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# Ares Commercial Real Estate Corporation

Quarter Ended September 30, 2023

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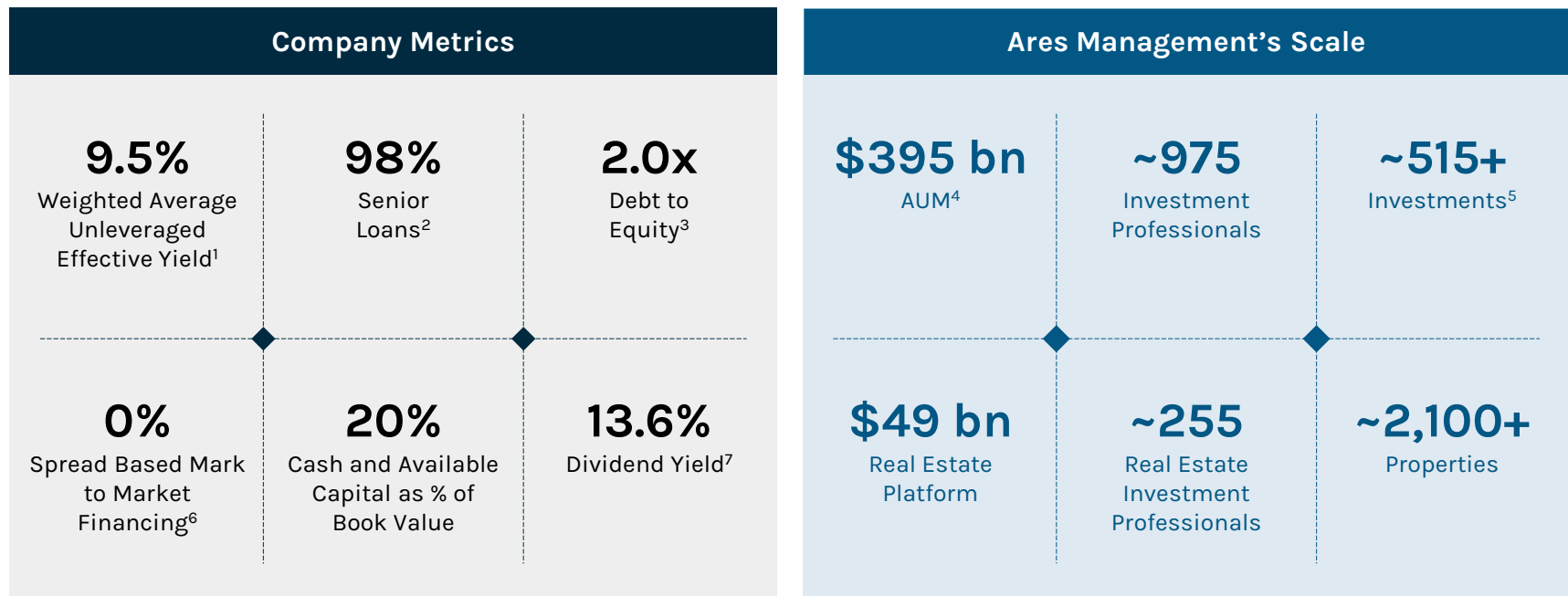
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# Ares Commercial Real Estate Corporation (NYSE: ACRE)



Ares Commercial Real Estate Corporation is a real estate investment trust focused on directly originating senior commercial mortgage loans and is externally managed by a subsidiary of Ares Management Corporation



Note: As of September 30, 2023, unless otherwise noted. There is no guarantee or assurance that investment objectives will be achieved. Past performance is not indicative of future results. Diversification does not ensure profit or protect against market loss. Please see glossary and endnotes at the end of this presentation.

# Well-Positioned for Today's Market Environment



# Ares Management

» With approximately \$395 billion in assets under management, Ares Management Corporation is a global alternative investment manager operating an integrated platform across five business groups

## Profile

Founded	1997
AUM	\$395bn
Employees	~2,800
Investment Professionals	~975
Global Offices	35+
Direct Institutional Relationships	~2,090
Listing: NYSE – Market Capitalization	\$31.0bn <sup>1</sup>

## Global Footprint<sup>2</sup>



## The Ares Differentiators

Power of a broad and scaled platform enhancing investment capabilities

Deep management team with integrated and collaborative approach

20+ year track record of compelling risk adjusted returns through market cycles

A pioneer and leader in leveraged finance, private credit and secondaries

	Credit	Private Equity	Real Assets	Secondaries	Other Businesses
AUM	<b>\$268.9bn</b>	<b>\$34.3bn</b>	<b>\$63.9bn</b>	<b>\$23.3bn</b>	<b>\$4.6bn</b>
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Private Equity Secondaries	Ares Insurance Solutions <sup>4</sup>
	Liquid Credit	Special Opportunities	Real Estate Debt	Real Estate Secondaries	Ares Acquisition Corporation <sup>5</sup>
	Alternative Credit	APAC Private Equity <sup>3</sup>	Infrastructure Opportunities	Infrastructure Secondaries	
	APAC Special Situations		Infrastructure Debt	Credit Secondaries	

Note: As of September 30, 2023. AUM amounts include funds managed by Ivy Hill Asset Management, LP., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.

Past performance is not indicative of future results.

1. As of October 26, 2023.

2. New Delhi office is operated by a third party with whom Ares Asia maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments.

3. APAC Private Equity not included in AUM amounts as of September 30, 2023 given the acquisition closed on October 2, 2023.

4. AUM managed by Ares Insurance Solutions excludes assets which are sub-advised by other Ares' investment groups or invested in Ares funds and investment vehicles.

5. AUM includes Ares Acquisition Corporation ("AAC") and Ares Acquisition Corporation II ("AACT").

# Ares Real Assets Group: Real Estate

- » Global real estate investment manager with vertically integrated operating platform that seeks to generate compelling risk-adjusted performance through a combination of our knowledge of markets and sectors, diligent asset selection and skilled execution

## \$48.8 Billion AUM

- 25 Partners averaging 26 years of experience
- ~255 real estate investment professionals
- In-house, vertically integrated industrial operating platform
- PERE Top 10 Real Estate Manager by 2018-2023 Equity Raised<sup>1</sup>
- Rated Special Servicing Platform 2016-2023 by FitchRatings<sup>1</sup>
- PERE 2021 Top 2 Logistics Investor of the Year, North America<sup>1</sup>
- PERE 2021 Top 2 Residential Investor of the Year, Europe<sup>1</sup>

## Full Suite of Complementary Real Estate Debt & Equity Strategies

	Debt	U.S. Equity	European Equity
AUM	<b>\$11.0bn</b>	<b>\$29.0bn</b>	<b>\$8.8bn</b>
Strategies	Opportunistic	Opportunistic	Opportunistic
	Value-Add	Value-Add	Value-Add
	Core/Core-Plus	Core/Core-Plus	

## Global Real Estate Portfolio Diversified by Property Sectors and Markets

### Experience Across Property Sectors

Industrial	Multifamily	Office
Hospitality	Retail	Life Sciences
Self-Storage	Single Family Rental	Mixed-Use

