UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 9, 2024

ARES COMMERCIAL REAL ESTATE CORPORATION
(Exact Name of Registrant as Specified in Charter)

Maryland	001-35517	45-3148087
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

245 Park Avenue, 42nd Floor, New York, NY 10167
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(212) 750-7300**

(Former Name or Former Address, if Changed Since Last Report) **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	ACRE	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2024, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2024. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On May 9, 2024, the registrant made available on its website an earnings presentation with respect to its financial results for the quarter ended March 31, 2024. A copy of the presentation is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The information disclosed under Item 2.02 and Item 7.01, including Exhibit 99.1 and Exhibit 99.2 hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

Exhibit Number	Description
99.1	Press Release, dated May 9, 2024
99.2	Presentation of Ares Commercial Real Estate Corporation, dated May 9, 2024
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARES COMMERCIAL REAL ESTATE CORPORATION

Date: May 9, 2024	By:	/s/ Tae-Sik Yoon
	Name:	Tae-Sik Yoon
	Title:	Chief Financial Officer and Treasurer

ARES COMMERCIAL REAL ESTATE CORPORATION REPORTS FIRST QUARTER 2024 RESULTS

First quarter GAAP net income (loss) of $(12.3) million or $(0.23) per diluted common share and Distributable Earnings (Loss)[(1)] of $(33.5) million or $(0.62) per diluted common share

- Subsequent to three months ended March 31, 2024 -

Declared second quarter 2024 dividend of $0.25 per common share

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 (loss) of $(12.3) million or $(0.23) per diluted common share and Distributable Earnings (Loss)[(1)] of $(33.5) million or $(0.62) per diluted common share for the first quarter of 2024.

“Our first quarter results reflect further progress that we have made to resolve underperforming loans,” said Bryan Donohoe, Chief Executive Officer of Ares Commercial Real Estate Corporation. “During the first quarter, we exited or restructured four loans, leading to a 31% decline in the outstanding principal balance of loans on non-accrual status. Looking forward, we believe the real estate capabilities of the Ares platform, coupled with our liquidity and capital position, positions us well to continue to execute on our plan to drive further shareholder value.”

“During the first quarter, we continued to de-lever our balance sheet by further reducing our debt balance by an additional 8%, resulting in an outstanding principal balance below $1.5 billion at the end of the quarter,” said Tae-Sik Yoon, Chief Financial Officer of Ares Commercial Real Estate Corporation.

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(1) Distributable Earnings (Loss) is a non-GAAP financial measure. Refer to Schedule I for the definition and reconciliation of Distributable Earnings (Loss).

COMMON STOCK DIVIDEND

On February 22, 2024, the Board of Directors of the Company declared a regular cash dividend of $0.25 per common share for the first quarter of 2024. The first quarter 2024 dividend was paid on April 16, 2024 to common stockholders of record as of March 28, 2024.

On May 9, 2024, the Board of Directors of the Company declared a regular cash dividend of $0.25 per common share for the second quarter of 2024. The second quarter 2024 dividend will be payable on July 16, 2024 to common stockholders of record as of June 28, 2024.

ADDITIONAL INFORMATION

The Company issued a presentation of its first quarter 2024 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 2024 Earnings Presentation." The Company also filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 with the U.S. Securities and Exchange Commission on May 9, 2024.

CONFERENCE CALL AND WEBCAST INFORMATION

On Thursday, May 9, 2024, the Company invites all interested persons to attend its webcast/conference call at 9:00 a.m.(Eastern Time) to discuss its first quarter 2024 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 www.arescre.com. Please visit the website to test your connection before the webcast. Domestic callers can access the conference call by dialing +1 (800) 343-5172. International callers can access the conference call by dialing +1 (785) 424-1699. Please provide passcode ACREQ124. 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 June 9, 2024 at 5:00 p.m. (Eastern Time) to domestic callers by dialing +1 (800) 759-0728 and to international callers by dialing +1 (402) 220-7229. An archived replay will also be available through June 9, 2024 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 (the "Company") 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. These statements relate to future events or the Company's future performance or financial condition and include, but are not limited to, statements about the resolution of underperforming loans, reduction of CECL reserve and increase of available borrowings. 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 global economic trends and economic conditions, including high inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates and currency fluctuations, as well as geopolitical instability, including conflicts between Russia and Ukraine and the conflict in the Middle East, changes in interest rates, credit spreads and the market value of the Company's investments, the Company's business and investment strategy, the Company's projected operating results, the return or impact of current and future investments, the demand for commercial real estate loans, rates of prepayments on the Company's mortgage loans and the effect on the Company's business of such prepayments, availability of investment opportunities in mortgage-related and real estate-related investments and securities, ACREM's ability to locate suitable investments for the Company, monitor, service and administer the Company’s investments and execute its investment strategy, 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 22, 2024, and the risk factors described in Part II, Item 1A. Risk Factors in the Company’s subsequent Quarterly Reports on Form 10-Q. 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.

INVESTOR RELATIONS CONTACTS

Ares Commercial Real Estate Corporation
Carl Drake or John Stilmar
(888) 818-5298
iracre@aresmgmt.com

ARES COMMERCIAL REAL ESTATE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	As of	
	March 31, 2024 (unaudited)	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 99,518	$ 110,459
Loans held for investment ($773,904 and $892,166 related to consolidated VIEs, respectively)	2,014,500	2,126,524
Current expected credit loss reserve	(139,763)	(159,885)
Loans held for investment, net of current expected credit loss reserve	1,874,737	1,966,639
Loans held for sale, at fair value ($38,981 related to consolidated VIEs as of December 31, 2023)	—	38,981
Investment in available-for-sale debt securities, at fair value	28,148	28,060
Real estate owned, net	82,499	83,284
Other assets ($3,537 and $3,690 of interest receivable related to consolidated VIEs, respectively; $6,539 and $32,002 of other receivables related to consolidated VIEs, respectively)	25,795	52,354
Total assets	$ 2,110,697	$ 2,279,777
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Secured funding agreements	$ 630,299	$ 639,817
Notes payable	104,714	104,662
Secured term loan	149,443	149,393
Collateralized loan obligation securitization debt (consolidated VIEs)	595,105	723,117
Due to affiliate	4,281	4,135
Dividends payable	13,802	18,220
Other liabilities ($1,918 and $2,263 of interest payable related to consolidated VIEs, respectively)	11,964	14,584
Total liabilities	1,509,608	1,653,928
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value $0.01 per share, 450,000,000 shares authorized at March 31, 2024 and December 31, 2023 and 54,422,613 and 54,149,225 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	532	532
Additional paid-in capital	813,468	812,184
Accumulated other comprehensive income	234	153
Accumulated earnings (deficit)	(213,145)	(187,020)
Total stockholders' equity	601,089	625,849
Total liabilities and stockholders' equity	$ 2,110,697	$ 2,279,777

