

ARES COMMERCIAL REAL ESTATE CORPORATION

Corporate Governance Guidelines

The Board of Directors (the “Board”) of Ares Commercial Real Estate Corporation (the “Corporation”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Corporation and its stockholders. The Guidelines should be applied in a manner consistent with all applicable laws, the rules of The New York Stock Exchange (“NYSE”) and the Corporation’s charter and bylaws, each as in effect from time to time. The Guidelines are intended to serve as a flexible framework for the conduct of the Board’s business and not as a set of legally binding obligations. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent with its duties and responsibilities to the Corporation and its stockholders.

The Guidelines shall be made available on the Corporation’s website at www.arescre.com and to any stockholder who otherwise requests a copy.

THE BOARD

Size of the Board

The size of the Board may be increased or decreased if determined to be appropriate by the Board but shall never be less than the minimum number required by the Maryland General Corporation Law. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Roles and Duties of Directors

The basic function of the Board is to direct the management of the business and the affairs of the Corporation and exercise, or delegate the exercise of, all powers of the Corporation. The Board has the responsibility to make decisions and oversee management and its performance, but does not itself conduct the organization’s day-to-day operations. This means, for example, that the Board is not expected to become involved in the details of portfolio management. However, the Board should generally monitor and perform an oversight role with respect to the operations of the Corporation, including with respect to investment practices and performance, compliance with regulatory requirements, and the services, expenses and performance of service providers to the Corporation. Accordingly, the Board retains the responsibility for (1) conducting periodic reviews of the Corporation’s investment portfolio, (2) approving and amending the Corporation’s investment guidelines, subject to the terms of the management agreement (the “Management Agreement”) with the Corporation’s external manager (the “Manager”), (3) approving the appointment and retention terms of the Manager and officers and (4) subsequently reviewing and monitoring the services and activities that the Manager and such officers provide.

Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities, including those described above. In addition, the Board acknowledges

that effective directors maintain an attitude of constructive skepticism; they ask incisive, probing questions and require accurate, honest answers; they act with integrity and diligence; and they demonstrate a commitment to the Corporation, its business plans and long-term stockholder value. Certain other responsibilities of the Board, either through itself or through its committees, include:

- reviewing, approving and monitoring the Corporation's fundamental financial and business strategies and major corporate actions;
- reviewing and, where appropriate, approving major changes in and determinations under the Guidelines, Code of Business Conduct and Ethics and other Corporation policies; and
- monitoring that the Corporation's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

Reliance on Management and Advisors

In the performance of his or her duties with respect to the Corporation, including in connection with the Board's periodic reviews of the Corporation's investment portfolio and financial statements, each director is entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer of the Corporation or officer or employee of the Manager whom the director reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other professional advisor or expert, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to such director, by a committee of the Board on which such director does not serve, as to a matter within its designated authority, if such director reasonably believes the committee to merit confidence.

Independence of the Board

Except as may otherwise be permitted by NYSE rules, a majority of the members of the Board shall be independent directors. To be considered independent a director must be independent as determined under Section 303A.02(b) of the NYSE Listed Company Manual or any successor provision thereto and in the Board's judgment, the director must not have a material relationship with the Corporation. The determination of whether a material relationship exists shall be made by the other members of the Board who are independent as defined above.

A majority of the directors serving on the Board shall be "independent" as determined by the Board in accordance with the rules and standards established by the NYSE from time to time. The Board shall undertake an annual review of the independence of all non-employee directors and, in accordance with the independence criteria established by the Board from time to time, shall make an affirmative determination that each "independent" director has no direct or indirect material relationship with the Corporation.