### Global Market Coverage with Local Presence

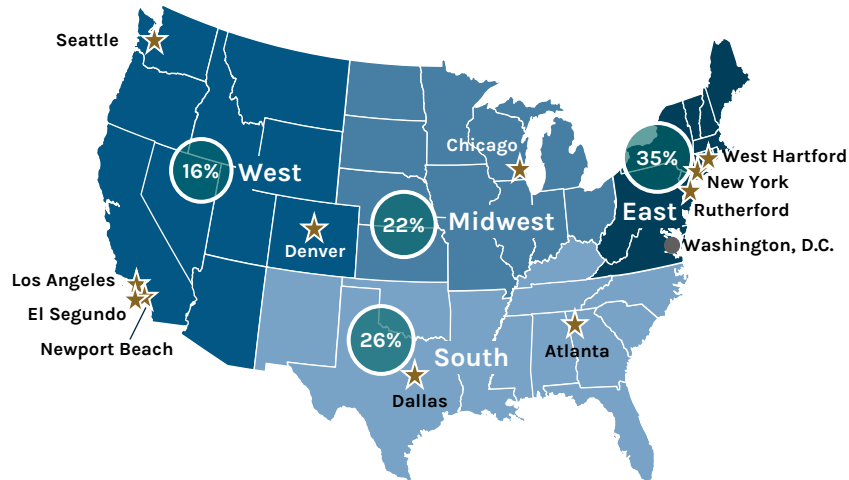


Note: As of September 30, 2023, unless otherwise noted. References to "risk-adjusted performance" are not guarantees against loss of investment capital or value. **Please see endnotes at the end of this presentation.**

- 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. Ares has not provided any compensation in connection with obtaining these awards but may have paid to use the award logo. All investments involve risk, including loss of principal.
- Includes Ares Management Corporation ("ARES") principal and originating offices where real estate activities take place.
- In Madrid and Frankfurt, Ares Real Estate does not maintain a physical office but has an investment professional located in this market.
- Non-Ares location providing administrative and support functions to Ares Real Estate.

# National Direct Origination Platform

## Current ACRE Portfolio<sup>1</sup>



★ Ares Real Estate Office

● Additional Business Infrastructure / Support Office<sup>2</sup>

## Benefits of Broad Direct Origination Footprint

1

Widens the funnel to provide larger deal universe

2

Increases control over structures and better economics

3

Enables proactive portfolio construction

4

Drives strong credit performance

Broad investment capabilities combined with direct origination focus strengthen investment sourcing, selectivity and structuring

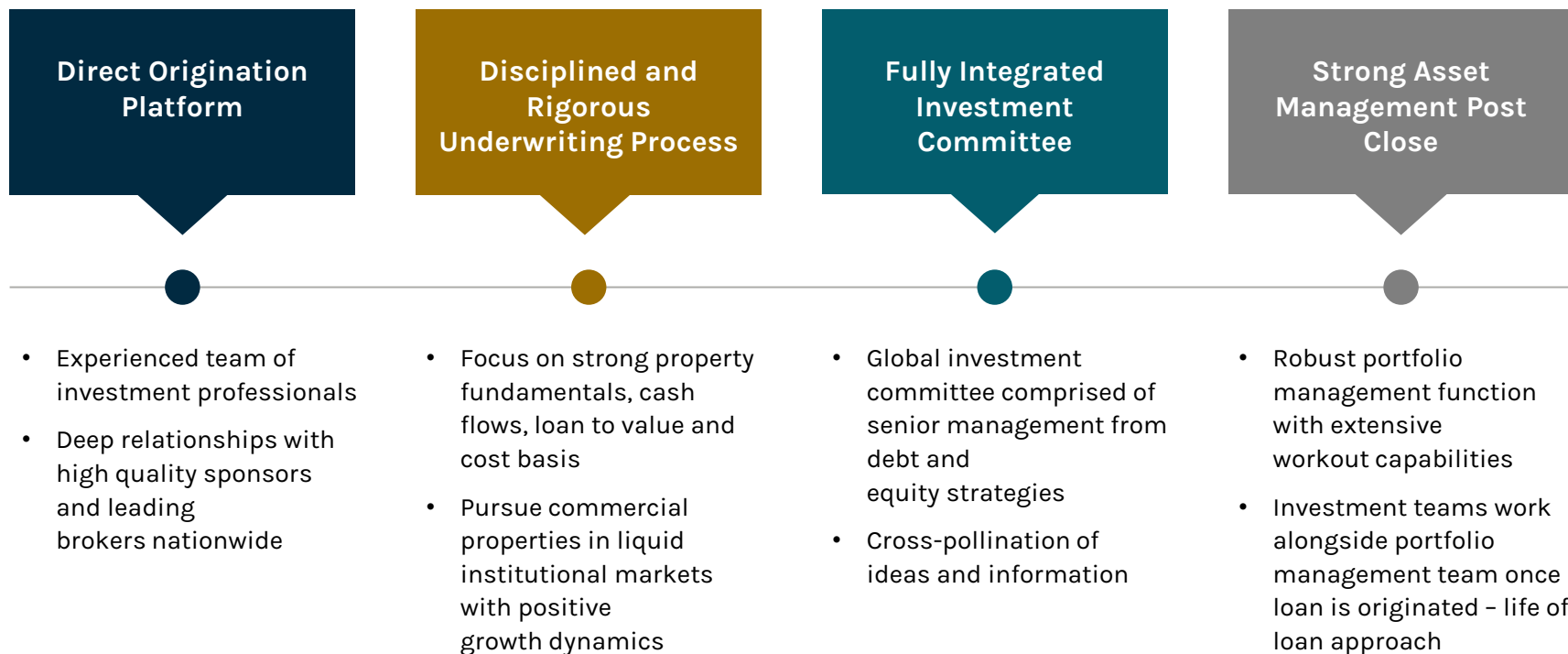
As of September 30, 2023 unless otherwise indicated. Diversification does not assure profit or protect against market loss.

1. Based on Gross Asset Value of all active investments in the Ares Commercial Real Estate Corporation portfolio as of September 30, 2023.

2. Non-Ares location providing administrative and support functions to the Ares Real Estate.

# Cycle Tested Investment Approach

» We use our direct origination platform to selectively make investments in defensive property types in growing markets that are structured with a level of downside protection and actively managed