ARES COMMERCIAL REAL ESTATE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	For the Three Months Ended March 31,	
	2024	2023
Revenue:		
Interest income	$ 44,033	$ 49,500
Interest expense	(28,819)	(22,999)
Net interest margin	15,214	26,501
Revenue from real estate owned	3,478	—
Total revenue	18,692	26,501
Expenses:		
Management and incentive fees to affiliate	2,768	3,010
Professional fees	533	771
General and administrative expenses	2,081	1,685
General and administrative expenses reimbursed to affiliate	1,132	732
Expenses from real estate owned	2,037	—
Total expenses	8,551	6,198
Provision for current expected credit losses	(22,269)	21,019
Realized losses on loans	45,726	5,613
Change in unrealized losses on loans held for sale	(995)	—
Income (loss) before income taxes	(12,321)	(6,329)
Income tax expense, including excise tax	2	110
Net income (loss) attributable to common stockholders	$ (12,323)	$ (6,439)
Earnings (loss) per common share:		
Basic earnings (loss) per common share	$ (0.23)	$ (0.12)
Diluted earnings (loss) per common share	$ (0.23)	$ (0.12)
Weighted average number of common shares outstanding:		
Basic weighted average shares of common stock outstanding	54,396,397	54,591,650
Diluted weighted average shares of common stock outstanding	54,396,397	54,591,650
Dividends declared per share of common stock[(1)]	$ 0.25	$ 0.35

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

SCHEDULE I

Reconciliation of Net Income (Loss) to Non-GAAP Distributable Earnings (Loss)

Distributable Earnings (Loss) 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 (Loss) provides useful information to investors regarding the Company's ability to pay dividends, which is one of the principal reasons the Company believes 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 (Loss) is defined as net income (loss) attributable to common stockholders computed in accordance with GAAP, excluding non-cash equity compensation expense, the incentive fees the Company pays to its Manager (Ares Commercial Real Estate Management LLC), 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 (Loss). Distributable Earnings (Loss) 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.

Reconciliation of net income (loss) attributable to common stockholders, the most directly comparable GAAP financial measure, to Distributable Earnings (Loss) is set forth in the table below for the three months and twelve months ended March 31, 2024 ($ in thousands):

	For the Three Months Ended March 31, 2024	For the Twelve Months Ended March 31, 2024
Net income (loss) attributable to common stockholders	$ (12,323)	$ (44,751)
Stock-based compensation	1,284	4,314
Incentive fees to affiliate	—	334
Depreciation and amortization of real estate owned	786	1,801
Provision for current expected credit losses	(22,269)	48,537
Realized gain on termination of interest rate cap derivative(1)	—	(464)
Unrealized losses on loans held for sale	(995)	—
Distributable Earnings (Loss)	$ (33,517)	$ 9,771
Net income (loss) attributable to common stockholders	$ (0.23)	$ (0.83)
Stock-based compensation	0.02	0.08
Incentive fees to affiliate	—	0.01
Depreciation and amortization of real estate owned	0.01	0.03
Provision for current expected credit losses	(0.41)	0.89
Realized gain on termination of interest rate cap derivative(1)	—	(0.01)
Unrealized losses on loans held for sale	(0.02)	—
Basic Distributable Earnings (Loss) per common share	$ (0.62)	$ 0.18
Net income (loss) attributable to common stockholders	$ (0.23)	$ (0.83)
Stock-based compensation	0.02	0.08
Incentive fees to affiliate	—	0.01
Depreciation and amortization of real estate owned	0.01	0.03
Provision for current expected credit losses	(0.41)	0.89
Realized gain on termination of interest rate cap derivative(1)	—	(0.01)
Unrealized losses on loans held for sale	(0.02)	—
Diluted Distributable Earnings (Loss) per common share	$ (0.62)	$ 0.18

(1) For the twelve months ended March 31, 2024, Distributable Earnings (Loss) includes a $464 thousand 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 (loss).

Exhibit 99.2

ARES
COMMERCIAL REAL ESTATE CORPORATION

First Quarter 2024 Earnings Presentation

Confidential – Not for Publication or Distribution

Disclaimer

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended, which may relate to future events or the future performance or financial condition of Ares Commercial Real Estate Corporation ("ACRE" or, the "Company"), Ares Commercial Real Estate Management LLC ("ACREM"), a subsidiary of Ares Management Corporation ("Ares Corp."), Ares Corp., certain of their subsidiaries and certain funds and accounts managed by ACREM, Ares Corp. and/or their subsidiaries, including, without limitation, ACRE. These statements include, but are not limited to, statements about the resolution of underperforming loans, reduction of CECL reserve and increase of available borrowings and are not guarantees of future results or financial condition and involve a number of risks and uncertainties. Actual results could differ materially from those in the forward-looking statements as a result of a number of factors, including global economic trends and economic conditions, including high inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates and currency fluctuations, as well as geopolitical instability, including conflicts between Russia and Ukraine and the conflict in the Middle East, changes in interest rates, credit spreads and the market value of the Company's investments, the Company's business and investment strategy, the Company's projected operating results, the return or impact of current and future investments, the demand for commercial real estate loans, rates of prepayments on the Company's mortgage loans and the effect on the Company's business of such prepayments, availability of investment opportunities in mortgage-related and real estate-related investments and securities, ACREM's ability to locate suitable investments for the Company, monitor, service and administer the Company's investments and execute its investment strategy, and other risks described from time to time in ACRE's filings within the Securities and Exchange Commission ("SEC"). Any forward-looking statement, including any contained herein, speaks only as of the time of this release and none of ACRE, ARES Corp. nor ACREM undertakes any duty to update any forward-looking statements made herein. Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws.

Ares Corp. is the parent to several registered investment advisers, including Ares Management LLC ("Ares Management") and ACREM. Collectively, Ares Corp., its affiliated entities, and all underlying subsidiary entities shall be referred to as "Ares" unless specifically noted otherwise. For a discussion regarding potential risks on ACRE, see Part I., Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part I., Item 1A. "Risk Factors" in ACRE's Annual Report on Form 10-K and Part II, Item 1A. "Risk Factors" in ACRE's subsequent Quarterly Reports on Form 10-Q.

The information contained in this presentation is summary information that is intended to be considered in the context of ACRE's SEC filings and other public announcements that ACRE, ACREM or Ares may make, by press release or otherwise, from time to time. ACRE, ACREM and Ares undertake no duty or obligation to publicly update or revise the forward-looking statements or other information contained in this presentation. These materials contain information about ACRE, ACREM and Ares, and certain of their respective personnel and affiliates, information about their respective historical performance and general information about the market. You should not view information related to the past performance of ACRE, ACREM or Ares or information about the market, as indicative of future results, the achievement of which cannot be assured.

