

UGI CORP /PA/
Form 4
January 03, 2014

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HALL BRADLEY C

(Last) (First) (Middle)

460 NORTH GULPH ROAD

(Street)

KING OF PRUSSIA, PA 19406

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
UGI CORP /PA/ [UGI]

3. Date of Earliest Transaction
(Month/Day/Year)
01/01/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP New Business Development

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy)	\$ 41.46	01/01/2014	A	34,000					<u>(1)</u>	12/31/2023	UGI Common Stock	34,000
Performance Units	\$ 0	01/01/2014	A	5,300					<u>(2)</u>	12/31/2016	UGI Common Stock	5,300

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HALL BRADLEY C 460 NORTH GULPH ROAD KING OF PRUSSIA, PA 19406			VP New Business Development	

Signatures

/s/ Jessica A. Milner, Attorney-in-Fact for Bradley C. Hall 01/03/2014

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These options vest in three equal annual installments beginning January 1, 2015.
- Effective January 1, 2014, the reporting person was granted performance units under the UGI Corporation 2013 Omnibus Incentive Compensation Plan. Each performance unit represents the right of the recipient to receive a share of stock, if specified performance goals and other conditions are met.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. sp;Chairman of the Board since October 2014 and Director (Class II Director) since April 2012

Todd S. Schuster

54 Director (Class I Director) since April 2012, Chief Executive Officer since March 2014 and President since December 2013 (Co-Chief Executive Officer from June 2013 through March 2014)

* Our Board has determined that this director is independent for purposes of the NYSE corporate governance listing requirements.

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Based on the recommendations of the nominating and governance committee, the Board has identified certain desired attributes for directors. Each of the directors has demonstrated high character and integrity, superior credentials and recognition in his or her respective field and the relevant expertise and experience upon which to be able to offer advice and guidance to our management. Each of the directors also has sufficient time available to devote to our affairs, is able to work with the other members of the Board and contribute to our success and can represent the long-term interests of our stockholders as a whole. The directors have been selected such that the Board represents a range of backgrounds and experience. There is no familial relationship among any of the members of the Board or executive officers.

Set forth below is biographical information for the directors as of April 29, 2015. The biographical information of each director includes a discussion of such director's particular experience, qualifications, attributes or skills, as of the date of this proxy statement, that lead us to conclude that such individual should serve as a director, in light of our business and structure.

Nominees for Class III Directors (Current term expires at the 2015 Annual Meeting of Stockholders)

Michael J. Arougheti is one of our Class III directors. He served as the Chairman of the Board from September 2011 through March 2014. Mr. Arougheti is a Co-Founder of Ares Management, L.P. [NYSE: ARES] ("Ares Management" or "Ares"), Co-Head of its Direct Lending Group and a member of its Management Committee. He serves as a director and President of Ares Management GP LLC and also serves as Co-Chairman of the Board Directors and Executive Vice President of Ares Capital Corporation. Mr. Arougheti may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Prior to joining Ares Management in 2004, Mr. Arougheti was employed by Royal Bank of Canada from 2001 to 2004, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle-market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third-party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal and an Investment Committee member, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Prior to joining Indosuez in 1994, Mr. Arougheti worked at

Kidder, Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group. Mr. Arougheti also serves on the boards of directors of Investor Group Services, Riverspace Arts, a not-for-profit arts organization and Operation Hope, a not-for-profit organization focused on expanding economic opportunity in underserved communities through economic education and empowerment. Mr. Arougheti received a B.A. in Ethics, Politics and Economics, cum laude, from Yale University. Mr. Arougheti's knowledge of, and extensive experience in, investment management, leveraged finance and financial services gives the Board valuable industry-specific knowledge and expertise on these and other matters.

Michael H. Diamond is one of our Class III directors and currently serves as the Chairman of the nominating and governance committee and as a member of the audit committee and compensation committee. Mr. Diamond is currently the sole member and employee of MHD Group LLC, a business that was founded by Mr. Diamond in November 2007 to provide consulting and expert witness services. Since 1994, Mr. Diamond has also been the Corporate Secretary and a member of the board of directors of Neu Holdings, Inc., a holding company that owns entities in the shipping and real estate industries. Mr. Diamond is also a director of Ares Multi-Strategy Credit Fund, Inc. and Ares Dynamic Credit Allocation Fund, Inc. Prior to founding MHD Group LLC, Mr. Diamond was a partner at the law firm of Milbank, Tweed, Hadley & McCloy from June 2000 to October 2007. Mr. Diamond is a graduate of Brown University and holds a J.D. from Columbia University Law School where he graduated magna cum laude. In addition, Mr. Diamond's 40 years of experience as a lawyer and adviser to corporations, their officers, directors, and shareholders provides the Board with valuable knowledge in the areas of corporate governance, fiduciary duties, reporting and compliance.

The Board recommends that you vote FOR the election of Michael J. Arougheti and Michael H. Diamond as directors of our Company for the term for which they have been nominated.

Directors Continuing in Office

Class II Directors (Current term expires at the 2017 Annual Meeting)

Caroline E. Blakely is one of our Class II directors and currently serves on the nominating and governance committee and the audit committee. Ms. Blakely is a partner in the Real Estate Group at Cassin & Cassin LLP, a law firm providing legal services that focus on real estate finance, real estate transactions and private client services. Prior to joining Cassin & Cassin LLP, Ms. Blakely served as a Vice President of the multifamily business of the Federal National Mortgage Association ("Fannie Mae") from April 1999 to October 2013. In this capacity, Ms. Blakely defined the strategic direction for Fannie Mae's growing asset management and counterparty responsibilities. In addition, Ms. Blakely was responsible for mitigating the financial and operational risk of 24 DUS Lenders, including assessing the counterparty's capital adequacy to share risk with Fannie Mae. She initiated performing note sales and negotiated the first sale of multifamily mortgage servicing rights. Ms. Blakely also served as Chief Marketing Officer of National Cooperative Bank ("NCB") and as Senior Managing Director of NCB's Corporate Banking and Commercial Real Estate Divisions from 1992 to 1999, during which time she served as a member of NCB's Executive Committee and as President of NCB Capital Corporation. In 1980, Ms. Blakely founded a law firm specializing in structured finance and real estate lending for acquisition, development and construction loans, where she practiced until 1992. Ms. Blakely currently serves on the executive committee of the Urban Land Institute's Women's Leadership Initiative and volunteers on the Board of Trustees for Global Communities, a non-profit organization specializing in international development and microfinance. Ms. Blakely holds a B.A. in English from the University of Virginia and a J.D. from Georgetown University Law Center, where she graduated cum laude. Ms. Blakely's significant experience as a lawyer and adviser to real estate investors and real estate transaction experience provides valuable knowledge to the Board.