Special Roles and Duties of the Committees

The Corporation has appointed the Manager to manage its investments and the business of the Corporation pursuant to a Management Agreement, subject to the supervision of the Board. There is potential for conflict between the interests of the Manager and those of the Corporation's stockholders. These potential conflicts of interest are policed by the Corporation's independent directors, who make up a majority of the Board, or by the committees of the Board which are made up solely of independent directors, and who, in each case, look after the interests of the Corporation's stockholders. In serving this function, the independent directors, or the respective committees of the Board, are responsible for the following specific duties, among other things:

- approval of certain adjustments and determinations as set forth in the Management Agreement;
- approval of market-based fees paid or payable to the Manager and its affiliates in respect of the Corporation's investments, other than any fees payable under the management agreement;
- approval of (a) any purchase of the Corporation's assets by Ares Management Corporation and its affiliates ("Ares Management") or any of its affiliates other than the Manager (collectively with Ares Management, the "Ares Management parties"), and (b) any purchase by the Corporation of any assets of any of the Ares Management parties;
- approval of additional transactions with an Ares Management party, such as any investment, acquisition, sale of assets or provision of financing to portfolio companies of investment vehicles managed by Ares Management or its affiliates or co-investments with, purchase of assets from, sale of assets to or arrangements of financing from, any such investment vehicles and their portfolio companies; and
- to the extent the Corporation co-invests with other investment vehicles that are managed by Ares Management, the approval of the Corporation's proportionate share of fees charged by the managers of such other investment vehicles, other than fees set forth in the management agreement.

Lead Independent Director

Whenever the Chair of the Board is not an independent director, the independent directors will appoint one of the independent directors to be the lead independent director (the "Lead Independent Director"). The Lead Independent Director shall have such duties as are set forth in Exhibit A.

Director Qualification Standards and Nomination Process

The Nominating and Governance Committee of the Board (the “Nominating Committee”) is responsible for reviewing on an annual basis the appropriate characteristics, skills, and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), in recommending candidates for election by the stockholders (or, in the case of vacancies, election by the Board), and in approving such candidates, the Nominating Committee will take into account the factors set forth under the Corporation’s Director Nominations, Stockholder Communications and Annual Meeting Attendance Policies, as such may be amended by the Nominating Committee with the approval of the Board from time to time (the “Nominating Policies”).

The Board does not believe that arbitrary term limits on directors’ service are appropriate nor does it believe that directors should expect to be nominated for re-election until they reach a mandatory retirement age. The Board self-evaluation process, together with the procedures set forth in the charter of the Nominating Committee and the Nominating Policies, shall be an important determinant for Board tenure.

Selection of New Director Candidates

Subject to the Corporation’s obligation by contract, bylaw or otherwise, to provide third parties with the ability to nominate directors, the Nominating Committee shall be responsible for (i) identifying individuals qualified to become Board members (consistent with criteria approved by the Board) and (ii) recommending to the Board the persons to be nominated for election as directors at any meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Director nominees shall be considered for recommendation by the Nominating Committee in accordance with these Guidelines, the Nominating Policies and the policies and principles in its charter.

Outside Directorships

Directors are not prohibited from serving simultaneously on multiple companies’ boards; however, if any director serves on four or more public company boards simultaneously (including the Corporation’s Board) or a member of the Audit Committee serves on the audit committee of three or more public companies simultaneously (including the Corporation’s Audit Committee), then the Board shall determine whether such simultaneous service impairs the ability of such member to effectively serve the Corporation. Independent Directors must advise the Chair of the Board and the Chair of the Nominating Committee in advance of accepting an invitation to serve on another board.

Service on other boards and/or committees must be consistent with the Corporation’s conflict of interest policies set forth below.

Director Resignations, Retirements and Refusals to Stand for Re-Election

A director who intends to resign or retire or refuses to stand for re-election to the Board must submit written notice to the Secretary. For resignations and retirements, the director must state the effective date of the resignation or retirement.

Directors Who Resign Their Current Positions with an Ares Management Party

Directors who are also employees of an Ares Management party are expected to resign from the Board at the same time they leave employment or materially change their position with an Ares Management party.