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In addition, in light of the various investment strategies of such other investment partnerships, funds and/or pools, it is noted that such other investment programs may have portfolio investments inconsistent with those of the investment vehicle or strategy discussed herein.

These materials are not intended as an offer to sell, or the solicitation of an offer to purchase, any security, the offer and/or sale of which can only be made by definitive offering documentation. Any offer or solicitation with respect to any securities that may be issued by ACRE will be made only by means of definitive offering memoranda or prospectus, which will be provided to prospective investors and will contain material information that is not set forth herein, including risk factors relating to any such investment.

For the definitions of certain terms used in this presentation, please refer to the "Glossary" slide in the appendix.

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Company Highlights

Loan Portfolio

- **$2.0 billion** outstanding principal balance
- **98%** senior loans
- *Reduced loans on non-accrual status by $133 million or 31% since 4Q 2023*

Earnings and Dividends

- **$(0.23)** 1Q GAAP net income (loss) per diluted common share
- **$(0.62)** 1Q Distributable Earnings (Loss) per diluted common share[1]
- **$0.22** 1Q Distributable Earnings per diluted common share excluding realized losses of $0.84 per diluted common share[1,2]
- *$0.25 declared 2Q 2024 regular cash dividend per common share*

Balance Sheet Positioning

- **8%** reduction in outstanding borrowings to $1.5 billion
- **1.9x** net debt to equity ratio excluding CECL reserve[3]
- **$175 million** of available capital[4]
- *No spread based mark to market provisions*

Ares Sponsorship

- **$428.3 billion** ARES AUM[5]
- **$48.8 billion** ARES real estate platform AUM
- *Benefits from market intelligence and deep relationships*

Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

1. Distributable Earnings (Loss) and Distributable Earnings excluding realized losses are non-GAAP financial measures. See page 22 for Distributable Earnings (Loss) and Distributable Earnings excluding realized losses definitions and page 20 for the Reconciliation of Net Income (Loss) to Non-GAAP Distributable Earnings (Loss) and Distributable Earnings excluding realized losses.
2. Distributable Earnings excluding realized losses per diluted common share is calculated as Distributable Earnings (Loss) of $(34) million or $(0.62) per diluted common share plus realized losses of $46 million or $0.84 per diluted common share.
3. Net debt to equity ratio (excluding CECL reserves) is calculated as (i) $1.5 billion of outstanding principal of borrowings less $100 million of cash, (ii) divided by the sum of total stockholders' equity of $601 million plus CECL reserve of $141 million at March 31, 2024. Net debt to equity ratio including CECL reserve is 2.3x. Total debt to equity ratio excluding CECL reserve is 2.0x and including CECL reserve is 2.5x.
4. As of March 31, 2024, includes $100 million of unrestricted cash and $75 million of available financing proceeds under the secured revolving funding agreement with City National Bank ("CNB Facility"). The $75 million committed amount of the CNB Facility remains unchanged, however, subsequent to March 31, 2024, the amount available was reduced to $50 million subject to increase to $75 million as additional collateral is pledged.
5. Ares AUM includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.

Summary of 1Q 2024 Results and Activity

Earnings Results	• 1Q 2024 GAAP net income (loss) of $(0.23) per diluted common share • 1Q 2024 Distributable Earnings (Loss) of $(0.62) per diluted common share[1] • 1Q 2024 Distributable Earnings of $0.22 per diluted common share excluding realized losses of $0.84 per diluted common share[1,2] • Book value per common share of $11.04 (or $13.63 excluding CECL reserve) as of March 31, 2024[3]
1Q 2024 Update	• Exited or restructured four previous underperforming loans, totaling $187 million of outstanding principal balance • Non-accrual loans declined by $133 million or 31% since 4Q 2023, with no new non-accrual loans in 1Q 2024 • Office loans declined by $69 million or 8% of outstanding principal balance of office loans since 4Q 2023 • Resolutions led to $0.02 per share of additional quarterly earnings impact during 1Q 2024
Credit & Loss Reserves	• Realized loss of $46 million upon exiting two previously risk rated 5 loans and one loan held for sale • $141 million CECL reserve at 1Q 2024
Balance Sheet Positioning	• Reduced outstanding borrowings by 8% from repayment and exit activity, resulting in a net debt to equity ratio excluding CECL reserve of 1.9x[4] • Available capital of $175 million[5] plus additional unlevered assets that may be financed to further increase available capital and earnings potential[6]
Dividends	• Declared cash dividend of $0.25 per common share for shareholders for 2Q 2024

Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers may not add up to the totals provided.

1. Distributable Earnings (Loss) and Distributable Earnings excluding realized losses are non-GAAP financial measures. See page 22 for Distributable Earnings (Loss) and Distributable Earnings excluding realized losses definitions and page 20 for the Reconciliation of Net Income (Loss) to Non-GAAP Distributable Earnings (Loss) and Distributable Earnings excluding realized losses.
2. Distributable Earnings excluding realized losses per diluted common share is calculated as Distributable Earnings (Loss) of $(34) million or $(0.62) per diluted common share plus realized losses of $46 million or $0.84 per diluted common share.
3. Book value per common share excluding CECL reserve is calculated as (i) total stockholders' equity of $601 million plus CECL reserve of $141 million divided by (ii) total outstanding common shares of 54,422,613 as of March 31, 2024.
4. Net debt to equity ratio (excluding CECL reserves) is calculated as (i) $1.5 billion of outstanding principal of borrowings less $100 million of cash, (ii) divided by the sum of total stockholders' equity of $601 million plus CECL reserve of $141 million at March 31, 2024. Net debt to equity ratio including CECL reserve is 2.3x. Total debt to equity ratio excluding CECL reserve is 2.0x and including CECL reserve is 2.5x.
5. As of March 31, 2024, includes $100 million of unrestricted cash and $75 million of available financing proceeds under the secured revolving funding agreement with City National Bank ("CNB Facility"). The $75 million committed amount of the CNB Facility remains unchanged, however, subsequent to March 31, 2024, the amount available was reduced to $50 million subject to increase to $75 million as additional collateral is pledged.
6. Additional unlevered assets that may be financed in the future include $82 million of total real estate owned net of depreciation, $28 million floating rate investment grade debt securities and other assets that are not levered.