John Hope Bryant is one of our Class II directors and currently serves as the Chairman of the compensation committee and as a member of the nominating and governance committee. Mr. Bryant is the founder, chairman, and chief executive officer of Operation HOPE, America's first non-profit social investment banking organization which began in May 1992 and operates as a global provider of financial dignity and economic empowerment tools and services to low-wealth individuals. Mr. Bryant is also the founder and chief executive officer of Bryant Group Companies, Inc., a private holding company which began in 1991 and invests principally in its own operations, partnerships, companies and opportunities, including Bryant Group Real Estate, LLC. On February 26, 2014, Mr. Bryant was appointed by U.S. President Barack Obama to serve on his new U.S. President's Advisory Council on Financial Capability for Young Americans, focused on the next generation of young leaders. Mr. Bryant is also the author of HOW THE POOR CAN SAVE CAPITALISM and LOVE LEADERSHIP: The New Way to Lead in a Fear-Based World. He was the recipient of an Honorary Doctorate Degree of Human Letters from Paul Quinn College of Dallas, TX, in April 2008. Mr. Bryant's vast experience as an entrepreneur over the last twenty years provides the Board with a valuable combination of leadership and practical knowledge.

Robert L. Rosen is one of our Class II directors and the Chairman of the Board. Mr. Rosen is managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 1987 to present, Mr. Rosen has been CEO of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare media and multi industry companies. He has served as a director of Ares Capital Corporation since 2004 and previously served as a director of Sapient Corporation. Mr. Rosen is also an Operating Advisor to the Ares Management Private Equity Group. In 1998, Mr. Rosen founded National Financial Partners (NYSE: NFP) ("NFP"), an independent distributor of financial services to high net worth individuals and small to medium sized corporations. He served as NFP's CEO from 1998 to 2000 and as its Chairman until January 2002. From 1989 to 1993, Mr. Rosen was Chairman and CEO of Damon Corporation, a leading healthcare and laboratory testing company that was ultimately sold to Quest Diagnostics. From 1983 to 1987, Mr. Rosen was Vice Chairman of Maxxam Group. Prior to that, Mr. Rosen spent twelve years at Shearson American Express in positions in research, investment banking and senior management, and for two years was Assistant to Sanford Weill, the then Chairman and CEO of Shearson. Mr. Rosen is a member of the NYU Stern School of Business Board of Overseers. Mr. Rosen holds an M.B.A. in finance from NYU's Stern School. Mr. Rosen's 35 years of experience as a senior executive of financial services, healthcare services and private equity funds provides broad financial industry and specific investment management insight and experience to the Board. In addition, Mr. Rosen's expertise in finance, which served as the basis for his appointment as an Adjunct Professor of Finance at Fordham University Graduate School of Business, provides valuable knowledge to the Board.

Class I Directors (Current term expires at the 2016 Annual Meeting of Stockholders)

William L. Browning is one of our Class I directors and currently serves as the Chairperson of the audit committee and as a member of the compensation committee. Mr. Browning has dedicated his time to serving on boards of directors since January 2012. From 1999 to January 2012, Mr. Browning was a senior client service partner at Ernst & Young LLP, a global leader in assurance, tax, transaction and advisory services. From 2008 to 2012, Mr. Browning served as the managing partner for Ernst & Young LLP's Los Angeles office, which at the time of his departure was Ernst & Young LLP's second largest practice in the Americas and the largest public accounting firm in Los Angeles with over 1,200 professionals and over \$400 million in annual revenues. Mr. Browning's extensive industry sector experience includes: real estate and REITs, financial services (commercial banks, asset management, consumer finance, credit card and mortgage companies), private equity, energy (upstream/downstream, refining and natural gas), engineering and construction, and technology. Before joining Ernst & Young LLP, Mr. Browning began his professional career with Arthur Andersen & Co. in 1976, where he was admitted to partnership in 1987 and named office managing partner of its Oklahoma office in

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1994. At Arthur Andersen & Co. in Oklahoma and in Los Angeles, California, Mr. Browning served clients in a wide variety of industries and led the firm's domestic banking practice and regulatory compliance practice. Mr. Browning serves on the board of directors of McCarthy Holdings, the holding company for McCarthy Building Companies, Inc., one of the top 10 U.S. commercial builders and the oldest American construction company, the board of directors of Parsley Energy, Inc., an independent oil and natural gas company, as well as on the board of directors of Community Bank, based in Pasadena, California and Blackbrush Oil and Gas LP, based in San Antonio, Texas. Mr. Browning is also an adjunct professor at Southern Methodist University in Dallas, Texas. Mr. Browning volunteers on the board of CARE, a non-profit organization focused on assisting young adults with chemical abuse issues, as well as on the Dallas Summer Musicals board. Mr. Browning holds a B.B.A. from the University of Oklahoma and is a certified public accountant in Oklahoma, California and Texas. Mr. Browning's experience in accounting and auditing, including in the real estate and REIT industries, provides the Board and, specifically, the audit committee, with valuable knowledge, insight and experience in such matters.

Todd S. Schuster is our President and Chief Executive Officer. He is also one of our Class I directors and is a member of our Manager's Investment Committee. He previously served our Co-Chief Executive Officer from June 2013 through March 2014. Mr. Schuster is a Senior Partner in the Ares Real Estate Group and serves on the Management Committee of Ares Management. He additionally serves on the Ares Real Estate Group's U.S. Equity, Europe/India Equity, and Real Estate Debt Investment Committees. Mr. Schuster was the founder, principal and a Member of the Board of Managers of CW Financial Services and led its merger in September 2002 with a subsidiary of the Caisse de depot et placement du Quebec, one of Canada's largest pension fund managers. He also served as the company's Chief Executive Officer from its inception in 1991 until January 2009. CW Financial Services operated primarily through three subsidiaries: CWCcapital, which provided financing to owners of multifamily and commercial real estate, CWCcapital Investments, which provided high yielding commercial real estate debt opportunities to institutional investors, and CWCcapital Asset Management, the nation's second largest special servicer. Prior to founding CW Financial Services, Mr. Schuster was employed by Salomon Brothers and Bankers Trust in their respective Commercial Mortgage Finance units. Mr. Schuster holds a B.A. from Tufts University. His credentials provide the Board with valuable knowledge and practical experience in the commercial real estate finance industry.

The Board recommends that you vote FOR the election of Michael J. Arougheti and Michael H. Diamond as directors of our Company for the term for which they have been nominated.

PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee and the Board have selected Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015 and are submitting the selection of Ernst & Young LLP to our stockholders for ratification. Ernst & Young LLP has audited our financial statements since our inception in September 2011 through the year ending December 31, 2014, and has also provided us certain tax services. Neither our Charter Documents nor applicable law require stockholder ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm. However, the Board is submitting the appointment of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice.