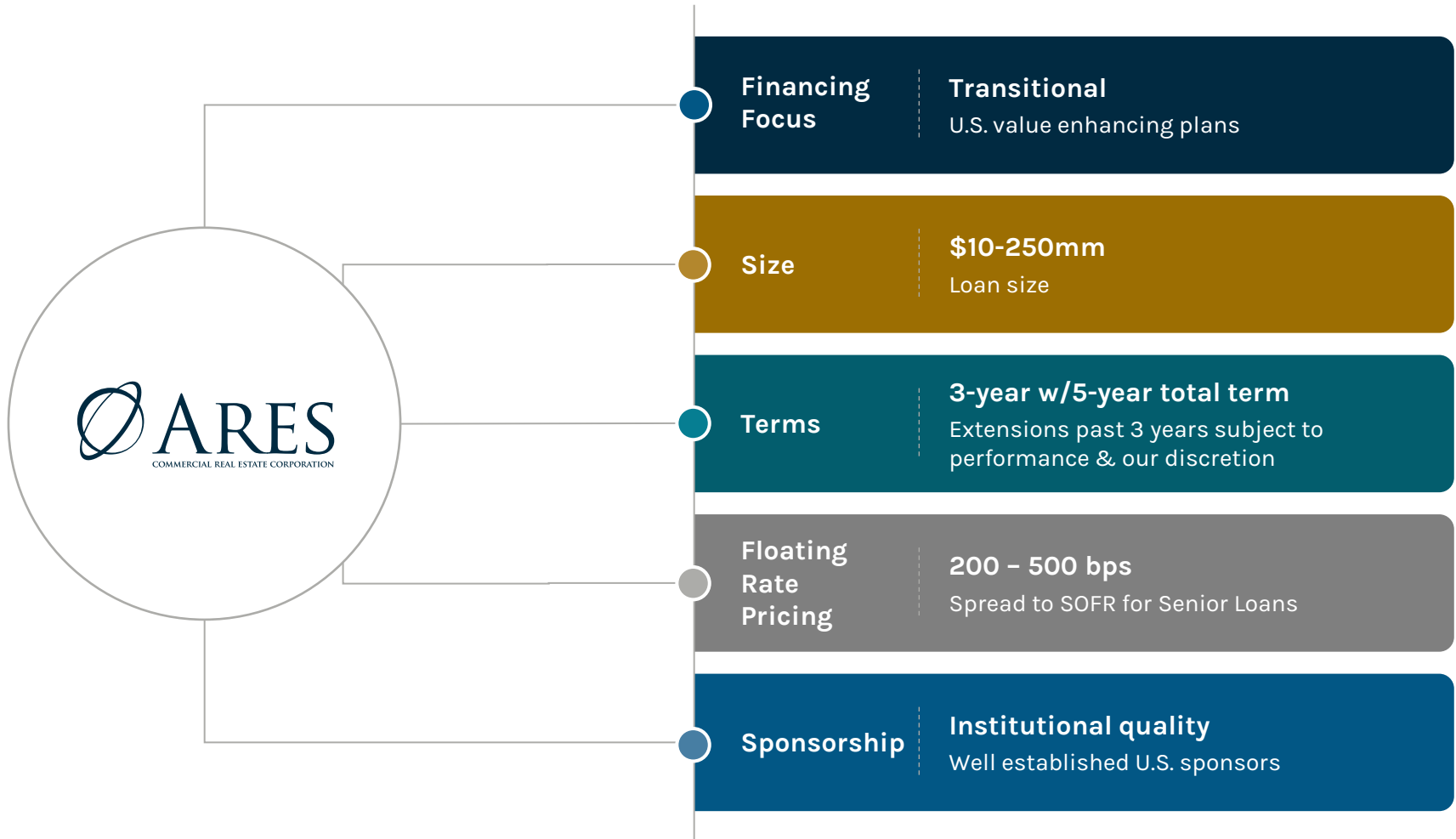


As of September 30, 2023, unless otherwise indicated. There is no guarantee or assurance investment objectives will be achieved. References to “downside protection” are not guarantees against loss of investment capital or value.



# Investment Strategy

» Strategically focused on senior, directly-originated, short-term, transitional loans with stable cash flow and tenancy



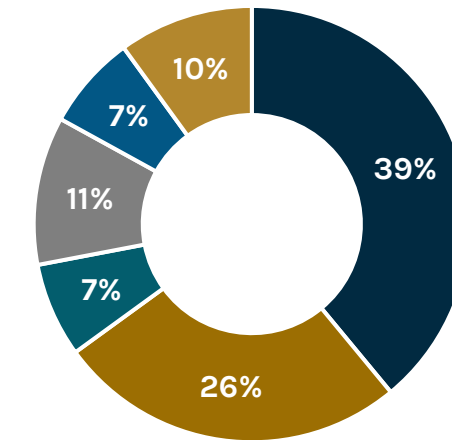
# Loan Portfolio Positioning

## Loans Held for Investment Portfolio Metrics<sup>1</sup>

Outstanding principal balance <sup>2</sup>	\$2.2 billion
Number of loans	49
Percentage of senior loans <sup>3</sup>	98%
Weighted average unleveraged effective yield <sup>4</sup>	9.5%

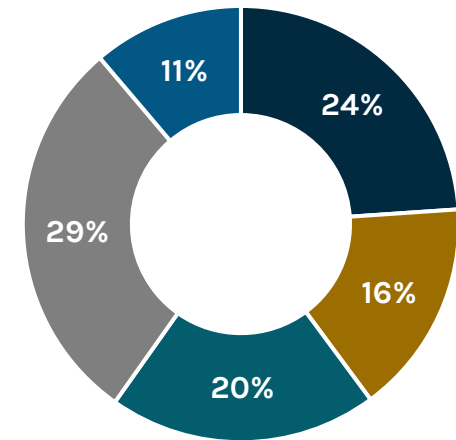
## Diverse Loans Held for Investment Portfolio

By Property Type<sup>3</sup>



■ Office  
 ■ Multifamily  
 ■ Mixed-Use  
 ■ Industrial  
 ■ Residential/Condo  
 ■ Other

By Geography<sup>3</sup>



■ Southeast  
 ■ West  
 ■ Midwest  
 ■ Mid-Atlantic/Northeast  
 ■ Southwest

Note: As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. All investments involve risk, including loss of principal. Diversification does not ensure profit or protect against market loss.

1. Unless otherwise noted, includes only loans held for investment and excludes \$28.0 million of AAA rated CRE debt securities purchased in 2022 and the mixed-use property recognized as REO that was acquired in September 2023.

2. Weighted average unpaid principal balance of loan portfolio of \$2.267 billion during Q3 2023.

3. Based on outstanding principal balance of loans held for investment.

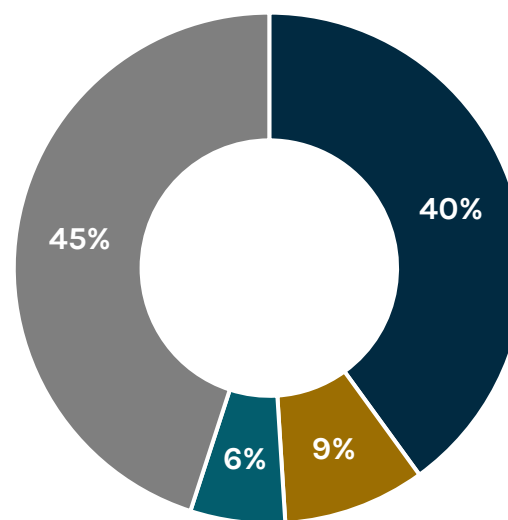
4. Excludes impact of five loans on non-accrual status. Including the five non-accrual loans, total weighted average unleveraged effective yield for total loans held for investment is 8.6%.

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# Well-Positioned Balance Sheet

Financing Metrics	
Total capacity across all financings <sup>1</sup>	\$2.3 billion
Sources of financing <sup>2</sup>	8
Outstanding principal borrowings	\$1.6 billion
Percentage of non-recourse financing <sup>3</sup>	45%
Net debt to equity ratio <sup>4</sup>	2.0x
Spread based mark to market provisions <sup>5</sup>	0%

Diversified Sources of Financing<sup>3</sup>



■ Secured Funding Agreements ■ Secured Term Loan ■ Notes Payable ■ CLO Securitizations

All of ACRE's funding agreements are with leading U.S. banks and insurance companies

Note: As of September 30, 2023, unless otherwise noted. Diversification does not ensure profit or protect against market loss.