Portfolio Overview

» Focused on maximizing outcomes for our risk rated 4 and 5 loans

Risk Rated 1-3 Loan Portfolio

$1.5 billion Portfolio Size[2]

36 Loans

- Majority Collateralized by Multifamily, Industrial, Self-Storage and Other Property Types[2,4]
- CECL Reserve is Approximately 1% of Loan Balance[2,5]
- More than $138 Million of Additional Borrower Capital Contributions in the LTM[7]
- All Borrowers Renewed Expiring Interest Rate Caps in the LTM[9]

Risk Rated 4 & 5 Loan Portfolio

$0.5 billion Portfolio Size[3]

8 Loans

- 77% is Collateralized by Office and Residential / Condo Properties[3]
- 89% of Total CECL Reserve Relates to Risk Rated 4 and 5 Loans[6]
- CECL Reserve is 25% of Loan Balance[8]
- CECL Reserve is 28% of Loan Balance for Office Loans[10]

Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

1. Based on outstanding principal balance of loans held for investment.
2. Based on outstanding principal balance of loans with risk ratings of 1, 2 or 3.
3. Based on outstanding principal balance of loans with risk ratings of 4 or 5.
4. Other Property Types is comprised of Mixed-Use, Hospitality and Student Housing property types.
5. CECL reserve of $16 million on risk rated 1, 2 and 3 loans.
6. $125 million of the $141 million total CECL reserve related to loans risk rated 4 and 5.
7. Includes borrower capital contributions relating to the purchase of interest rate caps, current interest payments, debt paydowns, tenant improvements and leasing commissions, interest and carry reserves and other items.
8. $125 million of CECL reserve for risk rated 4 and 5 loans as a percentage of the $0.5 billion in outstanding principal balance of risk rated 4 and 5 loans.
9. Interest rate caps relating to risk rated 1-3 loans that expired in the last twelve months ("LTM") were renewed at their prior strike or economically equivalent amount after considering additional reserves.
10. Based on outstanding principal balance of loans backed by office properties with risk ratings of 4 or 5.

Ares Management

» With approximately $428 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	$428bn
Employees	2,900+
Investment Professionals	1,000+
Global Offices	35+
Direct Institutional Relationships	2,400+
Listing: NYSE – Market Capitalization	$41.1bn[1]

Global Footprint[2]

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 attractive risk adjusted returns through market cycles**
- **A pioneer and leader in leveraged finance, private credit and secondaries**

	Credit	Real Assets	Private Equity	Secondaries	Other Businesses
AUM	$308.6bn	$64.1bn	$24.5bn	$25.6bn	$5.5bn
Strategies	Direct Lending	Real Estate Equity	Corporate Private Equity	Private Equity Secondaries	Ares Insurance Solutions[4]
	Liquid Credit	Real Estate Debt	APAC Private Equity	Real Estate Secondaries	Ares Acquisition Corporation[5]
	Alternative Credit	Infrastructure Opportunities		Infrastructure Secondaries	
	Opportunistic Credit[3]	Infrastructure Debt		Credit Secondaries	
	APAC Credit				

Note: As of March 31, 2024, 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.
Past performance is not indicative of future results.

1. As of April 1, 2024.
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. In Q1 2024, we moved our Special Opportunities strategy from our Private Equity Group into our Credit Group as Opportunistic Credit. The fund name remains Special Opportunities. Opportunistic Credit has been reclassified and presented within the Credit Group and reflected on a historical basis.
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 Estate Group Capabilities

- Global real estate investment manager with vertically integrated operating platform that seeks to generate compelling risk-adjusted performance[1] through market cycles

$48.8 billion
Real Estate AUM

270+
Investment Professionals

17
Offices and Market Coverage Locations

500+
Real Estate Investments Globally

Core/Core-Plus | Value-Add | Opportunistic

Private Debt

Private Equity Real Estate

Key Advantages

- **Scaled Real Estate Platform Experienced Across All Sectors**
- **Cycle-Tested & Collaborative Team with Local Networks**
- **Specialized 170+ Industrial-Focused Professionals**
- **Real Time Corporate & Market Insights**

Note: March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

1. All investments involve risk, including loss of principal. References to "risk-adjusted performance" or similar phrases are not guarantees against loss of investment capital or value.

Addressing Underperforming Loans

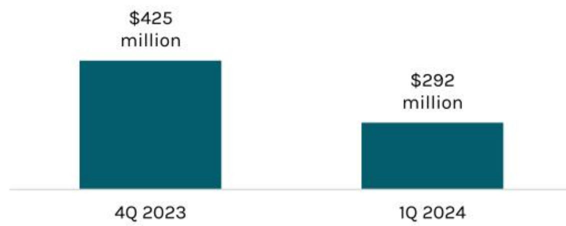
» During 1Q 2024, we made meaningful progress lowering loans on non-accrual and exposure to loans backed by office properties

Addressed Four Underperforming Loans During 1Q 2024[1]

1. Restructured a $74 million office loan
2. Exited a $57 million office loan
3. Exited a $38 million mixed-use loan held for sale
4. Exited a $19 million multifamily loan

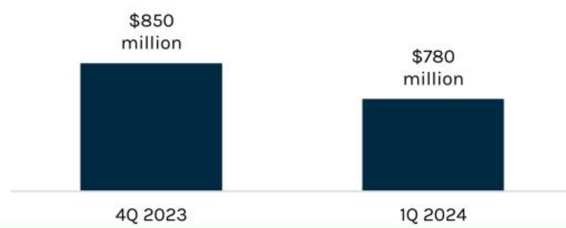
Reduced Dollars of Loans on Non-Accrual[2]

31% reduction quarter over quarter



Reduced ACRE's Loans Backed by Office Properties[3]