If our stockholders fail to ratify the selection of Ernst & Young LLP, the audit committee and the Board will consider whether or not to direct the appointment of a different independent registered public accounting firm. Even if the selection is ratified, the audit committee and the Board may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in our best interests.

We expect that a representative of Ernst & Young LLP will be present at the Annual Meeting, will have an opportunity to make a statement if he or she so chooses and will be available to answer questions.

Principal Accountant Fees and Services

The following are aggregate fees billed to us by Ernst & Young LLP during the fiscal year ended December 31, 2014 and December 31, 2013:

	Fiscal Year Ended December 31, 2014	Fiscal Year Ended December 31, 2013
Audit Fees	\$ 773,000	\$ 870,000
Audit-Related Fees	300,000	300,000
Tax Fees	294,000	285,000
All Other Fees		
Total Fees	\$ 1,367,000	\$ 1,455,000

Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings, our registration statements and securities offerings.

Audit Related Fees

Audit-related fees are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees." For the year ended December 31, 2013, audit-related fees are primarily related to due diligence services in connection with our acquisition of ACRE Capital LLC. For the year ended December 31, 2014, audit-related fees are primarily related to audit related consultations and agreed-upon procedures audits.

Tax Fees

Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and tax compliance, customs and duties, mergers and acquisitions and tax planning.

All Other Fees

All other fees consist of fees for products and services other than the services reported above.

The audit committee, or the chairperson of the audit committee to whom such authority was delegated by the audit committee, must pre-approve all services provided by the independent registered public accounting firm. Any such pre-approval by the chairperson must be presented to the audit committee at its next regular quarterly meeting. The audit committee has also adopted policies and procedures for pre-approving certain non-prohibited work performed by our independent registered public accounting firm. Specifically, the committee has pre-approved the use of Ernst & Young LLP for specific types of services within the following categories: audit, audit-related, tax and other. In each case, the committee has also set a specific annual limit, which can be updated, on the amount of such services which we may obtain from our independent registered public accounting firm. The audit committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

The affirmative vote of at least a majority of the votes cast at the Annual Meeting is required for the approval of this proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy **FOR** this proposal.

The Board, based on the approval and recommendation of the audit committee, recommends a vote FOR this proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act of 1934, as amended (the "Exchange Act") that might incorporate future filings, including this proxy statement, in whole or in part, the following Report of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission (the "SEC"), nor shall such information be incorporated by reference into any such filings under the Securities Act or the Exchange Act.

REPORT OF THE AUDIT COMMITTEE

The role of the audit committee (the "Audit Committee") of the board of directors (the "Board") of Ares Commercial Real Estate Corporation (the "Company") is to assist the Board in its oversight of: (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the qualifications and independence of any independent registered public accounting firm engaged by the Company; and (4) the performance of the Company's internal audit function and any independent registered public accounting firm. However, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate, fairly present the information shown or are in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with any law, regulation or rule of the New York Stock Exchange ("NYSE"), or the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics. These are the responsibilities of management and the independent registered public accounting firm. Instead, the Audit Committee shall oversee the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

The independent accountants are responsible for performing an independent audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion as to the conformity of such financial statements with GAAP.

The directors that serve on the Audit Committee have reviewed and discussed the Company's audited financial statements with management and with Ernst & Young LLP, the Company's independent registered public accounting firm for the fiscal year ended December 31, 2014. The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as currently in effect (which superseded Statement on Auditing Standards No. 61), as adopted by the Public Company Accounting Oversight Board for audits of fiscal years beginning on or after December 15, 2012. The Audit Committee has received from Ernst & Young LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*, regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

The Board has determined that each member of the Audit Committee is independent for purposes of the NYSE Listed Company Manual. The Board has also determined that each member of the Audit Committee is financially literate as required by the NYSE Listed Company Manual, and that William L. Browning has the accounting or related financial management expertise required by the NYSE Listed Company Manual, and is an "audit committee financial expert" within the meaning of the rules and regulations of the Securities and Exchange Commission (the "SEC").

Based on the review and discussions referred to above, the Audit Committee has recommended to the Board that the audited consolidated financial statements for the fiscal year ended December 31, 2014 be included in the Company's Annual Report on Form 10-K for such year for filing with the SEC.

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In addition, the Audit Committee has approved, and recommended to the Board that it approve, Ernst & Young LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 and that the selection of Ernst & Young LLP be submitted to the Company's stockholders for ratification.

The Audit Committee

William L. Browning (Chairperson)

Caroline E. Blakely

Michael H. Diamond

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CORPORATE GOVERNANCE BOARD OF DIRECTORS AND COMMITTEES

Board Leadership Structure

Our business is managed by our Manager, subject to the supervision and oversight of the Board. A majority of the Board is "independent," as determined by the requirements of the NYSE corporate governance listing requirements and the rules and regulations of the SEC. Our Board has the responsibility for establishing broad corporate policies and for our overall performance and direction, but is not involved in our day-to-day operations. Our directors keep informed about our business by attending meetings of the Board and its committees and through supplemental reports and communications with our Manager and our executive officers. Our non-management directors meet regularly in an executive session without the presence of our officers or management directors to review, among other matters, the performance of our Chief Executive Officer and senior management. In addition, our non-management directors will meet in executive session at other times at the request of any non-management director. Our independent directors also meet in executive session at least once a year. In accordance with the Bylaws and the Corporate Governance Guidelines, the chairman of the nominating and governance committee currently presides at meetings of the independent directors or non-management directors.

The Board monitors and performs an oversight role with respect to our business and affairs, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of certain of our service providers. Among other things, the Board approves the appointment of our officers and either directly or by delegation to the audit committee or compensation committee reviews and monitors the services and activities performed by our Manager and our officers.

Under the Bylaws, the Board may designate a chairman to preside over the meetings of the Board and meetings of the stockholders and to perform such other duties as may be assigned to him by the Board. We do not have a fixed policy as to whether the chairman of the Board should be an independent director and we believe that our flexibility to select our chairman and reorganize our leadership structure from time to time is in the best interests of our Company and our stockholders.

Presently, Mr. Rosen serves as the Chairman of the Board and is not a member of management. Mr. Rosen is an interested director because he is an Operating Advisor to the Ares Management Private Equity Group, which is affiliated with our Manager. We believe that Mr. Rosen's history with our Company, familiarity with the Ares platform, including as an inaugural member of Ares Capital Corporation's (NASDAQ: ARCC) board of directors, and depth of experience as a senior executive and director of financial services, healthcare services, real estate and private equity funds in addition to his previously serving as the chairman of two boards of directors qualifies him to serve as the Chairman of the Board. Moreover, we believe that we are best served through our existing leadership structure with Mr. Rosen as Chairman of the Board, as Mr. Rosen's relationship with Ares provides an effective bridge between the Board and our Manager, thus ensuring an open dialogue between the Board and our Manager and that both groups act with a common purpose.