1. Weighted average unpaid principal balance of \$1.650 billion across all financings for Q3 2023.

2. Excludes Notes Payable. See page 25 for additional details on sources of financing.

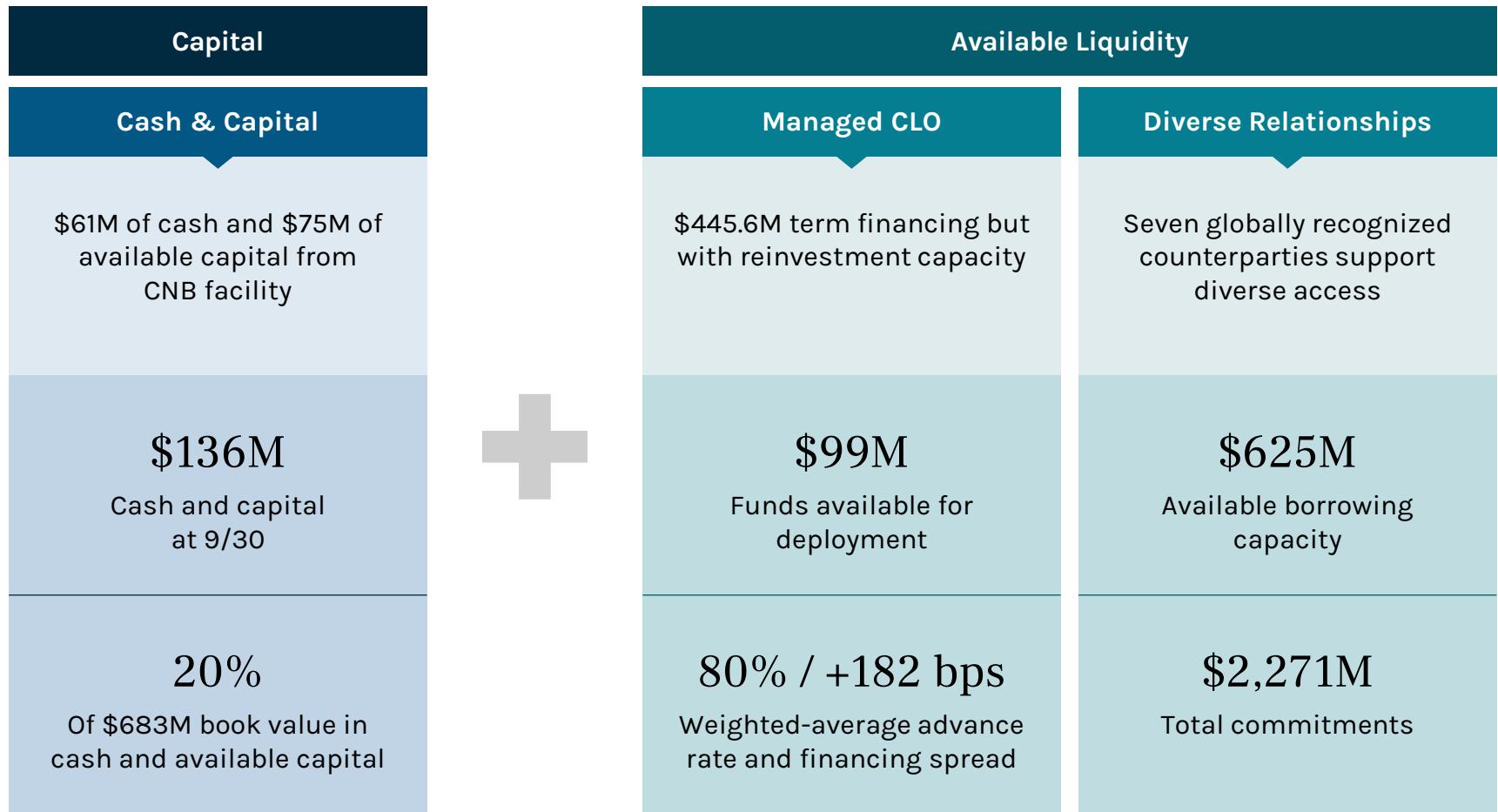
3. Based on outstanding principal balance.

4. Net debt to equity ratio is calculated as (i) \$1.6 billion of outstanding principal of borrowings less \$61.0 million of cash, (ii) divided by total stockholders' equity of \$683.0 million plus CECL reserve of \$115.7 million at September 30, 2023. Net debt to equity ratio including the CECL reserve is 2.3x. Total debt to equity ratio excluding the CECL reserve is 2.1x and including the CECL reserve is 2.4x.

5. Secured funding agreements are not subject to mark-to-market provisions based on changes in market borrowing spreads but are subject to remarking provisions based on the credit performance of our loans.

## Strong Level of Capital & Available Liquidity

» ACRE has strong sources of available capital that could drive additional earnings power

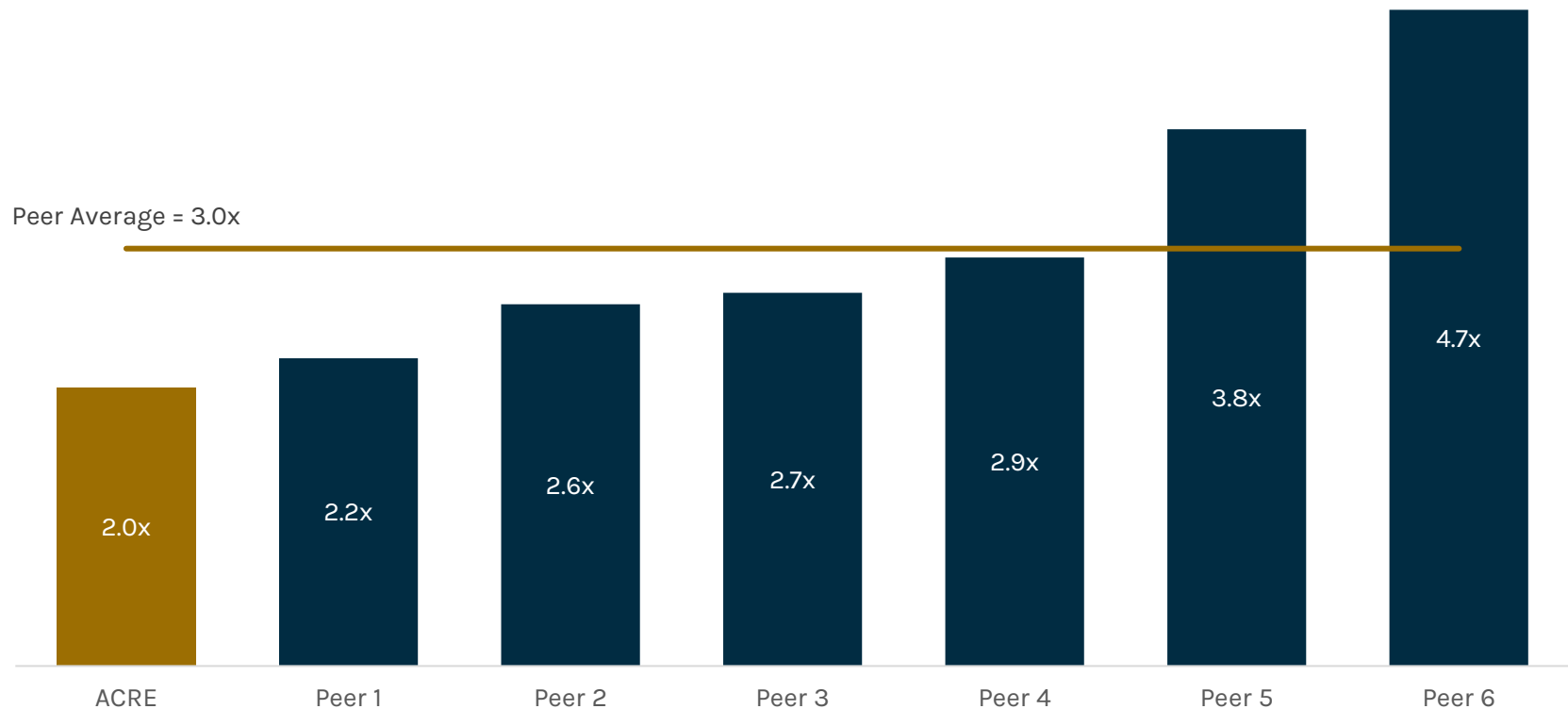


Current liquidity does not include opportunities to finance unlevered investments, including AAA CMBS securities and REO

# Modest Leverage

» Intentional positioning with below average levels of leverage, providing offensive and defensive advantages

Net Debt to Common Equity (excluding CECL)<sup>1,2</sup>



**ACRE has the Lowest Leverage Amongst its Peers**

As of September 30, 2023. The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments.