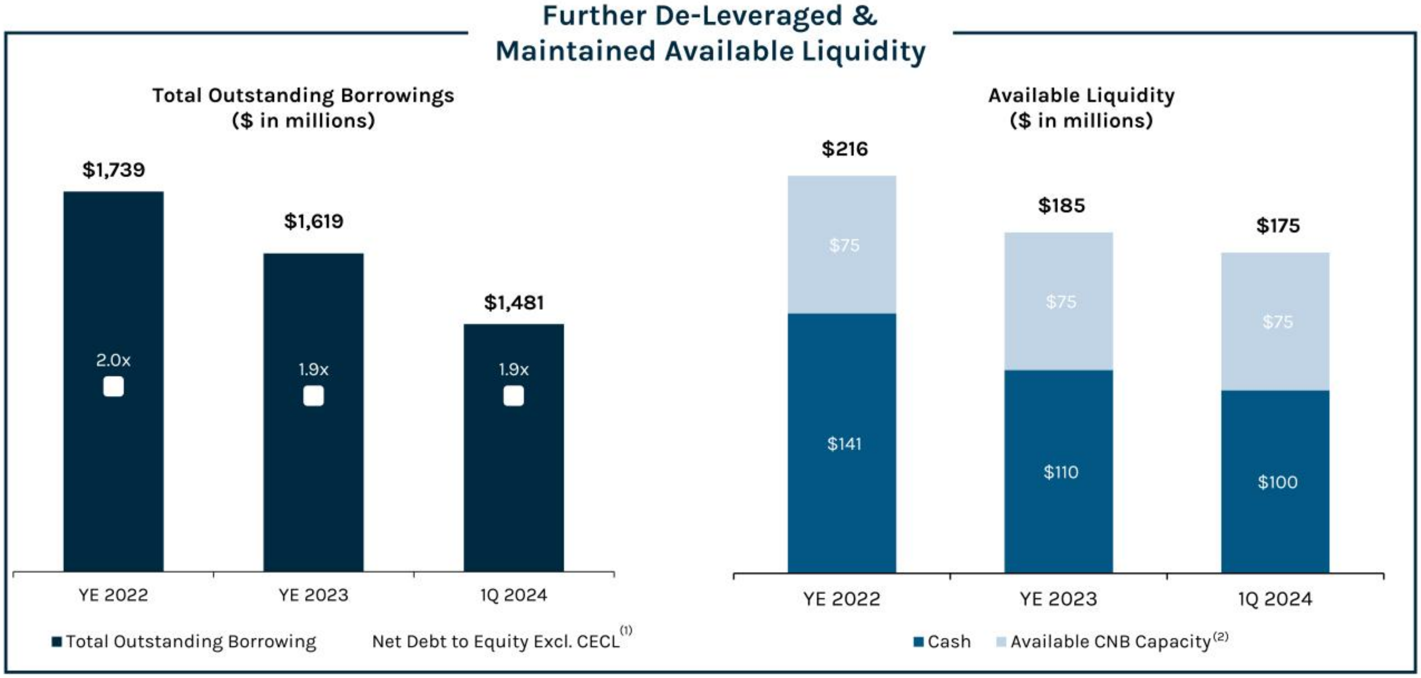
8% reduction quarter over quarter



Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results.
1. Loan balances relate to outstanding principal balance at time of respective resolution.
2. Based on outstanding principal balance of non-accrual loans.
3. Based on outstanding principal balance of loans backed by office properties.

Balance Sheet and Capital Position Provides Flexibility

» Further de-levered balance sheet and maintained available liquidity to support positive outcomes on underperforming loans



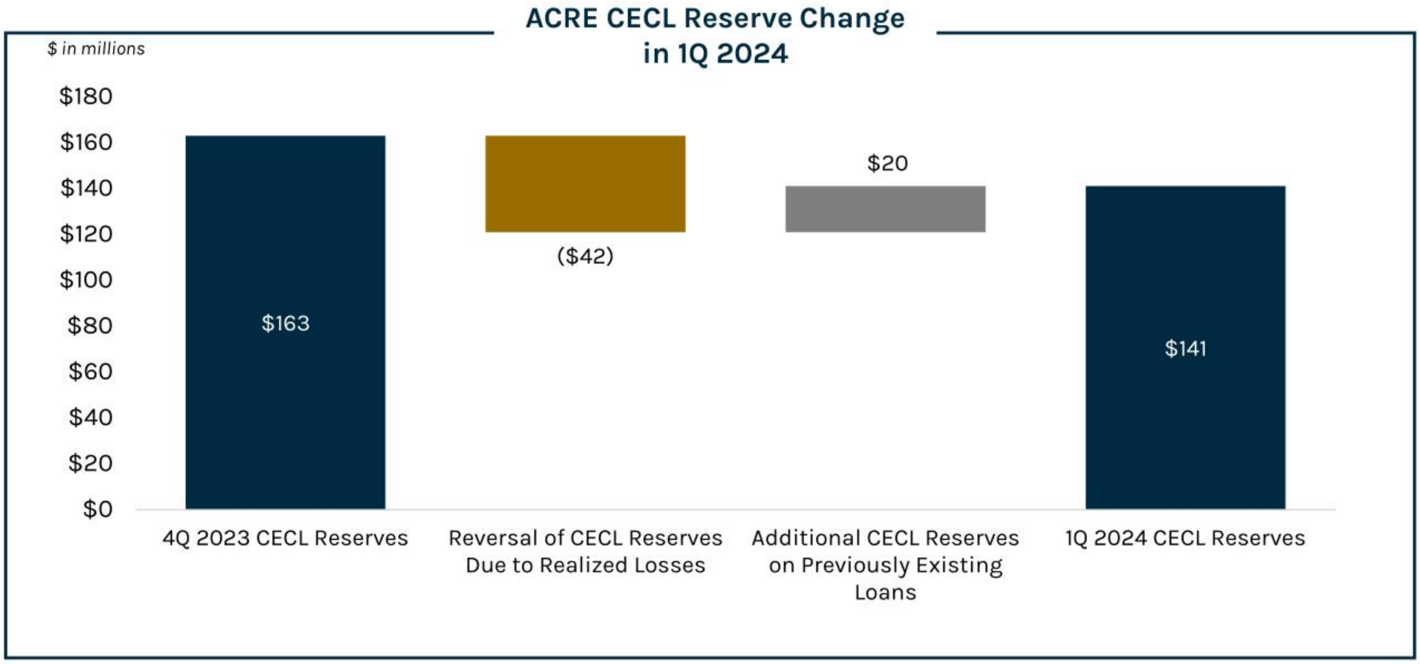
Note: Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

1. Net debt to equity ratio (excluding CECL reserves) is calculated as (i) $1.5 billion of outstanding principal of borrowings less $100 million of cash, (ii) divided by the sum of total stockholders' equity of $601 million plus CECL reserve of $141 million at March 31, 2024. Net debt to equity ratio including CECL reserve is 2.3x. Total debt to equity ratio excluding CECL reserve is 2.0x and including CECL reserve is 2.5x.
2. As of March 31, 2024, includes $100 million of unrestricted cash and $75 million of available financing proceeds under the secured revolving funding agreement with City National Bank ("CNB Facility"). The $75 million committed amount of the CNB Facility remains unchanged, however, subsequent to March 31, 2024, the amount available was reduced to $50 million subject to increase to $75 million as additional collateral is pledged.

ARES COMMERCIAL REAL ESTATE CORPORATION

CECL Reserves Trends

- Reduction in CECL reserves primarily reflects the reversal of previous reserves associated with the realization of losses on exited loans



Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Numbers may not sum due to rounding.

Current Expected Credit Loss Reserves

» CECL reserves are approximately 7% of total loans[1]

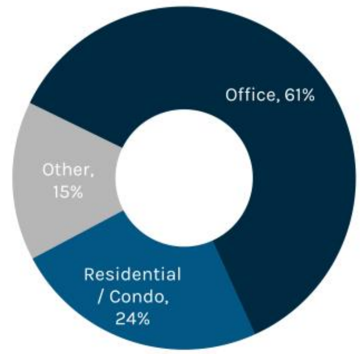
$141 million
Total CECL Reserves

7%
CECL Reserve as a Percent of All Loans Held for Investment[1]

CECL Reserves by Risk Rating

89%
CECL reserve relates to risk rated 4 and 5 loans

CECL Reserves by Property Type



85%
CECL reserve relates to office and residential / condo loans

Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.
1. Percentage of loans held for investment based on outstanding principal balance.