The Board has formed an audit committee, a nominating and governance committee and a compensation committee and has adopted charters for each of these committees which are available on our website at www.arescre.com. Each of the audit committee, the nominating and governance committee and the compensation committee currently has three directors and is composed exclusively of independent directors, as defined by the NYSE corporate governance listing requirements and the rules of the SEC.

We believe that each board of directors leadership structure must be evaluated on a case by case basis and that our existing Board leadership structure provides sufficient independent oversight over our Manager. In addition, we believe that the current governance structure, when combined with

the functioning of the independent director component of the Board and our overall corporate governance structure, strikes an appropriate balance between strong and consistent leadership and independent oversight of our business and affairs. However, we continually re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet our needs.

Board Role in Risk Oversight

The Board performs its risk oversight function primarily through the audit committee, which reports to the entire Board and is comprised solely of independent directors. The audit committee, with input from our Manager and our General Counsel, discusses and reviews our guidelines with respect to risk assessment and risk management, including our major financial risk exposures and the steps management has taken to monitor and control such exposures. In addition, the audit committee's risk oversight responsibilities include overseeing (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the qualifications and independence of any independent registered public accounting firm engaged by us; and (4) the performance of our internal audit function and our independent registered public accounting firm.

In addition, the Board and the audit committee meet regularly with our Manager and considers the feedback our Manager provides concerning the risks related to our enterprise, business, operations and strategies. Our Manager regularly reports to the Board and the audit committee on our investment portfolio and the risks related thereto, asset impairments, leverage position, affiliate payments (including payments made and expenses reimbursed pursuant to the terms of the management agreement between us and our Manager dated April 25, 2012 (the "Management Agreement")), compliance with applicable covenants under the agreements governing our indebtedness, compliance with our qualification as a real estate investment trust for U.S. federal income tax purposes, or "REIT," and compliance with our exemption from registration under the Investment Company Act of 1940, as amended. Members of the Board are routinely in contact with our Manager and our executive officers, as appropriate, in connection with their consideration of matters submitted for the approval of the Board or the audit committee and the risks associated with such matters. As described below in more detail under "Nominating and Governance Committee," the nominating and governance committee also assists the Board in fulfilling its risk oversight responsibilities.

We believe that the extent of the Board's (and its committees') role in risk oversight complements the Board's leadership structure because it allows our independent directors, through the three fully independent Board committees, executive sessions with the independent auditors, and otherwise, to exercise oversight of risk without any conflict that might discourage critical review.

We believe that a board of directors' role in risk oversight must be evaluated on a case by case basis and that the Board's role in risk oversight is appropriate. However, we re-examine the manner in which the Board administers its oversight function on an ongoing basis to ensure that it continues to meet our needs.

Number of Meetings of the Board and Attendance in 2014

During 2014, the Board held ten formal meetings, the audit committee held nine formal meetings, the nominating and governance committee held four formal meetings and the compensation committee held two formal meetings after its formation in June 2014. Each director then in office attended at least 75% of the meetings of the Board and of the meetings of the committees of the Board on which such director served, with the exception of Mr. White, a former member of the Board. Mr. White resigned as a director in connection with his preparation for a new role as Executive Chairman at a large real estate services company. We expect each director serving on the Board to regularly attend meetings of the Board and the committees on which such director serves, and to review, prior to meetings, materials distributed in advance for such meetings. A director who is unable

to attend a meeting is expected to notify the Chairman of the Board or the chairperson of the appropriate committee in advance of such meeting. We encourage, but do not require, the directors to attend our annual meetings of stockholders. Seven directors attended our 2014 annual meeting of stockholders.

Audit Committee

The members of the audit committee are Ms. Blakely and Messrs. Browning and Diamond, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC. Mr. Browning currently serves as Chairperson of the audit committee.

The audit committee is responsible for engaging our independent accountants, reviewing with our independent accountants the plan and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. In addition, the audit committee is responsible for discussing with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. The specific responsibilities of the audit committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

The Board has determined that Mr. Browning has the accounting or related financial management expertise required by the NYSE Listed Company Manual, and is an "audit committee financial expert" within the meaning of the rules and regulations of the SEC. In addition, the Board has determined that all of the members of the audit committee are financially literate as required by the NYSE Listed Company Manual.

Nominating and Governance Committee

The members of the nominating and governance committee are Ms. Blakely and Messrs. Bryant and Diamond, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC. Mr. Diamond currently serves as Chairperson of the nominating and governance committee.

The nominating and governance committee's responsibilities include identifying individuals qualified to become Board members (consistent with the criteria approved by the Board) and recommending for selection by the Board the director nominees to stand for election at each annual meeting of our stockholders, recommending to the Board director nominees for each committee of the Board, overseeing the evaluation of the Board and its committees, developing and recommending to the Board a set of corporate governance guidelines and recommending to the Board such other matters of corporate governance as the nominating and governance committee deems appropriate. In addition, the nominating and governance committee reviews the independence of Board members and director nominees and monitors all other activities that could interfere with such individuals' duties to us. The specific responsibilities of the nominating and governance committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

In considering possible candidates for election as a director, the nominating and governance committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to management;

have sufficient time available to devote to our affairs;

are able to work with the other members of the Board and contribute to our success;

can represent the long-term interests of our stockholders as a whole; and

are selected such that the Board represents a diverse range of backgrounds and experience.

The nominating and governance committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by the Bylaws) and received at our principal executive offices not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; provided, however, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting nor later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the 10th day following the day on which public announcement of such meeting date is first made.

Compensation Committee

In June 2014, the Board formed a compensation committee. The members of the compensation committee are Messrs. Browning, Bryant and Diamond, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC, including the compensation committee requirements of NYSE Rule 303A.05 and Rule 303A.02(a)(ii). Mr. Bryant currently serves as Chairperson of the compensation committee.

The compensation committee is responsible for overseeing plans and programs related to the compensation of our Manager, including reviewing the performance of and compensation payable to the Manager pursuant to the Management Agreement, administering and implementing our 2012 Equity Incentive Plan and preparing reports on or relating to executive compensation required by the rules and regulations of the SEC. The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a sub-committee, independent director, or committee comprised of independent directors, to the extent permitted by applicable laws, regulations, and NYSE rules. The specific responsibilities of the compensation committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

Communications with the Board of Directors

The Board welcomes communications from our stockholders and other interested parties. Stockholders and other interested parties may send communications to the Board, to the non-management or independent directors as a group or to any particular director, to the following address: c/o Ares Commercial Real Estate Corporation, One North Wacker Drive, 48th Floor, Chicago, Illinois 60606. Stockholders should indicate clearly the director or directors to whom the communication is being sent so that each communication may be forwarded directly to the appropriate director or group of directors. Any such communications may be made anonymously. Unsolicited advertisements, invitations to conferences or promotional materials, in the discretion of our Secretary, are not required, however, to be forwarded to the directors.

