
- Access to Differentiated Information to Inform Credit Decisions
- Ability to Express Relative Value

Leading Platform of Liquid Credit, Alternative Credit & Direct Lending Strategies

- Syndicated Loans
- Alternative Credit
- Middle Market Cash Flow Loans
- Private Mezz/Opportunistic
- Liquid Credit
- Illiquid Credit

Accolades

- ARCC Received Most Honored Designation & Highest Rankings for Best CEO, CFO, IR Professional and Investor Relations Program
- Top Quartile Rankings for Several Funds
- Lender of the Year (Europe) 2018
- Global Fundraising, BDC (Americas), Lender (Europe), & Fundraising (Europe) of the Year 2018

$105.5 billion AUM(1)

31 Partners averaging 24 years of experience

~260 dedicated investment professionals

Origination, Research & Investment Management

- 15 portfolio managers
- 60+ industry research and structured credit professionals
- ~125 direct origination professionals
- 13 distressed and restructuring specialists

Syndication, Trading & Servicing

- 4 traders in the U.S. and Europe
- 7 dedicated capital markets professionals
- 32 direct lending professionals focused solely on asset management

Investor Relations & Business Operations

- Established investor relations and client service across the Americas, Europe, Asia, Australia and the Middle East

We have experienced teams across the platform that are positioned for excellence in investing and client service

Note: As of June 30, 2019, unless otherwise noted.

1. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser.

2. The performance, awards/ratings noted herein relate only to selected funds/strategies and may not be representative of any given client’s experience and should not be viewed as indicative of Ares’ past performance or its funds’ future performance. All investments involve risk, including loss of principal.

Please see notes at the end of this presentation for additional important information.
ARCC’s Proven Process Has Led to an Attractive Credit Profile
Diversified Attractive Portfolio

Attractively positioned $13.0 billion (1) portfolio that is highly diverse by asset class and issuer

- **81% Senior Secured Loans**(2)
- **Average Position Size 0.3%(3)**
- **Largest investment is 3%(4)**

**Portfolio by Asset Class**(1)

- First Lien Senior Secured Loans - 41%
- Second Lien Senior Secured Loans - 33% (5)
- Senior Direct Lending Program, LLC - 7% (5)
- Senior Subordinated Loans - 5%
- Preferred Equity - 5%
- Other Equity - 9%

**Issuer Concentration**(1)

- Senior Direct Lending Program, LLC - 7% (5)
- Athenahealth, Inc. - 3%
- MacLean-Fogg Company - 2%
- OTG Management, LLC - 2%
- Ministry Brands, LLC - 2%
- Remaining Investments - 74%
- Ivy Hill Asset Management, L.P. - 4%
- Pathway Vet Alliance LLC - 2%
- Singer Sewing Company - 2%
- The Ultimate Software Group, Inc. - 2%
- IRI Holdings, Inc. - 2%

Diversification does not assure profit or protect against market loss. Please see notes at the end of this presentation for additional important information.

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Industry Selection Supports Portfolio Stability

Focus on selecting defensively positioned companies in less cyclical industries

### ARCC Portfolio by Industry (1)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Services</td>
<td>20%</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>7%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>6%</td>
</tr>
<tr>
<td>Other Services</td>
<td>5%</td>
</tr>
<tr>
<td>Automotive Services</td>
<td>4%</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>3%</td>
</tr>
<tr>
<td>Wholesale Distribution</td>
<td>2%</td>
</tr>
<tr>
<td>Containers and Packaging</td>
<td>2%</td>
</tr>
<tr>
<td>Business Services</td>
<td>19%</td>
</tr>
<tr>
<td>Senior Direct Lending Program</td>
<td>7%</td>
</tr>
<tr>
<td>Power Generation</td>
<td>6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5%</td>
</tr>
<tr>
<td>Restaurants and Food Services</td>
<td>3%</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>3%</td>
</tr>
<tr>
<td>Education</td>
<td>2%</td>
</tr>
<tr>
<td>Remaining</td>
<td>6%</td>
</tr>
</tbody>
</table>

### High Yield and Leveraged Loan Industry Exposure to Cyclical Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>ARCC(3) High Yield(4)</th>
<th>Leveraged Loans(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel &amp; Gaming</td>
<td>&lt;1%</td>
<td>5%</td>
</tr>
<tr>
<td>Media &amp; Entertainment</td>
<td>&lt;1%</td>
<td>4%</td>
</tr>
<tr>
<td>Retail</td>
<td>&lt;1%</td>
<td>3%</td>
</tr>
<tr>
<td>Chemicals, Metals &amp; Mining</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Transportation / Aerospace &amp; Defense</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

80+% of LTM S&P LLI defaults were in cyclical industries undergoing structural shifts (e.g., media, energy and retail)(2)

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As of June 30, 2019, unless otherwise stated in Endnotes.
Please see the notes at the end of this presentation for additional important information.
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Conservative Portfolio Company Credit Statistics

On average, our portfolio companies use moderate leverage and have strong interest coverage.

* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q2-19 was approximately 4% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted, this calculation excludes eight companies where prior year comparable data was not available. [6]

Please see the notes at the end of this presentation for additional important information.
ARCC’s Strong Historical Financial Results
Sustained Market Premium for ARCC Yields with Lower Losses

ARCC’s portfolio has historically generated premium performance to syndicated bank loans and high yield bonds.

ARCC’s Portfolio Yield vs. Leveraged Loans & High Yield Bonds

Premium yields...

<table>
<thead>
<tr>
<th></th>
<th>Yield 6/30/19</th>
<th>ARCC Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARCC Yield on Debt and Income Producing Securities at Fair Value (1)</td>
<td>10.5%</td>
<td>-</td>
</tr>
<tr>
<td>ICE BofAML U.S. High Yield Master II</td>
<td>6.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>S&amp;P LSTA Leveraged Loan Yields</td>
<td>6.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>3-month LIBOR</td>
<td>2.3%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

...with lower loss rates

<table>
<thead>
<tr>
<th></th>
<th>Non-Accrual Rate/Default Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average ARCC Non-Accrual Rate at Amortized Cost (4)</td>
<td>2.7%</td>
</tr>
<tr>
<td>High Yield Bond Default Rate (5)</td>
<td>5.1%</td>
</tr>
<tr>
<td>Average Annual Gain/(Loss) Rate</td>
<td></td>
</tr>
<tr>
<td>ARCC (6)</td>
<td>1.2%</td>
</tr>
<tr>
<td>High Yield Bonds (7)</td>
<td>(2.6)%</td>
</tr>
</tbody>
</table>

As of June 30, 2019, unless otherwise stated in the endnotes. Past performance is not indicative of future results. Please see the notes at the end of this presentation for additional important information.
Strong Credit and Investment Performance

ARCC’s net realized gain/(loss) rates have consistently outperformed BDC peers and banks.

Since IPO in October 2004 through June 30, 2019:

14% IRR \(^{(1)(2)}\) Cumulative internal rate of return on ~$26 billion of original amounts invested

~$1.1 billion Net Realized Gains\(^{(3)}\) Cumulative net realized gains generated

1.2% Net Realized Gain Rate\(^{(3)}\) Average annualized net realized gain rate on the principal amount of its investments. ARCC has had a net realized loss in only one fiscal year since inception

Data as of June 30, 2019, unless otherwise noted in Endnotes.

Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.
ARCC Has a Compelling Track Record of Credit Performance

ARCC’s annual loss rate has been significantly better than the industry averages.

<table>
<thead>
<tr>
<th>ARCC Credit Experience Since Inception (1)</th>
<th>First Lien</th>
<th>Second Lien &amp; Subordinated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Measured (1)</td>
<td>2004 – Q1-19</td>
<td>2004 – Q1-19</td>
</tr>
<tr>
<td>Significant Capital Deployed (1)</td>
<td>$39 billion</td>
<td>$12 billion</td>
</tr>
<tr>
<td>Meaningful Realizations</td>
<td>71% Realized</td>
<td>59% Realized</td>
</tr>
<tr>
<td>Long History of Investments</td>
<td>1,050+ Investments</td>
<td>300+ Investments</td>
</tr>
<tr>
<td>Leading Loss Performance</td>
<td>&lt; 10 bps (2)</td>
<td>&lt; 20 bps (3)</td>
</tr>
</tbody>
</table>

ARCC’s loss rates are below industry averages:

- **First Lien:**
  - Middle Market Senior Loans - 0.6%(4)
  - Broadly Syndicated Market Senior Loans - 0.8%(5)
  - ARCC < 0.1%

- **Second Lien & Subordinated:**
  - Subordinated Unsecured Loans – 3.0%(6)
  - ARCC < 0.2%

As of March 31, 2019, unless otherwise stated.
Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.
Credit Performance on Realized Non-Accrual Loans

For the 49 realized payment defaults across the 1,000+ investments originated since inception, we have received total proceeds in excess of capital extended to such borrowers.

Ability to Manage Loans in Default
- Work with Sponsor to Minimize Losses
- Take Greater Control and/or Ownership
- Forced Sale or Refinance
- Other Distressed Exit

Combined Recovery of 102%⁽¹⁾ on our realized non-accrual loans since inception

Past performance is not indicative of future results.

(1) Since inception beginning October 2004 through March 31, 2019. Includes all realized non-accrual loans, as well as one loan that was on non-accrual and has a partial realized gain, recognized in accordance with U.S. GAAP.
Compelling Core Earnings and Return on Equity

ARCC has generated strong core earnings\(^1\) and stable core ROE\(^2\) since our IPO.

Long standing track record of stable core ROE ranging from ~8% to ~12% annually over the past 10 years.

We’ve out-earned our dividend with cumulative core earnings plus net realized gains since our IPO.