CECL Reserves for Risk Rated 4 and 5 Loans

» Office and residential / condo loans drive the CECL reserves on risk rated 4 and 5 loans

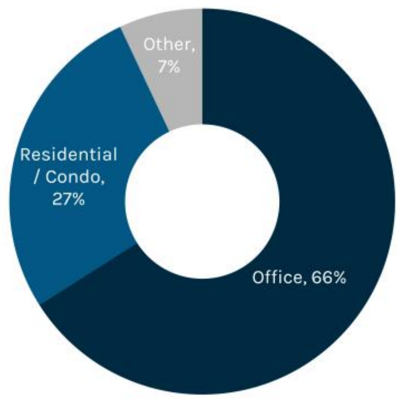
$125 million

CECL Reserves for Risk Rated 4 and 5 Loans

25%

CECL Reserves as a Percent of Risk Rated 4 and 5 Loan Balance[1]

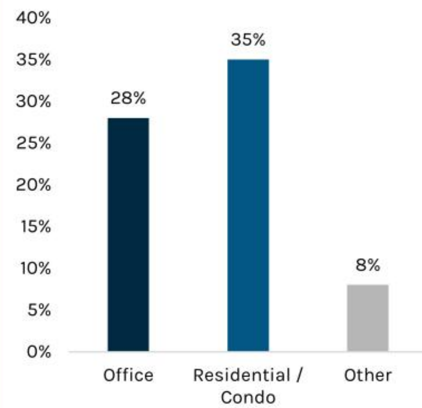
Risk Rated 4 and 5 Loans CECL Reserves by Property Type



92%

Of the $125 million CECL reserves for risk rated 4 and 5 loans relates to office and residential / condo loans

Risk Rated 4 and 5 Loans CECL Reserves as a Percent of Loan Balance[2]



Note: As of March 31, 2024 unless otherwise noted. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

1. Based on outstanding principal balance of loans with risk ratings of 4 or 5.
2. Based on outstanding principal balance of loans with risk ratings of 4 or 5 by property type.

Appendix

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[1]
Office Loans:											
1	Senior	IL	Nov 2020	$160.2	$160.2	$154.0	(2)	1.5%	7.6%[2]	Mar 2025	I/O
2	Senior	Diversified	Jan 2020	109.2	109.0	108.8	S+3.75%	1.6%	9.3%	Jan 2025	P/I
3	Senior	AZ	Sep 2021	100.7	71.8	71.6	S+3.61%	0.1%	9.4%	Oct 2024	I/O
4	Senior	NC	Aug 2021	85.0	68.9	68.8	S+3.65%	0.2%	9.4%	Aug 2024	I/O
5	Senior	NC	Mar 2019	68.6	68.6	65.5	S+4.35%	2.3%	—%[3]	May 2024	P/I
6	Senior	NY	Jul 2021	59.0	59.0	59.0	S+2.65%	3.0%	8.0%[4]	Jul 2027[4]	I/O
7	Senior	IL	Dec 2022	56.0	56.0	55.8	S+4.25%	3.0%	10.1%	Jan 2025	I/O
8	Senior	MA	Apr 2022	82.2	50.1	49.7	S+3.75%	—%	9.9%	Apr 2025	I/O
9	Senior	GA	Nov 2019	48.4	48.4	48.3	S+3.15%	1.9%	8.7%	Dec 2024	P/I
10	Senior	CA	Oct 2019	33.2	33.2	30.6	S+3.45%	1.9%	—%[5]	Dec 2023[5]	I/O
11	Senior	CA	Nov 2018	20.4	20.4	20.3	S+3.50%	2.3%	9.1%	Nov 2025	P/I
12	Subordinated	NJ	Mar 2016	18.5	18.5	15.8	12.00%	—%	—%[6]	Jan 2026	I/O
13	Subordinated	NY	Jul 2021	9.8	9.8	7.6	5.50%	—%	—%[4]	Jul 2027[4]	I/O
Total Office[7]				**$851.2**	**$773.9**	**$755.8**					

Note: As of March 31, 2024.

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 $46.2 million as of March 31, 2024, was on non-accrual status as of March 31, 2024 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 March 31, 2024 and the Unleveraged Effective Yield is not applicable.
4. In March 2024, the Company and the borrower entered into a modification and extension agreement to, among other things, split the existing senior New York loan, which was on non-accrual status and had an outstanding principal balance of $73.8 million at the time of the modification, into a senior A-Note with an outstanding principal balance of $60.0 million and a subordinated B-Note with an outstanding principal balance of $13.8 million. In conjunction with the modification, the borrower repaid the outstanding principal of the senior A-Note down to $59.0 million and the subordinated B-Note down to $9.8 million. The subordinated B-Note is subordinate to new sponsor equity related to the loan paydown and additional capital contributions. In addition, the maturity date of the senior A-Note and the subordinated B-Note was extended from August 2025 to July 2027. The senior A-Note has a per annum interest rate of S + 2.65% and the subordinated B-Note has a fixed per annum interest rate of 5.50%. During the three months ended March 31, 2024, the senior A-Note, which had an outstanding principal balance of $59.0 million as of March 31, 2024, was restored to accrual status. As of March 31, 2024, the subordinated B-Note, which had an outstanding principal balance of $9.8 million, was on non-accrual status and therefore, the Unleveraged Effective Yield is not applicable.
5. Loan was on non-accrual status as of March 31, 2024 and the Unleveraged Effective Yield is not applicable. As of March 31, 2024, the senior California loan, which is collateralized by an office property, is in maturity default due to the failure of the borrower to repay the outstanding principal balance of the loan by the December 2023 maturity date. The Company is in the process of a foreclosure of the property with legal title of the property expected to be acquired in the second quarter of 2024. Once legal title of the property is acquired, the Company will derecognize the senior California loan and recognize the office property as real estate owned.
6. Loan was on non-accrual status as of March 31, 2024 and the Unleveraged Effective Yield is not applicable. The mezzanine New Jersey loan is currently in default due to the borrower not making its contractual interest payments due subsequent to the December 2023 interest payment date.
7. Total office current loan commitment includes one loan collateralized by a life sciences property totaling $82.2 million current loan commitment, $50.1 million outstanding principal balance and $49.7 million carrying value.