Code of Business Conduct and Ethics

The Board has established a Code of Business Conduct and Ethics that applies to our directors, officers and employees. Among other matters, our Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;

compliance with applicable governmental laws, rules and regulations;

prompt internal reporting of violations of the code to appropriate persons identified in the code; and

accountability for adherence to the code.

Any waiver of the Code of Business Conduct and Ethics for our executive officers or directors may be made only by the Board and will be promptly disclosed as required by law or stock exchange regulations. Waivers to the Code of Business Conduct and Ethics can otherwise be obtained from the audit committee or another committee comprised of independent directors designated by the Board to serve such function. The Code of Business Conduct and Ethics can be accessed via our website at www.arescre.com.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which the Board carries out certain of its responsibilities. Among the areas addressed by the Corporate Governance Guidelines are the composition of the Board, roles and standards of conduct of directors, director qualification standards, presiding independent director process, access to management and independent advisors, director compensation, director orientation and continuing education, management succession, and the annual performance evaluation and review of the Board and its committees. The Corporate Governance Guidelines can be accessed via our website at www.arescre.com.

Stock Ownership Guidelines

To align the interests of our directors and stockholders, the Board expects our directors to own significant equity in our Company. Accordingly, we have adopted stock ownership guidelines (the "Stock Ownership Guidelines") requiring each director to achieve an equity ownership level in the Company equal to three times the independent directors' annual cash fees for serving on the Board. Restricted common stock awards, including unvested restricted stock, granted in respect of annual director fees or otherwise are counted toward achieving the Stock Ownership Guidelines.

Directors have a three-year grace period to comply with the Stock Ownership Guidelines, commencing on the date which is the later of the adoption of the Stock Ownership Guidelines and upon appointment as a director. In the event of any increase to the directors' annual cash fees, the directors will have a one-year grace period from the time of the increase to acquire any additional equity needed to meet the Stock Ownership Guidelines. If, at the end of the applicable grace period, any director does not achieve the requisite equity ownership level, we will require such director to hold all vested awards of equity, other than awards withheld to pay withholding taxes, until the required ownership level has been satisfied. Additionally, the nominating and governance committee reserves the right to provide exceptions for extenuating personal circumstances on a case-by-case basis.

COMPENSATION OF DIRECTORS

During 2014, our independent directors received an annual fee of \$75,000 (paid 50% in restricted common stock and 50% in cash) and Mr. Rosen, who is not a member of management and is an "outside director" for these purposes, received an annual fee of approximately \$37,500 paid in restricted stock for service as a member of the Board. The awards of restricted common stock in respect of annual fees, which were granted pursuant to our 2012 Equity Incentive Plan, vest ratably on a quarterly basis over a one-year period. For 2014, the chairperson of the audit committee received an additional annual fee of \$15,000 in cash, and the chairperson of each of the nominating and governance committee and compensation committee received an additional annual fee of \$5,000 in cash for his additional services in these capacities. In addition, each audit committee member, other than the chairperson, received an additional annual fee of \$10,000 in cash, and each member of the nominating and governance committee and compensation committee (other than the chairperson of such committees) received an additional annual fee of \$2,000 in cash for his or her services in these capacities. Each of our directors are also entitled to reimbursement of reasonable out of pocket expenses incurred in connection with attending each Board meeting and each committee meeting. Each of our independent directors received an initial grant of 5,000 restricted shares of our common stock in connection with joining the Board, including Mr. Browning and Ms. Blakely who joined the Board in 2014.

In August 2014, the compensation committee engaged FTI Consulting, a nationally recognized compensation consulting firm, to undertake a review of our Board compensation program. In October 2014, FTI Consulting met with the compensation committee to provide recommendations regarding our Board compensation program for 2015. Following a recommendation from the compensation committee, the Board approved an increase in the annual fees payable to our independent and outside directors for service as members of the Board, effective on January 1, 2015, taking into account FTI Consulting's recommendations. As a result of this increase our independent directors will receive an annual fee of \$120,000, payable 50% in restricted common stock and 50% in cash. The awards of restricted common stock in respect of annual fees, which are granted pursuant to our 2012 Equity Incentive Plan, will vest ratably on a quarterly basis over a one-year period. Mr. Rosen, an outside director, will receive an annual fee of approximately \$60,000 payable in restricted stock so that he receives a number of shares of restricted common stock equal to that received by the independent directors in respect of their annual fee. The fees which will be paid to the committee chairs and committee members remain unchanged from 2014.

The Board adopted Stock Ownership Guidelines in connection with the increase to the annual fees payable to our independent and outside directors. See "Corporate Governance Board of Directors and Committees Stock Ownership Guidelines."

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The following table shows information regarding the compensation received by our independent and outside directors for the fiscal year ended December 31, 2014.

Name	Fees Earned or Paid in Cash \$(¹)	Restricted Stock Awards \$(²)	Total (\$)
Caroline E. Blakely ⁽³⁾	40,827	108,421	149,248
William L. Browning ⁽³⁾	45,387	108,421	153,808
John Hope Bryant	42,000	37,258	79,258
Michael H. Diamond	42,033	37,258	79,291
Jeffrey T. Hinson ⁽⁴⁾	25,673	9,318	34,991
Paul G. Joubert ⁽⁴⁾	23,283	9,318	32,601
Robert L. Rosen		37,258	37,258
Brett White ⁽⁵⁾	47,500	37,258	84,758

(1) Amounts in this column represent annual Board and committee fees paid to independent directors in 2014.

(2) Amounts in this column represent the aggregate grant date fair value of awards of restricted stock calculated in accordance with FASB ASC Topic 718. The grant date fair values of awards have been determined based on the assumptions and methodologies set forth in Note 11 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. See "2012 Equity Incentive Plan" for more information.

(3) Appointed as a director in February 2014.

(4) Departed the Board of Directors in June 2014.

(5) Departed the Board of Directors in January 2015.

We purchase directors' and officers' liability insurance on behalf of our directors and officers. In addition, we have entered into indemnification agreements with each of our current directors and intend to enter into indemnification agreements with each of our future directors. The indemnification agreements provide these directors the maximum indemnification permitted under Maryland law. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former director of our Company in any action or proceeding arising out of the performance of such person's services as a present or former director of our Company.