Consistent Core Return on Equity \(^2\)

Cumulative Core Earnings Plus Net Realized Gains vs. Cumulative Dividends \(^1\)

Note: All data as of June 30, 2019. There can be no assurance that dividends will continue to be paid at historic levels or at all. Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.
Long Standing Investment Grade Ratings

One of three BDCs with an investment grade rating from Moody’s, S&P and Fitch (1)

<table>
<thead>
<tr>
<th>Current Rating</th>
<th>Current Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moody’s</strong></td>
<td></td>
</tr>
<tr>
<td>Baa3</td>
<td>Positive</td>
</tr>
<tr>
<td><strong>S&amp;P Global</strong></td>
<td></td>
</tr>
<tr>
<td>BBB-</td>
<td>Positive</td>
</tr>
<tr>
<td><strong>Fitch Ratings</strong></td>
<td></td>
</tr>
<tr>
<td>BBB</td>
<td>Stable</td>
</tr>
</tbody>
</table>

The ratings noted herein may not be representative of any given investor’s experience. Past performance is not indicative of future results. All investments involve risk, including loss of principal.

(1) As of July 26, 2019.
Deep and Diverse Access to Debt Financing

We believe that ARCC is a very efficient issuer of liabilities

- **Significant access to long-dated, lower cost revolving debt facilities with 5-7 year terms**
- **Reduced pricing over time and continue to periodically extend maturities**
- **No “mark to market” financing**

### Aggregate Principal Amount of Commitments Outstanding

<table>
<thead>
<tr>
<th>Aggregate Principal Amount of Commitments Outstanding (1)</th>
<th>Principal Outstanding</th>
<th>Weighted Average Stated Interest Rate (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Secured Revolving Facilities (3)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility (4)</td>
<td>$3,365</td>
<td>$1,119</td>
</tr>
<tr>
<td>Revolving Funding Facility (5)</td>
<td>1,275</td>
<td>608</td>
</tr>
<tr>
<td>SMBC Funding Facility (6)</td>
<td>400</td>
<td>176</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$5,040</td>
<td>$1,903</td>
</tr>
<tr>
<td><strong>Unsecured Notes Payable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2022 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2022 Convertible Notes</td>
<td>388</td>
<td>388</td>
</tr>
<tr>
<td>2023 Notes</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>2024 Convertible Notes</td>
<td>403</td>
<td>403</td>
</tr>
<tr>
<td>2024 Notes</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>2025 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2047 Notes</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$4,221</td>
<td>$4,221</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>$9,261</td>
<td>$6,124</td>
</tr>
<tr>
<td>Weighted Average Stated Interest Rate</td>
<td>4.10% (7)</td>
<td>4.09%</td>
</tr>
<tr>
<td>Principal Debt / Book Equity Ratio, Net of Cash</td>
<td></td>
<td>0.76x</td>
</tr>
</tbody>
</table>

All data as of June 30, 2019, unless otherwise noted. Please see the notes at the end of this presentation for additional important information.
Deep Sources of Liquidity and Well Laddered Maturities

Investment portfolio provides ample cash flows to support debt maturities

The long term average of 37% sales and repayments on our current portfolio of $13.4 billion at amortized cost implies $5.0 billion of annual liquidity, which is significantly in excess of debt maturities in any one year.

Note: As of June 30, 2019, unless otherwise stated.

(1) Investments with contractual maturity dates are included in the year of the stated maturity. The investments in the subordinated certificates of the SDLP and investments with no contractual maturity dates are included in the “Thereafter” years.
Additional Sources of Repayment

In addition to the liquidity from our portfolio we have ~$3.1B of availability on lines of credit as well as a history of issuing debt to refinance maturities.

Sources of Borrowings & Capacity

- Convertible Unsecured Notes
- Other Unsecured Notes
- Secured Revolving Credit Facilities

Contractual Maturities (4)

- Convertible Unsecured Notes (5)
- Other Unsecured Notes (6)(7)
- Secured Revolving Credit Facilities (8)(9)(10)

Market access supplements existing liquidity - completed 19 debt capital markets transactions / $7 billion of financings to date

Note: As of June 30, 2019, unless otherwise stated.
Please see notes at the end of this presentation for additional important information.
Strong Coverage Ratios

ARCC noteholders benefit from conservative liability structure and significant unencumbered assets

**Strong Asset Coverage for Unsecured Notes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.5x</td>
</tr>
<tr>
<td>2015</td>
<td>2.6x</td>
</tr>
<tr>
<td>2016</td>
<td>2.6x</td>
</tr>
<tr>
<td>2017</td>
<td>2.9x</td>
</tr>
<tr>
<td>2018</td>
<td>3.2x</td>
</tr>
<tr>
<td>Q2-19</td>
<td>2.8x</td>
</tr>
</tbody>
</table>

**Significant Fixed Charge Coverage from Earnings**

<table>
<thead>
<tr>
<th>Year</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.2x</td>
</tr>
<tr>
<td>2015</td>
<td>3.2x</td>
</tr>
<tr>
<td>2016</td>
<td>3.7x</td>
</tr>
<tr>
<td>2017</td>
<td>3.5x</td>
</tr>
<tr>
<td>2018</td>
<td>4.1x</td>
</tr>
<tr>
<td>Q2-19</td>
<td>4.1x</td>
</tr>
</tbody>
</table>

Note: The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments.