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[(1)]
Multifamily Loans:											
14	Senior	NY	May 2022	$133.0	$132.2	$131.5	S+3.90%	0.2%	9.7%	Jun 2025	I/O
15	Senior	TX	Jun 2022	97.5	97.5	97.1	S+3.00%	1.5%	8.8%	Jul 2025	I/O
16	Senior	TX	Nov 2021	68.8	68.4	68.3	S+2.95%	—%	8.7%	Dec 2024	I/O
17	Senior[(2)]	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	56.5	S+3.05%	2.5%	8.8%	Oct 2026	I/O
19	Senior	CA	Nov 2021	31.7	31.7	31.6	S+3.00%	—%	8.6%	Dec 2025	I/O
20	Senior	PA	Dec 2018	28.2	28.2	28.2	S+2.50%	2.8%	7.8%	Dec 2025	I/O
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	23.0	23.0	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
Total Multifamily				**$550.8**	**$548.7**	**$546.6**					
Industrial Loans:											
24	Senior	IL	May 2021	$100.7	$100.7	$100.7	S+4.65%	0.1%	10.4%	May 2024	I/O
25	Senior	MA	Jun 2023	49.0	47.5	47.2	S+2.90%	—%	8.4%	Jun 2028	I/O
26	Senior	NJ	Jun 2021	28.3	27.8	27.8	S+3.85%	0.2%	9.8%	May 2024	I/O
27	Senior	FL	Dec 2021	25.5	25.5	25.4	S+3.00%	—%	8.6%	Dec 2025	I/O
28	Senior	CA	Aug 2019	19.6	19.6	18.7	S+3.85%	2.0%	—%[(3)]	Sep 2024	I/O
29	Senior	TX	Nov 2021	10.0	10.0	10.0	S+5.35%	0.2%	11.1%	Dec 2024	I/O
30	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**	**$237.5**	**$236.2**					

Note: As of March 31, 2024.
1. I/O = interest only, P/I = principal and interest.
2. Loan commitment is allocated between a multifamily property ($61 million) and an office property ($6 million).
3. Loan was on non-accrual status as of March 31, 2024 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[1]
Residential/Condominium Loans:											
31	Senior	NY	Mar 2022	$96.2	$96.2	$88.3	S+8.95%	0.4%	—%[2]	Dec 2025	I/O
32	Senior	FL	Jul 2021	75.0	75.0	75.0	S+5.35%	—%	10.7%	Jul 2024	I/O
Total Residential/Condominium				**$171.2**	**$171.2**	**$163.3**					
Mixed-Use Loans:											
33	Senior	NY	Jul 2021	$78.3	$76.3	$76.3	S+3.75%	—%	9.4%	Jul 2024	I/O
34	Senior	TX	Sep 2019	35.3	35.3	35.3	S+3.85%	0.7%	9.4%	Sep 2024	I/O
Total Mixed-Use				**$113.6**	**$111.6**	**$111.6**					
Hotel Loans:											
35	Senior	NY	Mar 2022	$55.7	$52.9	$52.6	S+4.40%	0.1%	10.1%	Mar 2026	I/O
36	Senior	CA	Mar 2022	60.8	50.9	50.7	S+4.20%	—%	10.0%	Mar 2025	I/O
Total Hotel				**$116.5**	**$103.8**	**$103.3**					

Note: As of March 31, 2024.
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 senior and mezzanine loans were both on non-accrual status as of March 31, 2024 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[1]
Self Storage Loans:											
37	Senior	PA	Mar 2022	$18.2	$18.2	$18.1	S+3.00%	1.0%	8.6%	Dec 2025	I/O
38	Senior	NJ	Aug 2022	17.6	17.6	17.5	S+2.90%	1.0%	9.0%	Apr 2025	I/O
39	Senior	WA	Aug 2022	11.5	11.5	11.4	S+2.90%	1.0%	9.0%	Mar 2025	I/O
40	Senior	IN	Sep 2023	11.4	11.0	11.0	S+3.60%	0.9%	9.0%	Jun 2026	I/O
41	Senior	MA	Apr 2022	7.7	7.7	7.7	S+3.00%	0.8%	8.5%	Nov 2024	I/O
42	Senior	MA	Apr 2022	6.8	6.8	6.7	S+3.00%	0.8%	8.5%	Oct 2024	I/O
43	Senior	NJ	Mar 2022	5.9	5.9	5.9	S+3.00%	0.8%	8.8%	Jul 2024	I/O
Total Self Storage				**$79.1**	**$78.7**	**$78.3**					
Student Housing Loans:											
44	Senior	AL	Apr 2021	$19.5	$19.5	$19.4	S+3.95%	0.1%	9.6%	May 2024	I/O
Total Student Housing				**$19.5**	**$19.5**	**$19.4**					
Loan Portfolio Total/Weighted Average				**$2,141.4**	**$2,044.9**	**$2,014.5**		**1.2%[2]**	**7.9%**		

Note: As of March 31, 2024.
1. I/O = interest only, P/I = principal and interest.
2. The weighted average floor is calculated based on loans with SOFR floors.

Consolidated Balance Sheets

($ in thousands, except share and per share data)	As of 3/31/2024		12/31/2023	
ASSETS				
Cash and cash equivalents	$	99,518	$	110,459
Loans held for investment ($773,904 and $892,166 related to consolidated VIEs, respectively)		2,014,500		2,126,524
Current expected credit loss reserve		(139,763)		(159,885)
Loans held for investment, net of current expected credit loss reserve		1,874,737		1,966,639
Loans held for sale, at fair value ($38,981 related to consolidated VIEs as of December 31, 2023)		–		38,981
Investment in available-for-sale debt securities, at fair value		28,148		28,060
Real estate owned, net		82,499		83,284
Other assets ($3,537 and $3,690 of interest receivable related to consolidated VIEs, respectively; $6,539 and $32,002 of other receivables related to consolidated VIEs, respectively)		25,795		52,354
Total assets	**$**	**2,110,697**	**$**	**2,279,777**
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Secured funding agreements	$	630,299	$	639,817
Notes payable		104,714		104,662
Secured term loan		149,443		149,393
Collateralized loan obligation securitization debt (consolidated VIEs)		595,105		723,117
Due to affiliate		4,281		4,135
Dividends payable		13,802		18,220
Other liabilities ($1,918 and $2,263 of interest payable related to consolidated VIEs, respectively)		11,964		14,584
Total liabilities		**1,509,608**		**1,653,928**
Commitments and contingencies				
STOCKHOLDERS' EQUITY				
Common stock, par value $0.01 per share, 450,000,000 shares authorized at March 31, 2024 and December 31, 2023 and 54,422,613 and 54,149,225 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		532		532
Additional paid-in capital		813,468		812,184
Accumulated other comprehensive income		234		153
Accumulated earnings (deficit)		(213,145)		(187,020)
Total stockholders' equity		**601,089**		**625,849**
Total liabilities and stockholders' equity	**$**	**2,110,697**	**$**	**2,279,777**