Director Resignation Policy

In an uncontested election of directors, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” his or her election will, within five days following the certification of the stockholder vote, tender his or her written resignation to the Chair of the Board for consideration by the Nominating Committee. As used herein, an “uncontested election of directors” is an election in which the number of nominees is not greater than the number of Board seats open for election. The Nominating Committee shall review the director’s continuation on the Board and recommend to the Board whether the Board should accept such tendered resignation. The Board, giving due consideration to the best interests of the Corporation and its stockholders, shall evaluate the relevant facts and circumstances in connection with such director’s resignation, and shall make a decision, within 90 days following the certification of the stockholder vote, on whether to accept the tendered resignation. Any director who tenders a resignation pursuant to this provision shall not participate in the Nominating Committee’s recommendation or Board’s decision regarding the resignation. The Board will promptly disclose publicly its decision and, if applicable, the reasons for rejecting the tendered resignation.

Compensation

The Corporation will not pay any stated salary to directors for their services as directors, but the Board, upon the recommendation of the Nominating Committee, may determine via resolution to compensate directors per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors.

Independent directors may also receive equity grants under the Corporation’s equity incentive plans. The Board believes that directors should be incentivized to focus on long-term stockholder value. Including equity as a part of director compensation helps align the interest of directors with those of the Corporation’s stockholders.

Notwithstanding the foregoing, directors may also be compensated for services to the Corporation in other capacities.

Stock Ownership

To align the interests of directors and stockholders, the Corporation encourages directors to purchase shares of the Corporation’s stock and has adopted stock ownership guidelines requiring each director to achieve certain equity ownership levels.

Conflicts of Interest

A “conflict of interest” occurs when a director’s personal interest interferes in any way—or even appears to interfere—with the interests of the Corporation as a whole. Personal conflicts of interest are prohibited as a matter of Corporation policy, unless they have been approved by the Corporation. If an actual or potential conflict of interest develops, the director shall immediately report the matter to the Board. If a director has a personal interest in a matter before the Board, the director will disclose the interest to the Board, excuse himself or herself from discussion on the matter, and not vote on the matter. Additional information on the Corporation’s policy with respect to conflicts of interest is set forth in the Corporation’s Code of Business Conduct and Ethics.

Board Orientation and Continuing Education of Board Members

The Board or the Corporation will establish, or identify and provide access to, appropriate orientation sessions or materials for newly elected directors of the Corporation for their benefit either prior to or within a reasonable time after their nomination or election as a director. The Board or the Corporation will encourage, but not require, directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

Board Access to Management

Directors have full and free access to officers of the Corporation and officers and employees of the Manager or Ares Management. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors shall use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and shall, to the extent appropriate, copy the Chief Executive Officer on any written communications between a director and an officer of the Corporation or an officer or employee of the Manager or Ares Management.

Board Access to Independent Advisors

The Board and each committee has the authority to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without obtaining the approval of any officer of the Corporation or the Manager in advance. In the discretion of the Board or applicable committee, such independent advisors may be, but need not be, the regular advisors to the Corporation. The Board or any such committee is empowered, without further action by the Corporation, to cause the Corporation to pay the compensation of such advisors as established by the Board or any such committee.

Annual Self-Evaluation

At least annually, the Nominating Committee will oversee and coordinate a self-assessment of the Board and each committee’s own performance, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board and each committee respectively.

The assessment of the Board should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Corporation, as well as a review of the committee structure and an assessment of the Board's leadership structure and compliance with the principles set forth in the Guidelines. The purpose of the review will be to improve the performance of the Board as a unit. The Board will utilize the results of this evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board. Each committee of the Board will conduct its self-assessment under the oversight of the Nominating Committee in accordance with the provisions set forth in its respective charter.

BOARD MEETINGS

Frequency of Meetings

The Board will meet at least four times each calendar year. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors or independent directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Board or the chair of the appropriate committee in advance of such meeting and, whenever possible, participate in such meeting via teleconference.

Executive Sessions

The "non-management" directors, as defined by the rules of the NYSE, shall meet in executive session without management at least once a year to review, among other matters, the performance of the Chief Executive Officer and senior management. The non-management directors will meet in executive session at other times at the request of any non-management director. Absent unusual circumstances, these sessions shall be held in conjunction with regular Board meetings. In addition, independent directors should hold an executive session of only independent directors at least once a year. These sessions shall be led by the Lead Independent Director.