1. Calculated as Investments at fair value pledged to secured facilities and SBA debentures less debt outstanding in secured facilities and SBA debentures, plus cash and cash equivalents, plus unencumbered investments at fair value, all divided by unsecured notes outstanding. Note: Certain assets are not pledged to the Revolving Credit Facility and the facility restricts in certain respects ARCC’s ability to pledge these assets. As of the end of each given period.

2. Calculated as the ratio of earnings to fixed charges where earnings represent net investment income excluding interest and facility fees, income taxes and capital gains incentive fees accrued in accordance with GAAP, and fixed charges represent interest and facility fees. As of the end of each given period.
Our Conservative Leverage Profile

Expanded regulatory cushion with SBCAA improves risk profile while maintaining low leverage

Expanded Cushion

Leverage Profile Favorable Compared to Other Entities

Target leverage shown for illustrative purposes only and subject to change. The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments.

Please see notes at the end of this presentation for additional important information.

Ares Capital Corporation - Not for Publication or Distribution
Conclusion

We believe ARCC is well positioned to continue to generate attractive future financial performance.
ARCC Serves Strong and Vibrant Middle Market Companies

Defining the U.S. Middle Market

- **Annual Revenue**: $10M–$1B
- **Nearly 200,000 Businesses**
- **3rd Largest Global Economy**
- **Nearly 33% of Private Sector GDP**
- **1/3 of All U.S. Jobs**

Strong Industry Fundamentals

- Middle Market Cumulative Revenue Growth vs. S&P 500
- Middle Market Hiring Remains Strong

For illustrative purposes only. Source: National Center for the Middle Market. As of March 31, 2019. Ares Capital Corporation - Not for Publication or Distribution
ARCC’s Portfolio Has Generated Higher Returns with Less Risk

Our investment strategy and competitive advantages have led to attractive returns with lower volatility.

**Annual Returns (Dividends & Change in NAV)**

- **3 Years**
  - ARCC: 12.1%
  - BDC Peers: 6.9%
  - High Yield Index: 9.9%
  - Loan Index: 6.2%

- **5 Years**
  - ARCC: 11.2%
  - BDC Peers: 6.8%
  - High Yield Index: 5.3%
  - Loan Index: 3.9%

- **Since IPO (2004)**
  - ARCC: 11.9%
  - BDC Peers: 6.1%
  - High Yield Index: 7.2%
  - Loan Index: 4.7%

**Volatility of Annual Returns (Standard Deviation of Dividends & Change in NAV)**

- **3 Years**
  - ARCC: 1.3%
  - BDC Peers: 4.1%
  - High Yield Index: 5.9%
  - Loan Index: 3.4%

- **5 Years**
  - ARCC: 1.6%
  - BDC Peers: 4.4%
  - High Yield Index: 6.2%
  - Loan Index: 3.4%

- **Since IPO (2004)**
  - ARCC: 7.5%
  - BDC Peers: 11.3%
  - High Yield Index: 10.5%
  - Loan Index: 9.8%

As of March 31, 2019, unless otherwise stated. Past performance is not indicative of future results. Please see the notes at the end of this presentation for additional important information.
ARCC Has Generated Realized Gains to Offset Losses

Active portfolio management and internal resources seek to protect downside and have generated net returns on the principal amount of investments across a variety of methods.

Our ability to successfully invest equity, acquire companies, structure loans and work out troubled investments has created ~$1,065 mm of net realized gains since our inception (1).

Sources of Cumulative Net Realized Gains Since Inception (1)

<table>
<thead>
<tr>
<th>Source</th>
<th>Nature of Gains / Losses</th>
<th>$ in mm</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARCC Restructuring Gains</td>
<td>Primarily equity received in workouts</td>
<td>~$255</td>
</tr>
<tr>
<td>Acquired Portfolio Net Gains</td>
<td>Effective monetization of controlled buyouts, CLOs and other investments</td>
<td>~$550</td>
</tr>
<tr>
<td>ARCC Equity Net Gains</td>
<td>Primarily equity tags and minority equity investments</td>
<td>~$330</td>
</tr>
<tr>
<td>ARCC Other Debt Gains</td>
<td>Primarily call protection and discount accretion</td>
<td>~$260</td>
</tr>
<tr>
<td>ARCC Debt Losses</td>
<td>Relatively minimal losses through credit selection &amp; loss avoidance once in deals</td>
<td>~($330)</td>
</tr>
<tr>
<td>Cumulative Net Realized Gains</td>
<td></td>
<td>~$1,065</td>
</tr>
</tbody>
</table>

Note: Past performance is not indicative of future results.

(1) From inception on October 8, 2004 through June 30, 2019. Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.

Ares Capital Corporation - Not for Publication or Distribution
Stable Non-Accruals

ARCC’s non-accruals generally remain low and below historical averages.

Non-Accruals at Cost
Percentage of Total Investment Portfolio

Non-Accruals by Fair Value
Percentage of Total Investment Portfolio

As of June 30, 2019.

(1) Calculated as the average quarterly percentages from Q3-2009 through Q2-2019.
Rigorous Underwriting and Credit Management

Our in-depth process often spans several months, allowing for thoughtful decision making.