1. Net debt to equity ratio is calculated as (i) \$1.6 billion of outstanding principal of borrowings less \$61.0 million of cash, (ii) divided by total stockholders' equity of \$683.0 million excluding CECL reserve of \$115.7 million at September 30, 2023. Net debt to equity ratio including the CECL reserve is 2.3x. Total debt to equity ratio excluding the CECL reserve is 2.1x and including the CECL reserve is 2.4x.
2. Peers include ARI, BXMT, CMTG, GPMT, KREF and TRTX.

# Prudently Investing in Market with Favorable Dynamics

## Capital Gaps

Fill **capital gaps** on new originations where **banks have retreated**

## Refinancing Proceeds to Strong Collateral

Lend to **revalued collateral** supported by **institutional sponsors**

## Supply/Demand Imbalance

Capitalize on **supply/demand imbalance** caused by **reduction in lending**

## Market Liquidity

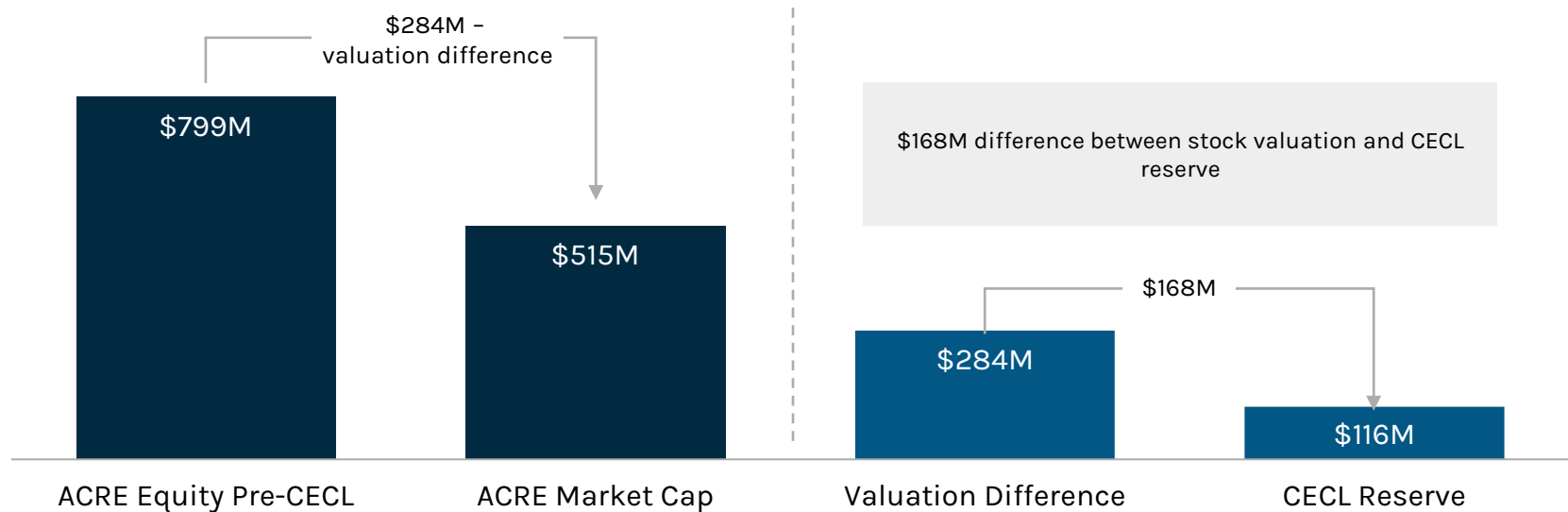
**Purchase loans at a discounted price**, driving **yield to maturity**

For illustrative purposes only. As of September 30, 2023. Based on Ares Real Estate's current market observations. As such, our views are subject to change at any time. There is no guarantee or assurance investment objectives will be achieved.

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# We Believe Our Stock is a Compelling Investment

## ACRE's Implied Stock Valuation



13.6% Dividend Yield<sup>1,2</sup>



75% Price to Book Stock Valuation<sup>1</sup>



We Repurchased 1% of Our Outstanding Shares in 2023<sup>3</sup>

As of September 30, 2023 unless otherwise noted.

1. Based on market price as of November 6, 2023.

2. Dividend yield reflects the quarterly dividend of \$0.33 annualized and divided by the market price.

3. Through Q3-23, ACRE repurchased \$4.6mm of stock before expenses against the \$50 million authorization.

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# ACRE Investment Highlights

1

We believe our stock  
is a compelling  
investment

2

The company  
maintains modest  
leverage with a goal  
of maximizing  
outcomes and  
investing in the  
attractive market  
opportunity

3

Highly experienced  
management team  
backed by  
sponsorship of Ares  
Management

4

The stock is trading  
at a meaningful  
discount to our book  
equity after CECL  
reserves





# Appendix

# Consolidated Statements of Operations

(\$ in thousands, except share and per share data)	For the Three Months Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Revenue:</b>					
Interest income	\$ 52,819	\$ 51,941	\$ 49,500	\$ 52,552	\$ 45,633
Interest expense	(29,745)	(26,951)	(22,999)	(22,144)	(18,362)
Net interest margin	23,074	24,990	26,501	30,408	27,271
Revenue from real estate owned	809	—	—	—	—
Total revenue	23,883	24,990	26,501	30,408	27,271
<b>Expenses:</b>					
Management and incentive fees to affiliate	2,974	3,334	3,010	4,290	3,868
Professional fees	682	626	771	630	842
General and administrative expenses	1,691	2,038	1,685	1,777	1,416
General and administrative expenses reimbursed to affiliate	775	1,109	732	1,136	1,011
Expenses from real estate owned	480	—	—	—	—
Total expenses	6,602	7,107	6,198	7,833	7,137
Provision for current expected credit losses	3,227	20,127	21,019	19,402	19,485
Realized losses on loans	4,886	—	5,613	—	—
Income (loss) before income taxes	9,168	(2,244)	(6,329)	3,173	649
Income tax expense (benefit), including excise tax	(16)	(46)	110	264	5
Net income (loss) attributable to common stockholders	\$ 9,184	\$ (2,198)	\$ (6,439)	\$ 2,909	\$ 644
<b>Earnings per common share:</b>					
Basic earnings (loss) per common share	\$ 0.17	\$ (0.04)	\$ (0.12)	\$ 0.05	\$ 0.01
Diluted earnings (loss) per common share	\$ 0.17	\$ (0.04)	\$ (0.12)	\$ 0.05	\$ 0.01
<b>Weighted average number of common shares outstanding:</b>					
Basic weighted average shares of common stock outstanding	54,085,035	54,347,204	54,591,650	54,427,041	54,415,545
Diluted weighted average shares of common stock outstanding	54,796,413	54,347,204	54,591,650	54,894,888	54,846,756
Dividends declared per share of common stock <sup>(1)</sup>	\$ 0.33	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35