EXECUTIVE OFFICERS

Set forth below is biographical information for each of our executive officers as of April 29, 2015. The information set forth below was furnished to us by each executive officer. No executive officer has been selected as an executive officer pursuant to any agreement or understanding with us or any other person. For our President and Chief Executive Officer's, Todd S. Schuster, biographical information, please see "Proposal 1: Election of Directors Directors Continuing in Office."

Name	Age	Position(s) Held with Company and Length of Time Served
Todd S. Schuster	54	Director (Class I Director) since April 2012, Chief Executive Officer since March 2014 and President since December 2013 (Co-Chief Executive Officer from June 2013 through March 2014)
Michael D. Weiner	62	Vice President since September 2011 and General Counsel since March 2012
Tae-Sik Yoon	47	Chief Financial Officer since July 2012

Michael D. Weiner was appointed as our General Counsel in March 2012 and has also served as our Vice President since September 2011. Mr. Weiner is the Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner. Mr. Weiner joined Ares Management in September 2006 and is a member of its Management Committee. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Weiner has been an officer of Ares Capital Corporation since 2006, including General Counsel from September 2006 to January 2010, and also serves as Vice President of Ares Dynamic Credit Allocation Fund, Inc. and Ares Multi-Strategy Credit Fund, Inc. Previously, Mr. Weiner served as General Counsel to Apollo Management L.P. and had been an officer of the corporate general partner of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law, as well as general partnership, corporate and regulatory matters. Mr. Weiner has served from time to time on the boards of directors of several corporations. Mr. Weiner also serves on the Board of Governors of Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

Tae-Sik Yoon is our Chief Financial Officer and also serves on our Manager's Investment Committee. Mr. Yoon has more than 20 years of commercial real estate finance, investment banking and legal experience with private and public companies. Mr. Yoon also serves as Chief Financial Officer of Ares Real Estate Group and is on the Ares Real Estate Group's U.S. Equity, Europe/India Equity, and Real Estate Debt Investment Committees. Prior to joining Ares Management in July 2012, Mr. Yoon served as Senior Vice President of Akridge, a privately held commercial real estate investment and services company, where he was responsible for its capital markets activities since 2010, including the development of funds, joint ventures and capital relationships. From 1999 to 2009, Mr. Yoon held various positions at J.E. Robert Companies, Inc. and its affiliates, including as Managing Director from 2003 to 2005 and Chief Financial Officer from 2005 to 2009, and was involved in the formation and management of several real estate private equity funds, a public commercial mortgage REIT (JER Investors Trust Inc.) and the firm's operating platforms in the U.S. and abroad. Mr. Yoon also served in the real estate investment banking group at Morgan Stanley & Co. from 1989 to 1991, and again from 1997 to 1999, and was an attorney at the law firm of Williams & Connolly LLP from 1994 to 1997. He is a graduate of Johns Hopkins University and Harvard Law School.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

We are externally managed and advised by our Manager, which is a wholly owned subsidiary of Ares Management, pursuant to the Management Agreement. See "Certain Relationships and Related Transactions Management Agreement." Each of our officers is an employee of our Manager or one of its affiliates. We rely completely on our Manager to provide us with investment advisory services and our Manager manages our day-to-day operations (other than the operations of our subsidiary, ACRE Capital LLC, which has employees that provide certain services in connection with our mortgage banking business). We do not provide cash compensation to any of our officers or employees (other than compensation provided by ACRE Capital LLC to certain of its employees (none of which are named executive officers)), including any of the named executive officers.

We do, however, pay our Manager a base management fee and reimburse our Manager for our allocable share of the salaries and other compensation paid by the Manager or its affiliates to our (a) Chief Financial Officer, based on the percentage of his time spent on our affairs and (b) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of their time spent on our affairs. However, we do not determine the compensation payable by our Manager to our Chief Financial Officer or the other personnel described above.

In addition, we have entered into indemnification agreements with each of our current officers and certain members of our Manager's Investment Committee and intend to enter into indemnification agreements with each of our future officers and certain future members of our Manager's Investment Committee. The indemnification agreements provide these officers and other persons the maximum indemnification permitted under Maryland law. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former officer of our Company or member of our Manager's Investment Committee in any action or proceeding arising out of the performance of such person's services as a present or former officer of our Company or member of our Manager's Investment Committee.

Equity Compensation

Pursuant to our 2012 Equity Incentive Plan, the compensation committee may, from time to time, grant awards consisting of restricted shares of our common stock, restricted stock units and/or other equity-based awards to qualified directors, officers, advisors, consultants and other personnel, including the named executive officers. These equity-based awards create incentives to improve long-term stock price performance and focus on long-term business objectives, create substantial retention incentives for award recipients and enhance our ability to pay compensation based on our overall performance, each of which further align the interests of the awardees with our stockholders. These equity-based awards are generally subject to time-based vesting requirements designed to achieve strong performance for our Company.

The Board has delegated its administrative responsibilities under our 2012 Equity Incentive Plan to the compensation committee. The charter of the compensation committee provides that it shall approve all awards granted under the plan.

Say-on-Pay Vote

At our annual meeting of stockholders during 2013, we provided our stockholders with the opportunity to vote to approve, on an advisory basis, the compensation of the named executive officers. A substantial majority of our stockholders (99.8%) that voted on this matter at the annual meeting of stockholders approved the compensation of the named executive officers as described in our proxy statement for our annual meeting of stockholders during 2013. The Board and compensation committee reviewed the results of this advisory "say-on-pay" vote and consider the results supportive of our compensation policies and decisions.

Say-on-Frequency Vote

At our annual meeting of stockholders during 2013, our stockholders recommended that we hold an advisory stockholder vote on the compensation of the named executive officers every three years. In light of this recommendation from our stockholders, as well as other factors, we will hold a stockholder advisory vote every three years with respect to the compensation of the named executive officers. We anticipate that we will next hold a stockholder advisory vote with respect to the compensation of the named executive officers at our annual meeting of stockholders during 2016.