Key Attributes of ARCC Borrowers

- Defensive oriented franchise businesses
- High free cash flow
- Above market growth prospects
- Diverse sources of profitability
- Premier financial sponsors with meaningful “skin in the game”
- Leading management teams
- Appropriate capital structure
- ARCC has lead role

Ares’ Approach:

- Seek to invest in leading, non-cyclical businesses with attractive growth prospects and high free cash flows
- Use direct origination and scale to provide greater influence on loan structures to maintain high selectivity
- Seek to be the lead lender with voting control to have the ability to impact outcomes
- Use incumbent positions to support growth of leading portfolio companies and to help enhance credit quality
- Be proactive managing investments and use our robust process to preserve capital and create value

(1) Not every investment meets each of the criteria.
## ARCC’s Robust Valuation Process and Approach

**Disciplined, Longstanding Process for Determining Portfolio Valuation**

<table>
<thead>
<tr>
<th>Valuation Team</th>
<th>Internal Valuation</th>
<th>Third Party Valuation</th>
<th>Final Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 25 person dedicated portfolio management team provides portfolio monitoring and is responsible for managing the quarterly valuation process</td>
<td>• Deal team and portfolio management team complete a valuation analysis and write-up on each portfolio company on a quarterly basis</td>
<td>• Each portfolio investment is reviewed by one of our four independent valuation providers engaged by the Board of Directors at least once during a trailing 12-month period (with certain de minimis exceptions)</td>
<td>• All valuations are presented to the Board of Directors for review and final determination of fair value</td>
</tr>
<tr>
<td>• Perspective is enhanced by the larger Ares platform including broader industry and deal data and capital markets trends</td>
<td>• Initial recommendations for valuations are produced using widely recognized and utilized valuation approaches and methodologies, including market approach, income approach, and / or cost approach</td>
<td>• SDLP &amp; IHAM are reviewed each quarter</td>
<td></td>
</tr>
<tr>
<td>• Our view of the market, based upon the ~1,500 middle market deals reviewed during 2018, provides further insight on valuations</td>
<td>• Each valuation package is presented to the Investment Committee for approval with members of the investment team and portfolio management team present</td>
<td>• Some other portfolio companies may be selected to be reviewed more frequently</td>
<td></td>
</tr>
</tbody>
</table>

**Valuation Team**

- Deal team and portfolio management team complete a valuation analysis and write-up on each portfolio company on a quarterly basis
- Initial recommendations for valuations are produced using widely recognized and utilized valuation approaches and methodologies, including market approach, income approach, and / or cost approach
- Each valuation package is presented to the Investment Committee for approval with members of the investment team and portfolio management team present

**Internal Valuation**

- Each portfolio investment is reviewed by one of our four independent valuation providers engaged by the Board of Directors at least once during a trailing 12-month period (with certain de minimis exceptions)
  - SDLP & IHAM are reviewed each quarter
  - Some other portfolio companies may be selected to be reviewed more frequently
- The independent valuation providers provide positive assurance with independent range of values on each investment valuation reviewed
- In addition, our independent registered public accounting firm performs select procedures relating to our valuation process within the context of performing the integrated audit

**Third Party Valuation**

- Each portfolio investment is reviewed by one of our four independent valuation providers engaged by the Board of Directors at least once during a trailing 12-month period (with certain de minimis exceptions)
  - SDLP & IHAM are reviewed each quarter
  - Some other portfolio companies may be selected to be reviewed more frequently
- The independent valuation providers provide positive assurance with independent range of values on each investment valuation reviewed
- In addition, our independent registered public accounting firm performs select procedures relating to our valuation process within the context of performing the integrated audit

**Final Determination**

- All valuations are presented to the Board of Directors for review and final determination of fair value

As of June 30, 2019, unless otherwise noted.
BDC Structure Offers Benefits to Creditors

We believe creditors benefit from the leverage restrictions and diversification requirements of the BDC/RIC structure.

**BDCs are closed-end investment companies regulated by the SEC**

- Created to encourage investment in small and middle market companies
- As of June 30, 2019, there were 52 publicly listed/active BDCs with a total combined market capitalization of $34.6 billion\(^1\)
- Make debt and equity investments with ability to invest across a company’s capital structure
- Must generally invest at least 70% of assets in U.S. private companies or U.S. public companies with market capitalizations under $250 million

**The BDC/RIC structure provides limitation on leverage and requires portfolio diversification**

- Portfolio must be well diversified
  - No single investment can account for more than 25% of total assets
  - At least 50% of total assets must be comprised of individual holdings of less than 5% of total assets each
- ARCC has an asset coverage ratio requirement of at least 150% (maximum debt to equity of approximately 2:1) in order to borrow or pay dividends
- Required to pay at least 90% of taxable income as dividends to shareholders to qualify as a RIC
  - Portfolio must generate sufficient cash flows to pay interest as well as dividends to equity investors junior to debt holders

**Ares Capital Corporation is the Largest BDC\(^2\)**

---

Diversification does not assure profit or protect against market loss.

\(1\) Source: SNL Financial and Wells Fargo securities.