1. There is no assurance dividends will continue at these levels or at all.

# Reconciliation of Net Income to Non-GAAP Distributable Earnings

(\$ in thousands, except per share data)	For the Three Months Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Net income (loss) attributable to common stockholders	\$ 9,184	\$ (2,198)	\$ (6,439)	\$ 2,909	\$ 644
Stock-based compensation	986	1,004	960	738	673
Incentive fees to affiliate	—	334	—	1,264	855
Depreciation and amortization of real estate owned	206	—	—	—	—
Provision for current expected credit losses	3,227	20,127	21,019	19,402	19,485
Realized gain on termination of interest rate cap derivative <sup>(1)</sup>	(93)	(266)	(457)	(422)	(354)
<b>Distributable Earnings</b>	<b>\$ 13,510</b>	<b>\$ 19,001</b>	<b>\$ 15,083</b>	<b>\$ 23,891</b>	<b>\$ 21,303</b>
Net income (loss) attributable to common stockholders	\$ 0.17	\$ (0.04)	\$ (0.12)	\$ 0.05	\$ 0.01
Stock-based compensation	0.02	0.02	0.02	0.01	0.01
Incentive fees to affiliate	—	0.01	—	0.02	0.02
Depreciation and amortization of real estate owned	—	—	—	—	—
Provision for current expected credit losses	0.06	0.37	0.39	0.36	0.36
Realized gain on termination of interest rate cap derivative <sup>(1)</sup>	—	—	(0.01)	(0.01)	(0.01)
<b>Basic Distributable Earnings per common share</b>	<b>\$ 0.25</b>	<b>\$ 0.35</b>	<b>\$ 0.28</b>	<b>\$ 0.44</b>	<b>\$ 0.39</b>
Net income (loss) attributable to common stockholders	\$ 0.17	\$ (0.04)	\$ (0.12)	\$ 0.05	\$ 0.01
Stock-based compensation	0.02	0.02	0.02	0.01	0.01
Incentive fees to affiliate	—	0.01	—	0.02	0.02
Depreciation and amortization of real estate owned	—	—	—	—	—
Provision for current expected credit losses	0.06	0.37	0.38	0.35	0.36
Realized gain on termination of interest rate cap derivative <sup>(1)</sup>	—	—	(0.01)	(0.01)	(0.01)
<b>Diluted Distributable Earnings per common share</b>	<b>\$ 0.25</b>	<b>\$ 0.35</b>	<b>\$ 0.27</b>	<b>\$ 0.44</b>	<b>\$ 0.39</b>

1. For the three months ended September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022, and September 30, 2022, Distributable Earnings includes \$0.1 million, \$0.3 million, \$0.5 million, \$0.4 million, and \$0.4 million, respectively, adjustment to reverse the impact of the \$2.0 million realized gain from the termination of the interest rate cap derivative that was amortized into GAAP net income.

# Consolidated Balance Sheets

(\$ in thousands, except share and per share data)	As of	
	9/30/2023	12/31/2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 61,017	\$ 141,278
Loans held for investment (\$874,719 and \$887,662 related to consolidated VIEs, respectively)	2,180,412	2,264,008
Current expected credit loss reserve	(112,432)	(65,969)
Loans held for investment, net of current expected credit loss reserve	2,067,980	2,198,039
Investment in available-for-sale debt securities, at fair value	28,136	27,936
Real estate owned, net	84,094	—
Other assets (\$5,705 and \$2,980 of interest receivable related to consolidated VIEs, respectively; \$99,418 and \$129,495 of other receivables related to consolidated VIEs, respectively)	121,949	155,749
<b>Total assets</b>	<b>\$ 2,363,176</b>	<b>\$ 2,523,002</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Secured funding agreements	\$ 654,507	\$ 705,231
Notes payable	104,611	104,460
Secured term loan	149,344	149,200
Collateralized loan obligation securitization debt (consolidated VIEs)	735,136	777,675
Due to affiliate	4,092	5,580
Dividends payable	18,082	19,347
Other liabilities (\$2,139 and \$1,913 of interest payable related to consolidated VIEs, respectively)	14,446	13,969
<b>Total liabilities</b>	<b>1,680,218</b>	<b>1,775,462</b>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.01 per share, 450,000,000 shares authorized at September 30, 2023 and December 31, 2022 and 54,136,273 and 54,443,983 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	532	537
Additional paid-in capital	811,147	812,788
Accumulated other comprehensive income	666	7,541
Accumulated earnings (deficit)	(129,387)	(73,326)
<b>Total stockholders' equity</b>	<b>682,958</b>	<b>747,540</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,363,176</b>	<b>\$ 2,523,002</b>

# Loans Held for Investment Portfolio Details

(\$ in millions)

#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms <sup>(1)</sup>
<b>Office Loans:</b>											
1	Senior	IL	Nov 2020	\$157.9	\$157.9	\$154.0	(2)	1.5%	7.6% <sup>(2)</sup>	Mar 2025	I/O
2	Senior	Diversified	Jan 2020	122.1	122.0	122.0	S+3.75%	1.6%	9.3%	Jan 2024	P/I
3	Senior	AZ	Sep 2021	115.7	80.0	79.7	S+3.61%	0.1%	9.3%	Oct 2024	I/O
4	Senior	NY	Jul 2021	81.0	73.1	72.6	S+3.95%	—%	9.6%	Aug 2025	I/O
5	Senior	NC	Mar 2019	68.8	68.8	68.7	S+4.35%	2.3%	10.0%	Mar 2024	P/I
6	Senior	NC	Aug 2021	85.0	68.5	68.3	S+3.65%	0.2%	9.4%	Aug 2024	I/O
7	Senior	IL	May 2018	59.0	56.9	51.2	S+3.95%	2.0%	—% <sup>(3)</sup>	Dec 2023	I/O
8	Senior	IL	Dec 2022	56.0	56.0	55.6	S+4.25%	3.0%	10.1%	Jan 2025	I/O
9	Senior	GA	Nov 2019	48.6	48.6	48.5	S+3.15%	1.9%	8.8%	Dec 2023	P/I
10	Senior	MA	Apr 2022	82.2	45.5	44.9	S+3.75%	—%	9.8%	Apr 2025	I/O
11	Senior	CA	Oct 2019	33.2	33.2	31.4	S+3.45%	1.9%	—% <sup>(3)</sup>	Nov 2023	I/O
12	Senior	CA	Nov 2018	22.8	22.8	22.8	S+3.50%	2.3%	9.1%	Nov 2023	I/O
13	Subordinated	NJ	Mar 2016	18.5	18.5	16.4	12.00%	—%	—% <sup>(3)</sup>	Jan 2026	I/O
<b>Total Office</b>				<b>\$950.8</b>	<b>\$851.8</b>	<b>\$836.1</b>					

Note: As of September 30, 2023.

1. I/O = interest only, P/I = principal and interest.
2. The Illinois loan is structured as both a senior and mezzanine loan with the Company holding both positions. The senior position has a per annum interest rate of S + 2.25% and the mezzanine position has a fixed per annum interest rate of 10.00%. The mezzanine position of this loan, which had an outstanding principal balance of \$43.9 million as of September 30, 2023, was on non-accrual status as of September 30, 2023 and therefore, the Unleveraged Effective Yield presented is for the senior position only as the mezzanine position is non-interest accruing.
3. Loan was on non-accrual status as of September 30, 2023 and the Unleveraged Effective Yield is not applicable.