Summary Compensation Table

The following table shows the amounts reimbursed to our Manager with respect to the annual compensation received by the named executive officers for the fiscal years ended December 31, 2012, 2013 and 2014 that were allocable to us, except that no disclosure is provided for any named executive officer, other than our principal executive officers and principal financial officer, whose total compensation did not exceed \$100,000. No other executive officers are included as named executive officers in the table below because we did not reimburse our Manager for any amounts in excess of \$100,000 with respect to any compensation received by any other executive officer for the fiscal year ended December 31, 2014. As noted elsewhere herein, the named executive officers do not receive any direct compensation from us.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
Todd S. Schuster ⁽²⁾	2014					
President and Chief Executive Officer	2013					
	2012			\$ 126,486	\$ 35,625	\$ 162,111
Tae-Sik Yoon ⁽³⁾	2014	\$ 279,077	\$ 264,167			\$ 543,243
Chief Financial Officer	2013	\$ 260,435	\$ 215,281			\$ 475,716
	2012	\$ 112,547	\$ 112,135	\$ 422,750		\$ 647,432
John B. Bartling, Jr.	2014					
Former Co-Chief Executive Officer	2013					
Resigned from the Board of Directors in October 2014	2012					

- (1) Amounts in this column represent the aggregate grant date fair value of awards of restricted shares of common stock computed in accordance with FASB ASC Topic 718. The grant date fair values of awards have been determined based on the assumptions and methodologies set forth in Note 11 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. See "2012 Equity Incentive Plan" for more information.
- (2) Amounts in the columns entitled "Stock Awards" and "All Other Compensation" for Mr. Schuster represent restricted shares of common stock and cash payments with respect to annual Board fees (or a pro-rated portion thereof), respectively, received by Mr. Schuster during the period when he was an independent director.
- (3) Amounts in the columns entitled "Salary" and "Bonus" for Mr. Yoon represent the allocable share of the compensation, including annual base salary and bonus, which we reimbursed to our Manager.

Grants of Plan-Based Awards

No plan-based awards were granted during the 2014 fiscal year to the named executive officers.

2014 Outstanding Equity Awards at Fiscal Year End

The following table summarizes certain information regarding equity-incentive plan awards outstanding as of the end of the 2014 fiscal year to the named executive officers.

Name and Principal Position	Stock Awards	
	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) ⁽²⁾
Todd S. Schuster		
Tae-Sik Yoon	10,936 ⁽¹⁾	\$ 125,545

(1) Represents shares of restricted stock granted to Mr. Yoon pursuant to our 2012 Equity Incentive Plan, which vest ratably on a quarterly basis over a four-year period that began on October 1, 2012, subject to certain conditions set forth in the applicable award agreement.

(2) Based on the closing price of our common stock on the last business day of the fiscal year ended December 31, 2014 of \$11.48.

2014 Option Exercises and Stock Vested

No stock options have been granted by us to date. The following table summarizes certain information regarding awards of restricted shares of our common stock that vested during the 2014 fiscal year with respect to the named executive officers.

Name and Principal Position	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
Todd S. Schuster		
Tae-Sik Yoon	6,250	\$ 79,248

(1) The Value Realized on Vesting column reflects the aggregate value realized with respect to all restricted stock awards that vested in fiscal year 2014. The value realized in connection with each vesting of shares of restricted stock is calculated as the number of vested restricted shares multiplied by the closing price of our common stock on the vesting date. The value realized amounts are calculated in accordance with the rules and regulations of the SEC and may not reflect the amounts ultimately realized by the named executive officer.

Pension Benefits

The named executive officers received no benefits in the 2014 fiscal year from us under defined pension or defined contribution plans.

Nonqualified Deferred Compensation

We do not have a nonqualified deferred compensation plan that provides for deferral of compensation on a basis that is not tax-qualified for the named executive officers.

Potential Payments Upon Termination or Change in Control

The named executive officers are employees of our Manager or its affiliates and therefore we generally have no obligation to pay them any form of compensation upon their termination of employment, except with respect to any restricted stock agreement entered into between us and such

named executive officer. These agreements provide that any unvested portion of the award shall be immediately and irrevocably forfeited upon a termination of employment. For information about how a change in control relates to our 2012 Equity Incentive Plan, see "2012 Equity Incentive Plan Change in Control" below.

2012 Equity Incentive Plan

Our 2012 Equity Incentive Plan provides incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including our independent and outside directors, our Chief Financial Officer and our Manager. It is administered by a committee appointed by the Board, which is currently our compensation committee. Our 2012 Equity Incentive Plan permits the granting of stock options, restricted shares of common stock, restricted stock units, phantom shares, dividend equivalent rights and other equity-based awards, subject to an aggregate limitation of 690,000 shares of common stock (7.5% of the issued and outstanding shares of our common stock immediately after giving effect to the issuance of the shares sold in our initial public offering in 2012 (our "IPO")). The charter of the compensation committee provides that it approves all awards granted under the plan.

Administration

The compensation committee has the authority to administer and interpret the plan, to authorize the granting of awards, to determine who is eligible to receive an award, to determine the number of shares of common stock to be covered by each award (subject to the individual participant limitations provided in the plan), to determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of the plan), to prescribe the form of instruments evidencing awards and to take any other actions and make all other determinations that it deems necessary or appropriate in connection with the plan or the administration or interpretation thereof. In connection with this authority, the compensation committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse. Our 2012 Equity Incentive Plan is administered by the compensation committee, which is comprised of three non-employee directors, each of whom is (i) to the extent required by Rule 16b-3 under the Exchange Act, a non-employee director, (ii) at such times as we are subject to Section 162(m) of the Internal Revenue Code (the "Code") and intend that grants be exempt from the restriction of Section 162(m), an outside director for purposes of Section 162(m) of the Code, and (iii) an "independent director" as defined under Section 303A.02 of the NYSE Listed Company Manual or other applicable stock exchange rules.

Available Shares

Our 2012 Equity Incentive Plan provides that, subject to adjustments for recapitalizations and other corporate transactions, no grant under the plan may cause the total number of shares of common stock subject to all outstanding awards to exceed 690,000 shares of common stock (7.5% of the issued and outstanding shares of our common stock immediately after giving effect to the issuance of the shares sold in our IPO). Subject to the foregoing limit, if an option or other award or any portion thereof granted under our 2012 Equity Incentive Plan expires or terminates without having been exercised or paid, as the case may be, the shares subject to such portion will again become available for the issuance of additional awards. No new award may be granted under our 2012 Equity Incentive Plan after the tenth anniversary of the date that such plan was initially approved by (i) the Board and (ii) our stockholders (which occurred on April 23, 2012). No award may be granted under our 2012 Equity Incentive Plan to any person who, assuming exercise of all options and payment of all awards held by such person would own or be deemed to own more than 9.8% of the outstanding shares of our common stock. Any restricted shares of our common stock and restricted stock units will be accounted

for under FASB ASC Topic 718, *Stock Compensation*, resulting in share-based compensation expense equal to the grant date fair value of the underlying restricted shares of common stock or restricted stock units.

Awards Under the Plan

Stock Options. The terms of specific options shall be determined by the compensation committee. The exercise price of an option shall be determined by the compensation committee and reflected in the applicable award agreement, and may not be lower than 100% of the fair market value of our common stock on the date of grant. Options will be exercisable at such times and subject to such terms as determined by the compensation committee. Options generally will expire not later than ten years after the date of grant.