\(2\) By both market capitalization as of June 30, 2019 and total assets as of March 31, 2019, as not all BDC peers have filed June 30, 2019 financial results as of August 1, 2019.
## Reconciliation of Core Earnings

### Reconciliations of Core Earnings to GAAP Earnings

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>For the years ended</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Earnings (1)</td>
<td>$ 381</td>
<td>$ 442</td>
</tr>
<tr>
<td>Professional fees and other costs related to the American Capital Acquisition (2)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Ares Reimbursement (3)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses)</td>
<td>159</td>
<td>58</td>
</tr>
<tr>
<td>Incentive fees attributable to net realized and unrealized gains and losses</td>
<td>(32)</td>
<td>(11)</td>
</tr>
<tr>
<td>Income tax and other expenses related to net realized and unrealized gains and losses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>GAAP Earnings</td>
<td>$ 508</td>
<td>$ 489</td>
</tr>
</tbody>
</table>

(1) Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders’ equity resulting from operations less professional fees and other costs related to the American Capital Acquisition, expense reimbursement from Ares Capital Management LLC (the “Ares Reimbursement”), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Net increase (decrease) in stockholders’ equity is the most directly comparable GAAP financial measure. Ares Capital believes that Core Earnings provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

(2) See Note 16 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the American Capital Acquisition.

(3) See Note 13 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the Ares Reimbursement.
Endnotes

Slide 4: ARCC Has Delivered Compelling Long Term Performance

1. Calculated as the average spread between ARCC’s yield on debt and income producing securities and the yield on the S&P LSTA Leveraged Loan Index from 2013 to Q2-2019.
2. Includes invested capital from inception on October 8, 2004 through June 30, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination. $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.
3. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO to Q2-2014 to June 30, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
4. Based on original cash invested, net of syndications, of approximately $26.0 billion and total proceeds from such exited investments of approximately $33.2 billion from inception on October 8, 2004 through June 30, 2019. Internal rate of return (“IRR”) is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
5. Analysis includes externally managed BDCs with market capitalizations of at least $400 million or greater as of March 31, 2019, which have been publicly listed for 5 years: AINV, BBDC, BKCC, GBDC, HTGC, MAIN, NMFC, OCSL, OCSE, PFLT, PNNP, PSEC, SLRC, SUNS, TCP, and TSX. GAAP ROE is measured by net income divided by average equity over the five year period ended March 31, 2019.
6. Source: SNL Financial. As of June 30, 2019. Ares Capital Corporation’s stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corporation’s rights offering issuance as of March 20, 2008.
7. As of June 30, 2019. S&P 500 returns measured by the S&P 500 Index, which measures the performance of the large-cap segment of the market. The S&P 500 is considered to be a proxy of the U.S. equity market and is composed of 500 constituent companies. BDC returns measured by SNL U.S. Registered Investment Companies (RICs) Index, which includes all publicly traded (NYSE, NYSE American, NASDAQ, OTC) Regulated Investment Companies in SNL’s coverage universe. Bank returns measured by the KBW Nasdaq Bank Index (BXX), which is a modified market capitalization weighted index designed to track the performance of leading banks and thrifts that are publicly traded in the U.S. The BXX index includes banking stocks representing large U.S. national money centers, regional banks and thrift institutions.

Slide 13: Ares Credit Group

Performance Notes:

- ARCC received the 2019 All-America Executive Team award alongside 66 other companies. Ares personnel received first place awards in the following category: IR program. 152 other institutions also received a first-, second-, or third-place ranking in this category. Institutional Investor based these awards on the opinions of 2,742 portfolio managers and buy-side analysts, and 655 sell-side analysts who participated in this survey.
- Institutional Investor logo from Institutional Investor, ©2019 Institutional Investor, LLC. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.
- Lipper Rankings reported in Lipper Marketplace Best Money Managers, March 31, 2019. 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 15 of 55 for the 20 quarters ended March 31, 2019. Composites for Ares U.S. Bank Loan Aggregate and Ares U.S. High Yield additionally received rankings of 14 of 55 and 4 of 38, respectively, for the 20 quarters ended March 31, 2019.
- Private Equity International selected Ares Management as Lender of the Year in Europe – 2018. Awards based on an industry wide global survey across 60 categories conducted by Private Equity International. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.
- Private Debt Investor selected Ares Management for Global Fundraising of the Year, Lender of the Year in Europe, and Fundraising of the Year in Europe and selected Ares Capital Corporation for BDC of the year in the Americas. Awards based on an industry wide global survey across 43 categories conducted by Private Debt Investor. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.
Endnotes

Slide 15: Diversified Attractive Portfolio
1. At fair value as of June 30, 2019.
2. Including First Lien Senior Secured Loans, Second Lien Senior Secured Loans and investments in the subordinated certificates of the Senior Direct Lending Program.
3. Number of portfolio companies divided by total portfolio at amortized cost.
4. Based on fair value as of June 30, 2019. Excludes IHAM & SDLP.
5. Represents Ares Capital’s portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of June 30, 2019, the Senior Direct Lending Program, LLC’s (the “SDLP”) loan portfolio totaled approximately $3.8 billion in aggregate principal amount and had loans to 23 different borrowers. As of June 30, 2019, the SDLP’s largest loan to a single borrower was $350 million in aggregate principal amount and the five largest loans to borrowers totaled $1.4 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.