# Loans Held for Investment Portfolio Details

(\$ in millions)

#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms <sup>(1)</sup>
Multifamily Loans:											
14	Senior	NY	May 2022	\$133.0	\$132.2	\$131.2	S+3.90%	0.2%	9.7%	Jun 2025	I/O
15	Senior	TX	Jun 2022	100.0	100.0	99.4	S+3.50%	1.5%	9.7%	Jul 2025	I/O
16	Senior	TX	Nov 2021	68.8	68.2	67.9	S+2.95%	—%	8.6%	Dec 2024	I/O
17	Senior <sup>(2)</sup>	SC	Dec 2021	67.0	67.0	66.9	S+3.00%	—%	8.6%	Nov 2024	I/O
18	Senior	OH	Sep 2023	57.8	57.0	56.4	S+3.05%	2.5%	8.7%	Oct 2026	I/O
19	Senior	CA	Nov 2021	31.7	31.7	31.5	S+3.00%	—%	8.6%	Dec 2025	I/O
20	Senior	PA	Dec 2018	29.2	29.2	29.2	S+4.00%	1.3%	9.6%	Dec 2023	P/I
21	Senior	WA	Dec 2021	23.1	23.1	23.0	S+3.00%	—%	8.5%	Nov 2025	I/O
22	Senior	TX	Oct 2021	23.1	22.8	22.7	S+2.60%	—%	8.3%	Oct 2024	I/O
23	Subordinated	SC	Aug 2022	20.6	20.6	20.5	S+9.53%	1.5%	15.3%	Sep 2025	I/O
24	Senior	WA	Feb 2020	18.8	18.8	18.8	S+3.10%	1.6%	8.4%	Sep 2023 <sup>(3)</sup>	I/O
Total Multifamily				\$573.1	\$570.6	\$567.5					
Mixed-Use Loans:											
25	Senior	NY	Jul 2021	\$78.3	\$75.7	\$75.5	S+3.75%	—%	9.4%	Jul 2024	I/O
26	Senior	CA	Feb 2020	37.9	37.9	37.9	S+4.10%	1.7%	9.4%	Mar 2023 <sup>(4)</sup>	I/O
27	Senior	TX	Sep 2019	35.3	35.3	35.3	S+3.85%	0.7%	9.4%	Sep 2024	I/O
Total Mixed-Use				\$151.5	\$148.9	\$148.7					

Note: As of September 30, 2023.

1. I/O = interest only, P/I = principal and interest.
2. Loan commitment is allocated between a multifamily property (\$60.5 million) and an office property (\$6.5 million).
3. As of September 30, 2023, the senior Washington loan, which is collateralized by a multifamily property, is in maturity default due to the failure of the borrower to repay the outstanding principal balance of the loan by the September 2023 maturity date.
4. As of September 30, 2023, the senior California loan, which is collateralized by a mixed-use property, is in maturity default due to the failure of the borrower to repay the outstanding principal balance of the loan by the March 2023 maturity date.

# Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms <sup>(1)</sup>
Industrial Loans:											
28	Senior	IL	May 2021	\$100.7	\$100.7	\$100.5	S+4.65%	0.1%	10.4%	May 2024	I/O
29	Senior	MA	Jun 2023	49.0	47.0	46.8	S+2.90%	—%	8.3%	Jun 2028	I/O
30	Senior	NJ	Jun 2021	28.3	27.8	27.7	S+3.85%	0.2%	9.8%	May 2024	I/O
31	Senior	FL	Dec 2021	25.5	25.5	25.4	S+3.00%	—%	8.6%	Dec 2025	I/O
32	Senior	CA	Aug 2019	19.6	19.6	19.5	S+3.85%	2.0%	9.4%	Sep 2024	I/O
33	Senior	TX	Nov 2021	10.0	10.0	10.0	S+5.35%	0.2%	11.1%	Dec 2024	I/O
34	Senior	TN	Oct 2021	6.4	6.4	6.4	S+5.60%	0.2%	11.3%	Nov 2024	I/O
Total Industrial				\$239.5	\$237.0	\$236.3					
Residential/Condominium Loans:											
35	Senior	NY	Mar 2022	\$91.1	\$86.3	\$84.6	S+8.95%	0.4%	16.1% <sup>(2)</sup>	Apr 2024	I/O
36	Senior	FL	Jul 2021	75.0	75.0	75.0	S+5.35%	—%	10.7%	Jul 2024	I/O
Total Residential/Condominium				\$166.1	\$161.3	\$159.6					
Hotel Loans:											
37	Senior	NY	Mar 2022	\$55.7	\$45.6	\$45.3	S+4.40%	0.1%	10.1%	Mar 2026	I/O
38	Senior	CA	Mar 2022	60.8	44.1	43.7	S+4.20%	—%	10.0%	Mar 2025	I/O
Total Hotel				\$116.5	\$89.7	\$89.0					

Note: As of September 30, 2023.

1. I/O = interest only, P/I = principal and interest.
2. The New York loan is structured as both a senior and mezzanine loan with the Company holding both positions. The senior and mezzanine positions each have a per annum interest rate of S + 8.95%. The mezzanine position of this loan, which had an outstanding principal balance of \$50.9 million as of September 30, 2023, was on non-accrual status as of September 30, 2023 and therefore, the Unleveraged Effective Yield presented is for the senior position only as the mezzanine position is non-interest accruing.

# Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms <sup>(1)</sup>
Self Storage Loans:											
39	Senior	PA	Mar 2022	\$18.2	\$18.2	\$18.1	S+3.00%	1.0%	8.6%	Dec 2025	I/O
40	Senior	NJ	Aug 2022	17.6	17.6	17.4	S+2.90%	1.0%	9.0%	Apr 2025	I/O
41	Senior	WA	Aug 2022	11.5	11.5	11.4	S+2.90%	1.0%	8.9%	Mar 2025	I/O
42	Senior	IN	Sep 2023	11.4	10.5	10.4	S+3.60%	0.9%	9.6%	Jun 2026	I/O
43	Senior	MA	Apr 2022	7.7	7.7	7.7	S+3.00%	0.8%	8.5%	Nov 2024	I/O
44	Senior	MA	Apr 2022	6.8	6.8	6.7	S+3.00%	0.8%	8.5%	Oct 2024	I/O
45	Senior	MO	Jan 2021	6.5	6.5	6.5	S+3.10%	1.2%	8.5%	Dec 2023	I/O
46	Senior	NJ	Mar 2022	5.9	5.9	5.9	S+3.00%	0.8%	8.8%	Jul 2024	I/O
47	Senior	IL	Jan 2021	5.6	5.6	5.6	S+3.10%	0.9%	8.8%	Dec 2023	I/O
Total Self Storage				\$91.2	\$90.3	\$89.7					
Student Housing Loans:											
48	Senior	CA	Jun 2017	\$34.0	\$34.0	\$34.0	S+3.95%	0.5%	9.3%	Jan 2024	I/O
49	Senior	AL	Apr 2021	19.5	19.5	19.5	S+3.95%	0.1%	9.6%	May 2024	I/O
Total Student Housing				\$53.5	\$53.5	\$53.5					
Loan Portfolio Total/Weighted Average				\$2,342.2	\$2,203.1	\$2,180.4		1.1% <sup>(2)</sup>	8.6%		

Note: As of September 30, 2023.