Attendance of Non-Directors

At the invitation of the Board, members of senior management of the Corporation or the Manager recommended by the Chief Executive Officer shall attend Board meetings or portions thereof for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by management responsible for that area of the Corporation's operations.

The Board encourages the directors and members of the committees to bring Corporation management (including members of management of the Manager) and outside advisors or consultants from time to time into Board and/or committee meetings to (1) provide insight into items being discussed by the Board which involve such members of management, advisors or consultants, (2) make presentations to the Board on matters which involve such members of management, advisors or consultants, and (3) bring members of management with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

Advance Receipt of Meeting Materials

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed to the directors before the meeting, and directors should review these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of an extremely confidential or time-sensitive nature and that the distribution of materials on these matters prior to meetings may not be appropriate or practicable. Presentations made at Board meetings should do more than summarize previously distributed Board meeting materials.

COMMITTEE MATTERS

Key Committees

The Board shall have at all times an Audit Committee, a Compensation Committee and a Nominating Committee. Each such committee shall have a charter that has been approved by the Board. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Committee Membership

The Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Corporation.

The Board affirmatively states that each member of the Audit Committee must be financially literate, as determined by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment, and that at least one member of the Audit Committee must (i) have accounting or related financial management expertise as defined by the rules of the NYSE and (ii) be an "audit committee financial expert" as defined by the Securities and Exchange Commission each as determined by the Board in its business judgment.

Committee Charters

In accordance with the applicable rules of the NYSE, the charters of the Audit Committee, the Compensation Committee and the Nominating Committee shall set forth the

purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The Board shall, from time to time as it deems appropriate, review and reassess the adequacy of each charter and make appropriate changes.

Frequency of Committee Meetings

The chair of each committee, in consultation with the committee members, shall determine the frequency of the committee meetings consistent with any requirements set forth in the committee's charter. Special meetings may be called from time to time as determined by the needs of the business and the responsibilities of the committees. Committees are required to report to the Board from time to time, as requested by the Board, or as the committee deems appropriate.

SUCCESSION PLANNING

The Board works on a periodic basis with the executive officers of the Manager to develop, review, maintain and revise, if necessary, the Corporation's succession plan upon the Chief Executive Officer's retirement.

PERIODIC REVIEW OF THE CORPORATE GOVERNANCE GUIDELINES

The Nominating Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of these Guidelines and recommend any proposed changes to the Board for approval.

Exhibit A

ARES COMMERCIAL REAL ESTATE CORPORATION

Role of the Lead Independent Director

The independent members of the Board of Directors (the “Board”) of Ares Commercial Real Estate Corporation (the “Corporation”) have determined to elect an independent director to serve in a lead capacity (the “Lead Independent Director”).

The Lead Independent Director coordinates the activities of the other independent directors and performs such other duties and responsibilities as the Board may determine.

The specific responsibilities of the Lead Independent Director are as follows:

Presides at Executive Sessions

- Presides at all meetings of the Board at which the Chair of the Board and the Chief Executive Officer of the Corporation (the “CEO”) and the other interested directors are not present, including regularly conducted executive sessions of the independent directors.

Calls Meetings of Independent Directors

- Has the authority to call meetings of the independent directors.

Functions as Liaison with the Chair and CEO

- Serves as liaison between the independent directors and the Chair and CEO.

Assists with ensuring that appropriate information is provided to the Board, such as board meeting agendas and schedules

- Reviews meeting agendas sent to the Board, and, where appropriate, other information provided to the Board, assessing the quality, quantity, appropriateness and timeliness of such information.
- Facilitates the Board’s approval of the number and frequency of Board meetings.
- Reviews meeting schedules to assure that there is sufficient time for discussion of all agenda items.

Stockholder Communication

- If requested by stockholders, ensures that he/she is available, when appropriate, for consultation and direct communication.

The Lead Independent Director is appointed at the discretion of the independent directors and may be removed or replaced by the independent directors at any time.