Slide 16: Industry Selection Supports Portfolio Stability
1. At fair value as of June 30, 2019.
6. Represents Ares Capital’s portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of June 30, 2019, the Senior Direct Lending Program, LLC’s (the “SDLP”) loan portfolio totaled approximately $3.8 billion in aggregate principal amount and had loans to 23 different borrowers. As of June 30, 2019, the SDLP’s largest loan to a single borrower was $350 million in aggregate principal amount and the five largest loans to borrowers totaled $1.4 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.
Endnotes

Slide 17: Conservative Portfolio Company Credit Statistics

1. The weighted average EBITDA and average EBITDA for the underlying borrowers includes information solely in respect of corporate investments in Ares Capital’s portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate finance companies. The portfolio weighted average EBITDA for the underlying borrowers in the SDLP was $42.8 million, $44.5 million, $44.4 million, $45.7 million and $52.1 million as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was $38.6 million, $40.3 million, $40.7 million, $41.8 million and $45.1 million as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively.

2. Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

3. EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

4. Portfolio weighted average total net leverage multiples represent Ares Capital’s last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio weighted average total net leverage multiples for borrowers in the SDLP represent the SDLP’s last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.8x, 5.9x, 5.8x, 5.7x and 5.9x as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

5. Portfolio weighted average interest coverage ratio represents the portfolio company’s EBITDA as a multiple of interest and facility fees expense. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.1x, 2.1x, 2.0x, 2.0x and 2.0x as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

6. The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

Slide 19: Sustained Market Premium for ARCCYields with Lower Losses

1. The weighted average yield on debt and other income producing securities is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.

2. The S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the index: senior secured, minimum initial term of one year, US dollar denominated, minimum initial spread of LIBOR + 125 basis points, $50M initially funded loans. Inception date: January 1, 1997.

3. The ICE BofA/Merrill Lynch High Yield Index ("H0A0") tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody’s, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest. Inception date: August 31, 1986.

4. Represents ARCC’s average quarterly non-accrual rate at amortized cost from inception in October 8, 2004 to June 30, 2019.


6. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to June 30, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes realized gains/losses from the extinguishment of debt and other transactions.

Endnotes

Slide 20: Strong Credit and Investment Performance

1. As of June 30, 2019. Based on original cash invested, net of syndications, of approximately $26.0 billion and total proceeds from such exited investments of approximately $33.2 billion from inception on October 8, 2004 through June 30, 2019.

2. Internal rate of return ("IRR") is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR's shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

3. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to June 30, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.

4. BDC peer group consists of BDCs with a market capitalization of $400 million or greater as of March 31, 2019 or who are under common management with a BDC that meets these criteria and have been publicly traded for at least one year. Peers include: AINV, BBDC, BKCC, CGBD, OCSL, OCSI, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. Net realized gain/(loss) rate calculated as an average of a BDC's historical annual net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.

5. Source: KBW and FDIC Commercial Banking Data. Calculated as net charge-offs for commercial and industrial loans divided by net commercial and industrial loans and leases for the respective periods.

6. LTM period for ARCC is July 1, 2018 to June 30, 2019. LTM period for BDC Peer Group and Banks is April 1, 2018 to March 31, 2019, as not all BDC Peers have filed June 30, 2019 financial results as of August 1, 2019.

7. Annual average for ARCC is from December 31, 2004 through June 30, 2019. Annual average for BDC peer groups and Banks is from December 31, 2004 to March 31, 2019, as not all BDC Peers have filed June 30, 2019 financial results as of August 1, 2019.

Slide 21: ARCC Has a Compelling Track Record of Credit Performance

1. Includes invested capital from inception on October 8, 2004 through March 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes syndications within one year of origination, $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.

2. Cumulative realized losses of first lien loans as an annualized percentage of cumulative first lien loans originated since inception through March 31, 2019.

3. Cumulative realized losses of second lien and subordinated loans as an annualized percentage of cumulative second lien and subordinated loans originated since inception through March 31, 2019.

4. Represents the average annual middle market senior loan default rate of 1.8% per “Fitch U.S. Leveraged Loan Default Insights” for 2007-2018 multiplied by (1 minus the recovery rate for senior secured loans of 69%) per “Moody’s Annual Default Study” for 2007-2018. Data availability begins in 2007.

5. Represents the average annual broadly syndicated senior loan default rate of 2.7% per “Fitch U.S. Leveraged Loan Default Insights” for 2007-2018 multiplied by (1 minus the recovery rate for senior secured loans of 69%) per “Moody’s Annual Default Study” for 2007-2018. Data availability begins in 2007.

Slide 23: Compelling Core Earnings and Return on Equity

1. Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders’ equity resulting from operations less professional fees and other costs related to the American Capital Acquisition, expense reimbursement from Ares Capital Management LLC (the “Ares Reimbursement”), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Net increase (decrease) in stockholders’ equity is the most directly comparable GAAP financial measure. Ares Capital believes that Core Earnings provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. See Note 16 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the American Capital Acquisition. See Note 13 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the Ares Reimbursement.