1. I/O = interest only, P/I = principal and interest.

2. The weighted average floor is calculated based on loans with SOFR floors.



# Additional Details on Sources of Funding

(\$ in millions)					
Financing Sources	Total Commitments	Outstanding Principal	Pricing Range	Mark-to-Market	
Secured Funding Agreements					
Wells Fargo Facility	\$450.0	\$208.2	SOFR+1.50 to 3.75%	Credit	
Citibank Facility	325.0	236.6	SOFR+1.50 to 2.10%	Credit	
CNB Facility	75.0	—	SOFR+2.65%	Credit	
Morgan Stanley Facility	250.0	209.7	SOFR+1.60 to 3.10%	Credit	
MetLife Facility	180.0	—	SOFR+2.50%	Credit	
Subtotal	\$1,280.0	\$654.5			
Asset Level Financing					
Notes Payable	\$105.0	\$105.0	SOFR + 2.00%	Credit	
Capital Markets					
Secured Term Loan	\$150.0	\$150.0	4.50% (Fixed)	Credit	
2017-FL3 Securitization	445.6	445.6	SOFR+ 1.82%	None	
2021-FL4 Securitization	290.3	290.3	SOFR+ 1.57%	None	
Subtotal	\$885.9	\$885.9			
Total Debt	\$2,270.9	\$1,645.4			

Note: As of September 30, 2023.

# Fully Integrated Investment Committee

» Includes Leadership of Debt and Equity Strategies



**Bill Benjamin**

Partner, Head of Ares Real Estate

37 years of experience



**David Roth**

Partner, Head of U.S. Equity, President of ACRE

39 years of experience



**Jay Glaubach**

Partner, Portfolio Manager, U.S. Equity

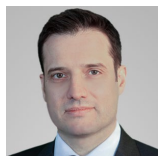
25 years of experience



**Howard Huang**

Partner, Portfolio Manager U.S.

34 years of experience



**Philip Moore**

Partner, Head of European Real Estate Debt

19 years of experience



**David Sachs**

Partner, Strategy and Relationship Mgmt. Group

42 years of experience



**Bryan Donohoe**

Partner, Head of U.S. Debt, CEO of ACRE

23 years of experience



**JB Gerber**

Partner, Head of Real Estate Debt Origination

18 years of experience



**Marshall Hayes**

Partner, Head of Multifamily Acquisitions

25 years of experience



**Wilson Lamont**

Partner, Co-Head of Europe Equity

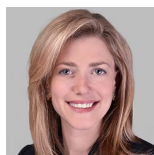
23 years of experience



**Joel Pecoy**

Managing Director, Real Estate Debt Portfolio Management

13 years of experience



**Julie Solomon**

Partner, Global COO, Head of Product Management and Investor Relations, Real Estate

24 years of experience



**Tae-Sik Yoon**

Partner, CFO of Ares Real Estate, CFO of ACRE

30 years of experience



**Kevin Cahill**

Partner, Portfolio Manager, Europe Equity

19 years of experience



**Andrew Holm**

Partner, Portfolio Manager, U.S. Equity

18 years of experience



**Alastair McDonnell**

Partner, Head of European Investment Operations

24 years of experience



**John Ruane**

Partner, Co-Head of Europe Equity

23 years of experience

\*Serves on the Global Real Estate Investment Committee that reviews transactions over a certain threshold.

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# Endnotes

## Ares Commercial Real Estate Corporation

1. Excludes impact of five loans on non-accrual status. Including the five non-accrual loans, total weighted average unleveraged effective yield for total loans held for investment is 8.6%.
2. Based on outstanding principal balance.
3. Net debt to equity ratio is calculated as (i) \$1.6 billion of outstanding principal of borrowings less \$61.0 million of cash, (ii) divided by total stockholders' equity of \$683.0 million plus CECL reserve of \$115.7 million at September 30, 2023. Net debt to equity ratio including the CECL reserve is 2.3x. Total debt to equity ratio excluding the CECL reserve is 2.1x and including the CECL reserve is 2.4x.
4. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.
5. Current unrealized deals.
6. Secured funding agreements are not subject to mark-to-market provisions based on changes in market borrowing spreads but are subject to remargining provisions based on the credit performance of our loans.
7. Based on market price as of November 6, 2023. Dividend yield reflects the quarterly dividend of \$0.33 annualized and divided by the market price. There is no assurance that dividends will be paid at historical levels or at all.

## Ares Real Assets Group: Real Estate

- PERE 100: Ares ranked 6th out of 100. Ranking applies to Ares Real Estate related to selected funds managed therein. The PERE 100 measures equity raised between January 1, 2018 and March 31, 2023 for direct real estate investment through closed-ended, commingled real estate funds and co-investment vehicles that invest alongside these 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). Ares did not pay a participation or licensing fee in order to be considered for the PERE 100 ranking.
- Fitch Ratings assigned a commercial real estate loan level special servicer rating of 'CLSS2-' to Ares Commercial Real Estate Servicer LLC ("ACRES") as of Q2 2023. To be considered for a Fitch rating, Ares paid Fitch a standard, contracted fee for initial and ongoing evaluation. The rating assigned by Fitch Ratings was solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Fitch Ratings assigns ratings to commercial mortgage special servicers on a scale ranging from Level 1 through Level 5, each of which are described below:
  - Level 1 Servicer Rating: Servicers demonstrating the highest standards in overall servicing ability.
  - Level 2 Servicer Rating: Servicers demonstrating high performance in overall servicing ability.
  - Level 3 Servicer Rating: Servicers demonstrating proficiency in overall servicing ability.
  - Level 4 Servicer Rating: Servicers lacking proficiency due to a weakness in one or more areas of servicing ability.
  - Level 5 Servicer Rating: Servicers demonstrating limited or no proficiency in servicing ability

# Glossary

## **Distributable Earnings**

Distributable Earnings is a non-GAAP financial measure that helps the Company evaluate its financial performance excluding the effects of certain transactions and GAAP adjustments that it believes are not necessarily indicative of its current loan origination portfolio and operations. To maintain the Company's REIT status, the Company is generally required to annually distribute to its stockholders substantially all of its taxable income. The Company believes the disclosure of Distributable Earnings provides useful information to investors regarding the Company's ability to pay dividends, which the Company believes is one of the principal reasons investors invest in the Company. 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. Distributable Earnings is defined as net income (loss) computed in accordance with GAAP, excluding non-cash equity compensation expense, the incentive fees the Company pays to its Manager, depreciation and amortization (to the extent that any of the Company's target investments are structured as debt and the Company forecloses on any properties underlying such debt), any unrealized gains, losses or other non-cash items recorded in net income (loss) for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income (loss), one-time events pursuant to changes in GAAP and certain non-cash charges after discussions between the Company's manager and the Company's independent directors and after approval by a majority of the Company's independent directors. Loan balances that are deemed to be uncollectible are written off as a realized loss and are included in Distributable Earnings. Distributable Earnings is aligned with the calculation of "Core Earnings," which is defined in the Management Agreement and is used to calculate the incentive fees the Company pays to its Manager.

## **Unleveraged Effective Yield**

Unleveraged effective yield is the compounded effective rate of return that would be earned over the life of the investment based on the contractual interest rate (adjusted for any deferred loan fees, costs, premiums or discounts) and assumes no dispositions, early prepayments or defaults.

## **Weighted Average Unleveraged Effective Yield**

Weighted average unleveraged effective yield is calculated based on the average of unleveraged effective yield of all loans held by the Company as weighted by the outstanding principal balance of each loan.

