

## **Ares Capital Corporation and Varagon Capital Partners Forming New Strategic Partnership for Senior Loans with AIG as Anchor Investor**

*New Senior Direct Lending Program will make Senior Secured Loans to Middle-Market Companies*

NEW YORK--June 17, 2015-- Ares Capital Corporation (NASDAQ:ARCC) and Varagon Capital Partners today announced that they are establishing a new joint venture that will make senior secured loans to middle-market companies. The new joint venture will be called the Senior Direct Lending Program (SDLP). The SDLP will work to follow on with the success that Ares Capital enjoyed with its previous senior loan joint venture, the Senior Secured Loan Program (SSLP), with GE Capital.

Ares Capital is a business development company that is externally managed by a subsidiary of Ares Management, L.P. (NYSE:ARES), whose Direct Lending Group had approximately \$29 billion in assets under management as of March 31, 2015. Varagon was formed in 2013 as a lending platform by American International Group, Inc. (NYSE: AIG) and other partners.

The SDLP will underwrite and hold first lien loans, including stretch senior and unitranche loans, that are originated by Ares and Varagon. The program will provide sponsors and management teams with continued access to flexible capital with speed and certainty and without syndication requirements. It is expected that the SDLP will commit and hold individual loans of up to \$300 million. Ares Capital may also co-invest with the SDLP to accommodate larger transactions.

"We are excited to partner with Varagon in this new venture. SDLP should continue to help us maintain our market-leading position as a provider of senior secured loans to middle-market companies," said Kipp deVeer, Chief Executive Officer of Ares Capital. "Driven by our strong origination and risk management capabilities, Ares Capital has been one of the most active direct lending participants in the middle-market for more than 10 years. The SSLP has committed more than \$19 billion in senior secured loans over the past five years, and we expect to continue our demonstrated presence in this market segment in the years ahead with Varagon through the SDLP."

"We see a significant and growing opportunity to support strong middle-market companies and deliver high-quality assets to our investors. Varagon offers long-term investors exposure to attractive, directly-originated middle-market loans with best-in-class risk management. Ares Capital is a clear market leader with deep origination relationships and a strong investment track record," said Walter Owens, Chief Executive Officer of Varagon. "We have built a great relationship with the team at Ares Capital and are excited to formalize our already-strong ties with this strategic partnership."

"As a long-term investor, AIG is attracted to the strong investment fundamentals of middle-market credit. Varagon's new relationship with Ares Capital and our partnership with Varagon will provide AIG with direct access to the best middle-market lending opportunities," said Brian T. Schreiber, Executive Vice President and Chief Strategy Officer, AIG, and a member of Varagon's Board of Directors. "We believe our partners' deep experience in middle-market lending and a strong alignment of interests will drive meaningful long-term value to AIG."

### **About SDLP**

Senior Direct Lending Program will invest in first lien, senior secured debt of middle-market companies, including stretch senior and unitranche loans, of up to \$300 million. The program will be co-managed by a subsidiary of Ares Management, L.P. (NYSE:ARES) and Varagon Capital Partners and will lend to borrowers across a wide range of industry sectors. The SDLP will benefit borrowers by virtue of its ability

to provide larger commitment amounts, simplicity of documentation and greater speed and certainty of closing.

### **About Ares Capital Corporation**

Ares Capital is a leading specialty finance company that provides one-stop debt and equity financing solutions to U.S. middle-market companies, venture capital-backed businesses and power generation projects. Ares Capital originates and invests in senior secured loans, mezzanine debt and, to a lesser extent, equity investments through its national direct origination platform. Ares Capital's investment objective is to generate both current income and capital appreciation through debt and equity investments primarily in private companies. Ares Capital has elected to be regulated as a business development company and is a recognized leader in middle-market lending having received Private Debt Investor's "BDC of the Year" award in 2014. Ares Capital is externally managed by a subsidiary of Ares Management, L.P. (NYSE:ARES). For more information about Ares Capital, visit [www.arescapitalcorp.com](http://www.arescapitalcorp.com)

### **About Ares Direct Lending Group**

Ares Management L.P.'s Direct Lending Group is a leading direct lender providing a variety of loans to middle-market companies with approximately \$29 billion in assets under management and over 130 investment professionals in 12 offices across the U.S. and Europe as of March 31, 2015. For more than 10 years, Ares' Direct Lending Group has been one of the most active participants in the corporate middle market, having originated more than \$42 billion in loans and related investments.

### **About Varagon Capital Partners**

Varagon Capital Partners is an asset manager focused on direct lending to middle-market companies. Varagon creates lasting partnerships with companies and financial sponsors by delivering innovative, flexible financing solutions across the capital structure. Varagon provides investors a superior means to invest in middle-market credit with tailored investment services that meet the needs of sophisticated institutions. Varagon is an independent firm, backed by AIG and by certain partners and affiliates of Oak Hill Capital Management. For more information about Varagon Capital Partners, visit [www.varagon.com](http://www.varagon.com)

### **About AIG**

American International Group, Inc. (AIG) is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at [www.aig.com](http://www.aig.com) | YouTube: [www.youtube.com/aig](http://www.youtube.com/aig) | Twitter: @AIGinsurance | LinkedIn: <http://www.linkedin.com/company/aig>

### **Forward-Looking Statements**

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or our future performance or financial condition. These statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. 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 the filings of Ares Capital Corporation, Ares Management, L.P. and AIG with the Securities and Exchange

Commission. None of these entities undertakes a duty to update any forward-looking statements made herein.

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