2. Core return on equity calculated as Core Earnings as defined in item (1) above divided by average equity over the relevant time period. Core return on equity as of Q2-19 is Q2-19 Core Earnings as defined in item (1) divided by Q2-19 equity, annualized.

Slide 26: Deep and Diverse Access to Debt Financing

1. Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.

2. Effective stated rate as of June 30, 2019.

3. Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.

4. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an “alternate base rate” (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of June 30, 2019, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a $674 million term loan tranche with a stated maturity date of March 30, 2024 and a $2,691 million revolving tranche. For the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2024, Ares Capital is required to repay outstanding principal amounts under both the term loan tranche and revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with $395 million of the term loan tranche of the Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on $395 million of the term loan tranche.

5. The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a “base rate” (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. As of June 30, 2019, the interest rate in effect was LIBOR plus 2.00%. As of June 30, 2019, the end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 3, 2022 and January 3, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.

6. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a “base rate” (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of June 30, 2019, the interest rate in effect was LIBOR plus 1.75%. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2019 and September 14, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.

7. Assumes all committed capital is fully drawn. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with the $395 million term loan tranche of the Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on the term loan tranche.
Endnotes

Slide 28: Additional Sources of Repayment

1. Represents the total aggregate principal amount outstanding as of June 30, 2019.
2. Subject to borrowing base, leverage and other restrictions.
3. Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
4. Represents the total aggregate principal amount outstanding due on the stated maturity.
5. While Ares Capital expects to settle the 2022 and 2024 Convertible Notes of $388 million and $403 million, respectively, in cash, Ares Capital has the option to settle the both the 2022 and 2024 Convertible Notes in cash, shares of common stock or a combination of cash and shares of common stock.
6. The 2020 High Grade Notes, the 2022 High Grade Notes, the 2023 High Grade Notes, the 2024 High Grade Notes and the 2025 High Grade Notes may be redeemed in whole or in part at any time at Ares Capital’s option at a redemption price equal to par plus a “make whole” premium, as determined in the indentures governing the 2020 High Grade Notes, the 2022 High Grade Notes, the 2023 High Grade Notes, the 2024 High Grade Notes and the 2025 High Grade Notes and any accrued and unpaid interest.
7. The 2047 Notes with an aggregate principal amount of $230 million may be redeemed in whole or in part at any time or from time to time at Ares Capital’s option at par redemption price of $25 per security plus accrued and unpaid interest.
8. As of June 30, 2019, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2024, Ares Capital is required to repay outstanding principal amounts under both the term loan tranche and revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.
9. As of June 30, 2019, the end of the reinvestment period for the Revolving Funding Facility is January 3, 2022. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.
10. As of June 30, 2019, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2019 and September 14, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.

Slide 30: Our Conservative Leverage Profile

1. Calculated as the difference between the regulatory leverage limit of approximately 1.00x debt to equity and the mid point of our targeted leverage range of 0.65x – 0.75x debt to equity.
2. Calculated as the difference between the regulatory leverage limit of approximately 2.00x debt to equity which went into effect on June 21, 2019 and the mid point of our newly communicated target leverage range of 0.90x – 1.25x debt to equity.
3. Reflects the ratio of deposits and borrowings divided by tangible equity for U.S. banks with a market capitalization below $10 billion as of December 31, 2018, which includes 756 banks, according to SNL Financial.
4. Reflects the average debt to equity ratio of the 291 broadly syndicated CLOs over $500 million that priced during 2018 according to S&P LCD.
5. Reflects the debt to equity ratio for BBB- tranche debt within the Ivy Hill MM CF XIV, LTD. CLO, the collateral for which is primarily middle market first lien loans, including loans acquired from ARCC. Data as of close of the CLO in May 1, 2018.
Endnotes

Slide 34: ARCC’s Portfolio Has Generated Higher Returns with Less Risk

1. Returns are calculated as annualized average returns of dividends paid plus changes in net asset value over the time periods represented.

2. BDC peer group consists of BDCs with a market capitalization of $400 million or greater as of March 31, 2019 or who are under common management with a BDC that meets these criteria. This includes: AINV, BBDC, BKCC, CGBD, OCSI, OCSI, FSIC, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNL, PSEC, SLRC, SUNS, TCPC and TSLX. Of this group, the following companies have been public for at least 3 years as of March 31, 2019: AINV, BBDC, BKCC, GSBD, HTGC, MAIN, NMFC, OCSI, OCSI, PLF, PNNL, PSEC, SLRC, SUNS, TCPC, and TSLX. The following companies have been public for at least 5 years as of March 31, 2019: AINV, BBDC, BKCC, GBDC, HTGC, MAIN, NMFC, OCSI, OCSI, PFLT, PNNL, PSEC, SLRC, SUNS, TCPC, and TSLX. The following companies have been public since ARCC’s IPO in October 2004: AINV and PSEC. The High Yield Index represents the ICE BofAML Master II Index (“H0A0”) and the Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index (“SPLLI”). Data is presented as of March 31, 2019.