

# ARES COMMERCIAL REAL ESTATE CORPORATION

## Compensation Committee Charter

### I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Ares Commercial Real Estate Corporation (the “Corporation”) is to: (1) discharge the Board’s responsibilities relating to the compensation, if any, of the Corporation’s executive officers and directors; (2) oversee plans and programs related to the compensation of Ares Commercial Real Estate Management LLC, the Corporation’s external manager (the “Manager”), including reviewing the performance of and compensation payable to the Manager pursuant to the management agreement (the “Management Agreement”), as amended from time to time, by and between the Corporation and the Manager; (3) administer and implement the Corporation’s incentive and equity-based compensation plans, including, without limitation, the Corporation’s Amended and Restated 2012 Equity Incentive Plan (the “Plan”); and (4) prepare reports on or relating to executive compensation required by the rules and regulations of the Securities and Exchange Commission (the “SEC”).

For the purposes of this charter of the Committee (this “Charter”), all references to “management” shall be deemed to include the Manager and its personnel, as applicable, for so long as the Manager is administering the business activities and day-to-day operations of the Corporation in accordance with the terms of the Management Agreement.

### II. Membership

The Committee shall consist of no fewer than two directors. Except as may otherwise be permitted by the rules of The New York Stock Exchange (the “NYSE”), each member of the Committee shall, in the determination of the Board, be an “Independent Director” that satisfies the independence and other requirements established by the NYSE and in accordance with the requirements of Rule 10C-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Exchange Act.

The members of the Committee shall be appointed by the Board to serve in accordance with the Corporation’s bylaws and at the discretion of the Board and may be removed or replaced by the Board at any time. The chairperson of the Committee shall be elected by the full Board.

### III. Meetings; Rules of Procedure

The Committee shall meet at least annually, or more frequently as circumstances dictate. Special meetings may be convened as the Committee deems necessary or appropriate. The Committee may ask members of management or others to attend a meeting of the Committee (or to meet with any member of, or advisors to, the Committee) and provide pertinent information as necessary or desirable. The Committee may adopt such procedures as it deems appropriate and necessary to carry out the duties and responsibilities of the Committee. The Committee shall report regularly to the Board, not less frequently than annually.

Notice of Committee meetings shall be given in the same manner as notice for special meetings of the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The act of a majority of the Committee members present at a meeting shall be the act of the Committee.

#### **IV. Responsibilities and Duties**

The duties of the Committee shall be as follows:

##### **A. Manager Performance Evaluation**

Periodically evaluate the performance of the Manager and the base management fees and incentive compensation payable to the Manager in view of the Corporation's investment objectives and the obligations of the Manager under the Management Agreement.

##### **B. Executive Compensation; Administration of Plans**

1. Because the Corporation is externally managed by the Manager, the Corporation's executive officers do not receive any direct compensation from the Corporation other than certain grants that may be made to eligible awardees under Plan. If in the future, the Corporation directly pays compensation to its chief executive officer (the "CEO"), the Committee shall become responsible for (1) reviewing and approving corporate goals and objectives relevant to CEO compensation and evaluating the CEO's performance in light of those goals and objectives, and (2) either as a committee or together with the other independent directors (as directed by the Board), determining and approving the CEO's compensation level based on this evaluation. In evaluating and making recommendations to the Board regarding CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act.

2. In addition, if the Corporation directly pays compensation to its non-CEO executive officers, the Committee shall become responsible for making recommendations to the Board with respect to non-CEO executive officer compensation. In evaluating executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote.

3. To the extent required by the SEC, the Committee shall prepare, or cause to be prepared, the disclosure required by Item 407(e)(5) of SEC Regulation S-K, to be included in the Corporation's annual proxy statement or Form 10-K, as well as the Compensation Discussion and Analysis ("CD&A") and related disclosure, and shall recommend the CD&A and related disclosure to the Board for inclusion in the Corporation's annual proxy statement or Form 10-K.

4. The Committee shall develop, interpret, implement, administer, review and make recommendations to the Board and the Corporation's stockholders (to the extent stockholder approval is required by any applicable law, regulation or NYSE rule) with respect to all of the Corporation's stock ownership, stock option and other incentive-compensation and equity-based compensation plans, including, without limitation, the

Plan and sub-plans thereunder, as well as with respect to other benefit and compensation plans in which solely its executive officers, non-employee directors and/or its Manager participate.

5. The Committee shall make individual determinations and grant any restricted stock, stock options or other equity-based awards under any equity-based or incentive compensation plan, including, without limitation, the Plan and any sub-plans thereunder. The Committee shall monitor compliance by the Corporation and any recipients with such awards.

6. The Committee shall review and recommend to the Board for approval the adoption, amendment or modification of a “clawback” policy that allows the Corporation to recoup incentive compensation in compliance with Section 10D of Exchange Act the rules promulgated thereunder, and the listing standards of the NYSE, and to administer the “clawback” policy in accordance with its terms.

7. The Committee shall review and recommend to the Board for approval the frequency with which the Corporation will conduct Say-on-Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say-on-Pay Votes required by Section 14A of the Exchange Act, to review and approve the proposals regarding the Say-on-Pay Vote and the frequency of the Say-on-Pay Vote to be included in the Corporation's proxy statement.

C. Evaluation; Charter Review

The Nominating and Governance Committee of the Board will oversee and coordinate the Committee's annual assessment of the Committee's performance. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend any proposed changes to the Board. The Committee shall conduct such reviews in such manner as it deems appropriate.

D. Other Rights and Responsibilities

1. The Committee shall review the effectiveness of director compensation in supporting the Corporation's ability to attract, retain and motivate qualified directors and, if appropriate, recommend changes to the Board.

2. The Committee may form and delegate authority to sub-committees or, to the extent permitted under applicable laws, regulations and NYSE rules, to any other independent director or committee comprised entirely of independent directors, in each case, to the extent the Committee deems necessary or appropriate. The Committee may consult with or obtain input from management, but, except as expressly provided herein, shall not delegate any of its responsibilities to management.

3. The Committee may designate any member of the Committee to execute documents on its behalf as the Committee deems necessary or appropriate to carry out its responsibilities hereunder.

4. The Committee shall have the sole authority, to the extent the Committee deems necessary or appropriate to carry out its responsibilities, to obtain advice and assistance from, and to retain and terminate, internal or external legal, compensation, accounting or other consultants. The Committee shall have the sole authority to approve the fees and other retention terms of any such search firm or legal, accounting or other consultants. To the extent such advisors are engaged to assist the Committee with carrying out its duties and responsibilities related to compensation to be paid by the Corporation, the Committee will consider all factors relevant to such advisor's independence from the Corporation and the Manager, including the factors required at such time by the NYSE and applicable laws and regulations. The Committee shall have the power to conduct or authorize investigations into any matter within the Committee's scope of responsibilities.

## **V. General**

The Committee may diverge from the specific activities outlined throughout this Charter, as appropriate, if circumstances or regulatory requirements change. In addition to these activities, the Committee may perform such other functions as necessary or appropriate under applicable laws, regulations, NYSE rules, the Corporation's charter and bylaws, and the resolutions and other directives of the Board, each as in effect from time to time. This Charter may be amended from time to time by the Board.

This Charter shall be made available on the Corporation's website at [www.arescre.com](http://www.arescre.com) and to any stockholder who otherwise requests a copy.