Consolidated Statements of Operations

($ in thousands, except share and per share data)	For the Three Months Ended 3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Revenue:					
Interest income	$ 44,033	$ 44,348	$ 52,819	$ 51,941	$ 49,500
Interest expense	(28,819)	(29,957)	(29,745)	(26,951)	(22,999)
Net interest margin	15,214	14,391	23,074	24,990	26,501
Revenue from real estate owned	3,478	3,161	809	—	—
Total revenue	18,692	17,552	23,883	24,990	26,501
Expenses:					
Management and incentive fees to affiliate	2,768	2,946	2,974	3,334	3,010
Professional fees	533	974	682	626	771
General and administrative expenses	2,081	1,830	1,691	2,038	1,685
General and administrative expenses reimbursed to affiliate	1,132	818	775	1,109	732
Expenses from real estate owned	2,037	2,038	480	—	—
Total expenses	8,551	8,606	6,602	7,107	6,198
Provision for current expected credit losses	(22,269)	47,452	3,227	20,127	21,019
Realized losses on loans	45,726	—	4,886	—	5,613
Unrealized losses on loans held for sale	(995)	995	—	—	—
Income (loss) before income taxes	(12,321)	(39,501)	9,168	(2,244)	(6,329)
Income tax expense (benefit), including excise tax	2	(87)	(16)	(46)	110
Net income (loss) attributable to common stockholders	$ (12,323)	$ (39,414)	$ 9,184	$ (2,198)	$ (6,439)
Earnings per common share:					
Basic earnings (loss) per common share	$ (0.23)	$ (0.73)	$ 0.17	$ (0.04)	$ (0.12)
Diluted earnings (loss) per common share	$ (0.23)	$ (0.73)	$ 0.17	$ (0.04)	$ (0.12)
Weighted average number of common shares outstanding:					
Basic weighted average shares of common stock outstanding	54,396,397	54,111,544	54,085,035	54,347,204	54,591,650
Diluted weighted average shares of common stock outstanding	54,396,397	54,111,544	54,796,413	54,347,204	54,591,650
Dividends declared per share of common stock[1]	$ 0.25	$ 0.33	$ 0.33	$ 0.35	$ 0.35

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

Reconciliation of Net Income (Loss) to Non-GAAP Distributable Earnings (Loss)

	For the Three Months Ended				
($ in thousands, except per share data)	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Net income (loss) attributable to common stockholders	$ (12,323)	$ (39,414)	$ 9,184	$ (2,198)	$ (6,439)
Stock-based compensation	1,284	1,041	986	1,004	960
Incentive fees to affiliate	–	–	–	334	–
Depreciation and amortization of real estate owned	786	809	206	–	–
Provision for current expected credit losses	(22,269)	47,452	3,227	20,127	21,019
Realized gain on termination of interest rate cap derivative[1]	–	(105)	(93)	(266)	(457)
Unrealized losses on loans held for sale	(995)	995	–	–	–
Distributable Earnings (Loss)	**$ (33,517)**	**$ 10,778**	**$ 13,510**	**$ 19,001**	**$ 15,083**
Realized losses on loans	45,726	–	4,886	–	5,613
Distributable Earnings excluding realized losses	**$ 12,209**	**$ 10,778**	**$ 18,396**	**$ 19,001**	**$ 20,696**
Net income (loss) attributable to common stockholders	$ (0.23)	$ (0.73)	$ 0.17	$ (0.04)	$ (0.12)
Stock-based compensation	0.02	0.02	0.02	0.02	0.02
Incentive fees to affiliate	–	–	–	0.01	–
Depreciation and amortization of real estate owned	0.01	0.01	–	–	–
Provision for current expected credit losses	(0.41)	0.88	0.06	0.37	0.39
Realized gain on termination of interest rate cap derivative[1]	–	–	–	–	(0.01)
Unrealized losses on loans held for sale	(0.02)	0.02	–	–	–
Basic Distributable Earnings (Loss) per common share	**$ (0.62)**	**$ 0.20**	**$ 0.25**	**$ 0.35**	**$ 0.28**
Realized losses on loans	0.84	–	0.09	–	0.10
Basic Distributable Earnings excluding realized losses per common share	**$ 0.22**	**$ 0.20**	**$ 0.34**	**$ 0.35**	**$ 0.38**
Net income (loss) attributable to common stockholders	$ (0.23)	$ (0.72)	$ 0.17	$ (0.04)	$ (0.12)
Stock-based compensation	0.02	0.02	0.02	0.02	0.02
Incentive fees to affiliate	–	–	–	0.01	–
Depreciation and amortization of real estate owned	0.01	0.01	–	–	–
Provision for current expected credit losses	(0.41)	0.87	0.06	0.37	0.38
Realized gain on termination of interest rate cap derivative[1]	–	–	–	–	(0.01)
Unrealized losses on loans held for sale	(0.02)	0.02	–	–	–
Diluted Distributable Earnings (Loss) per common share	**$ (0.62)**	**$ 0.20**	**$ 0.25**	**$ 0.35**	**$ 0.27**
Realized losses on loans	0.84	–	0.09	–	0.10
Diluted Distributable Earnings excluding realized losses per common share	**$ 0.22**	**$ 0.20**	**$ 0.34**	**$ 0.35**	**$ 0.37**

1. For the three months ended December 31, 2023, September 30, 2023, June 30, 2023, and March 31, 2023, Distributable Earnings includes $0.1 million, $0.1 million, $0.3 million, and $0.5 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.

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COMMERCIAL REAL ESTATE CORPORATION

Diverse Sources of Financing Supports Portfolio

» Diversified financing sources totaling $2.1 billion with $649.7 million of undrawn capacity

($ in millions) Financing Sources	Total Commitments	Outstanding Principal	Pricing Range	Mark to Credit	Non Spread Based Mark to Market
Secured Funding Agreements					
Wells Fargo Facility	$450.0	$216.5	SOFR+1.50 to 3.75%	✓	✓
Citibank Facility	325.0	204.1	SOFR+1.50 to 2.10%	✓	✓
CNB Facility	75.0	—	SOFR+3.25%	✓	✓
Morgan Stanley Facility	250.0	209.7	SOFR+1.60 to 3.10%	✓	✓
MetLife Facility	180.0	—	SOFR+2.50%	✓	✓
Subtotal	**$1,280.0**	**$630.3**			
Asset Level Financing					
Notes Payable	$105.0	$105.0	SOFR + 2.00%	✓	✓
Capital Markets					
Secured Term Loan	$150.0	$150.0	4.50% (Fixed)	✓	✓
2017-FL3 Securitization	414.4	414.4	SOFR+ 1.86%	✓	✓
2021-FL4 Securitization	181.3	181.3	SOFR+ 1.94%	✓	✓
Subtotal	**$745.7**	**$745.7**			
Total Debt	$2,130.7	$1,481.0			

Note: As of March 31, 2024.

Glossary

Distributable Earnings (Loss)	Distributable Earnings (Loss) 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 (Loss) 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 (Loss) 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 (Loss). Distributable Earnings (Loss) 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. Distributable Earnings excluding realized losses is Distributable Earnings (Loss) further adjusted to exclude realized losses.

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