

Ares Commercial Real Estate Corporation Reports First Quarter 2021 Results

May 04, 2021 6:00 AM

First quarter GAAP net income of \$15.7 million or \$0.45 per diluted common share and Distributable Earnings⁽¹⁾ of \$13.9 million or \$0.40 per diluted common share

- Subsequent to end of first quarter -

Declared second quarter 2021 dividend of \$0.33 per diluted common share and a supplemental dividend of \$0.02 per diluted common share

*Closed \$88 million of loans in ACRE,
with another \$185 million of ACRE eligible loans closed in the Ares Warehouse⁽²⁾*

Extended reinvestment period of FL3 Securitization to March 31, 2024

NEW YORK--(BUSINESS WIRE)-- Ares Commercial Real Estate Corporation (the “Company”) (NYSE:ACRE), a specialty finance company engaged in originating and investing in commercial real estate assets, reported generally accepted accounting principles (“GAAP”) net income of \$15.7 million or \$0.45 per diluted common share and Distributable Earnings⁽¹⁾ of \$13.9 million or \$0.40 per diluted common share for the first quarter of 2021.

“Our first quarter results mark a strong start to 2021, with significant growth in earnings versus the same period in 2020, and Distributable Earnings well in excess of the regular and supplemental dividends,” said Bryan Donohoe, Chief Executive Officer of ACRE. “Our strong earnings and our accretive equity offering drove another quarter of growth in our book value per share. Our larger equity base enables us to further scale our business and execute on our building pipeline of high quality opportunities in an attractive market. Our future outlook for 2021 remains promising and we continue to believe that our Distributable Earnings will meet or exceed our dividends for the year, including the supplemental dividends.”

“We continue to strengthen our balance sheet by raising accretive forms of capital and further diversifying our sources of financing, resulting in a greater equity base, lower overall leverage and increased non-recourse term financing compared to the first quarter of 2020,” said Tae-Sik Yoon, Chief Financial Officer of ACRE. “Supported by improving real estate market fundamentals, our portfolio continues to perform well with no new loans on non-accrual status and 100% of contractual interest payments collected during the first quarter.”

(1) Beginning in the fourth quarter of 2020, the non-GAAP financial measure of Core Earnings was renamed to Distributable Earnings. Refer to Schedule I for the definition and reconciliation of Distributable Earnings.

(2) Loans purchased from the Ares Warehouse must be purchased at fair value as determined by an independent third-party valuation expert, are dependent on liquidity and are subject to approval by a

majority of ACRE's independent directors. There can be no assurance that ACRE will acquire any loans from the Ares Warehouse.

COMMON STOCK DIVIDEND

On February 17, 2021, the Company declared a regular cash dividend of \$0.33 per common share and a supplemental cash dividend of \$0.02 per common share for the first quarter of 2021. The first quarter 2021 dividend and supplemental cash dividend were paid on April 15, 2021 to common stockholders of record as of March 31, 2021. On May 4, 2021, the Company declared a regular cash dividend of \$0.33 per common share and a supplemental cash dividend of \$0.02 per common share for the second quarter of 2021. The second quarter 2021 and supplemental cash dividends will be payable on July 15, 2021 to common stockholders of record as of June 30, 2021.

ADDITIONAL INFORMATION

The Company issued a presentation of its first quarter 2021 results, which can be viewed at www.arescre.com on the Investor Resources section of our home page under Events and Presentations. The presentation is titled "First Quarter 2021 Earnings Presentation." The Company also filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 with the U.S. Securities and Exchange Commission on May 4, 2021.

CONFERENCE CALL AND WEBCAST INFORMATION

On Tuesday, May 4, 2021, the Company invites all interested persons to attend its webcast/conference call at 12:00 p.m. (Eastern Time) to discuss its first quarter 2021 financial results.

All interested parties are invited to participate via telephone or the live webcast, which will be hosted on a webcast link located on the Home page of the Investor Resources section of the Company's website at <http://www.arescre.com>. Please visit the website to test your connection before the webcast. Domestic callers can access the conference call by dialing +1 (888) 317-6003. International callers can access the conference call by dialing +1 (412) 317-6061. All callers will need to enter the Participant Elite Entry Number 4636556 followed by the # sign and reference "Ares Commercial Real Estate Corporation" once connected with the operator. All callers are asked to dial in 10-15 minutes prior to the call so that name and company information can be collected. For interested parties, an archived replay of the call will be available through May 18, 2021 at 5:00 p.m. (Eastern Time) to domestic callers by dialing +1 (877) 344-7529 and to international callers by dialing +1 (412) 317-0088. For all replays, please reference conference number 10153165. An archived replay will also be available through May 18, 2021 on a webcast link located on the Home page of the Investor Resources section of the Company's website.

ABOUT ARES COMMERCIAL REAL ESTATE CORPORATION

Ares Commercial Real Estate Corporation is a specialty finance company primarily engaged in originating and investing in commercial real estate loans and related investments. Through its national direct origination platform, the Company provides a broad offering of flexible and reliable financing solutions for commercial real estate owners and operators. The Company originates senior mortgage loans, as well as subordinate financings, mezzanine debt and preferred equity, with an emphasis on providing value added financing on a variety of properties located in liquid markets across the United States. Ares Commercial Real Estate Corporation elected and qualified to be taxed as a real estate investment trust and is externally managed by a subsidiary of Ares Management Corporation. For more information, please visit www.arescre.com. The contents of such website are not, and should not be deemed to be, incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

Statements included herein or on the webcast / conference call may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which relate to future events or the Company’s 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 the returns on current and future investments, rates of repayments and prepayments on the Company’s mortgage loans, availability of investment opportunities, the Company’s ability to originate additional investments and completion of pending investments, the availability of capital, the availability and cost of financing, market trends and conditions in the Company’s industry and the general economy, the level of lending and borrowing spreads and interest rates, commercial real estate loan volumes, the impact of the COVID-19 pandemic and the pandemic’s impact on the U.S. and global economy, the Company’s ability to pay future dividends at historical levels or at all, and the risks described from time to time in the Company’s filings with the Securities and Exchange Commission (the “SEC”), including, but not limited to, the risk factors described in Part I, Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K, filed with the SEC on February 18, 2021 and the risk factors described in Part II, Item 1A. Risk Factors in the Company’s Quarterly Report on Form 10-Q, filed with the SEC on May 4, 2021. Any forward-looking statement, including any contained herein, speaks only as of the time of this press release and Ares Commercial Real Estate Corporation undertakes no duty to update any forward-looking statements made herein or on the webcast/conference call. Projections and forward-looking statements are based on management’s good faith and reasonable assumptions, including the assumptions described herein.

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INVESTOR RELATIONS

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