Restricted Shares of Common Stock. A restricted stock award is an award of shares of common stock that are subject to restrictions on transferability and such other restrictions, if any, as the compensation committee may impose. Grants of restricted shares of common stock will be subject to vesting schedules as determined by the compensation committee. The restrictions may lapse separately or in combination at such times, under such circumstances, including, without limitation, a specified period of employment or the satisfaction of pre-established performance criteria, in installments or otherwise, as the compensation committee may determine. Unless otherwise stated in the applicable award agreement, a participant granted restricted shares of common stock has all of the rights of a stockholder, including, without limitation, the right to vote and the right to receive dividends on the shares.

Restricted Stock Units. Restricted stock units are bookkeeping entries, each of which represents the equivalent of one share of common stock, and which may be settled in cash or shares of common stock as the compensation committee may designate in an award agreement or otherwise. Restricted stock units shall be subject to vesting based on continued employment or service or the satisfaction of pre-established performance criteria, or such other restrictions as the compensation committee shall determine.

Phantom Shares. A phantom share represents a right to receive the fair market value of a share of common stock, or, if provided by the compensation committee, the right to receive the fair market value of a share of common stock in excess of a base value established by the compensation committee at the time of grant. Phantom shares shall be subject to vesting based on continued employment or service or the satisfaction of pre-established performance criteria, or such other restrictions as the compensation committee shall determine. Phantom shares may generally be settled in cash or by transfer of shares of common stock (as may be elected by the participant or the compensation committee, or as may be provided by the compensation committee at grant).

Dividend Equivalents. A dividend equivalent is a right to receive (or have credited) the equivalent value (in cash or shares of common stock) of dividends paid on shares of common stock otherwise subject to an award. The compensation committee may provide that amounts payable with respect to dividend equivalents shall be converted into cash or additional shares of common stock. The compensation committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

Other Share-Based Awards. Our 2012 Equity Incentive Plan authorizes the granting of other awards based upon shares of our common stock (including the grant of securities convertible into shares of common stock and share appreciation rights), subject to terms and conditions established at the time of grant.

Change in Control

Upon a change in control (as defined in our 2012 Equity Incentive Plan), the compensation committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change in control, but only if the compensation committee determines that the adjustments do not have a substantial adverse economic impact on the participants (as determined at the time of the adjustments).

Other Changes

The Board may amend, alter, suspend or discontinue our 2012 Equity Incentive Plan but cannot take any action that would impair the rights of a participant in existing grants without such participant's consent. NYSE rules or other applicable regulations may require approval of our stockholders for any amendment that would:

other than through adjustment as provided in our 2012 Equity Incentive Plan, increase the total number of shares of common stock available for issuance under our 2012 Equity Incentive Plan; or

change the class of officers, directors, employees, consultants and advisors eligible to participate in our 2012 Equity Incentive Plan.

The compensation committee or the Board may amend the terms of any award granted under our 2012 Equity Incentive Plan, prospectively or retroactively, but generally may not impair the rights of any participant in existing grants without his or her consent.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act or the Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following Compensation Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any such filings under the Securities Act or the Exchange Act.

COMPENSATION COMMITTEE REPORT

The compensation committee (the "Compensation Committee") of the board of directors (the "Board") of the Company is responsible for administering the Company's 2012 Equity Incentive Plan and overseeing the performance of Ares Commercial Real Estate Management LLC (the "Manager") and the management fees and other compensation payable to the Manager pursuant to the Management Agreement between the Company and the Manager dated April 25, 2012. The directors that serve on the Compensation Committee have reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

The Compensation Committee

John Hope Bryant (Chairperson)

William L. Browning

Michael H. Diamond

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SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information as of April 24, 2015, the record date, regarding the ownership of each class of our capital stock by:

each of our directors;

each of the named executive officers;

each person known by us to beneficially hold 5% or more of our common stock; and

all of our directors and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

all shares the investor actually owns beneficially or of record;

all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and

all shares the investor has the right to acquire within 60 days (such as restricted shares of common stock that are currently vested or which are scheduled to vest within 60 days).

Ownership information for those persons who beneficially own 5% or more of the outstanding shares of the Company's common stock is based upon Schedule 13D, Schedule 13G or other filings by such persons with the SEC and other information obtained from such persons.

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Except as indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, One North Wacker Drive, 48th Floor, Chicago, IL 60606.

Name and Address	Number of Shares of Common Stock Beneficially Owned ⁽¹⁾	Percentage of Class ⁽²⁾
Directors and Executive Officers		
Michael J. Arougheti	322,776	1.13%
Caroline E. Blakely	8,222	*
William L. Browning	8,222	*
John Hope Bryant	12,223	*
Michael H. Diamond	12,891	*
Robert L. Rosen	40,891	*
Todd S. Schuster ⁽³⁾	59,110	*
Tae-Sik Yoon	25,000	*
Michael Weiner ⁽⁴⁾	17,882	*
All directors and executive officers as a group (9 persons)	507,217	1.77%
5% or More Beneficial Owners		
BlackRock, Inc. ⁽⁵⁾	2,362,816	8.27%
Antony P. Ressler ⁽⁶⁾	2,163,057	7.57%
RS Investment Management Co. LLC ⁽⁷⁾	1,718,567	6.01%
Boston Partners ⁽⁸⁾	1,555,602	5.44%
Tokio Marine Holdings, Inc. ⁽⁹⁾	1,469,769	5.14%

*

Represents less than 1% of the shares of common stock outstanding.

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- (1) Includes vested and unvested restricted shares of common stock granted to our directors and Chief Financial Officer pursuant to our 2012 Equity Incentive Plan as of April 24, 2015 as follows:

	Vested Restricted Shares	Unvested Restricted Shares
Tae-Sik Yoon	17,188	7,812
Caroline E. Blakely	5,303	2,919
William L. Browning	5,303	2,919
John Hope Bryant	12,891	
Michael H. Diamond	12,891	
Robert L. Rosen	12,891	
Todd S. Schuster	4,110	

The restricted shares of common stock granted to Mr. Schuster were with respect to annual Board fees during the period when he was an independent director.

- (2) Based on 28,584,095 shares of common stock outstanding on April 24, 2015.
- (3) Includes (1) 40,000 shares of common stock held by SBHWD LLC, a limited liability company, of which Mr. Schuster is the managing member, (2) 5,000 shares of common stock held by Mr. Schuster as custodian of an account for the benefit of Mr. Schuster's child under the Uniform Transfers to Minors Act and (3) 5,000 shares of common stock held by Mr. Schuster's spouse.
- (4) Consists of (1) 11,111 shares of common stock held directly by Mr. Weiner and (2) 6,771 shares of common stock held by the Amended and Restated Weiner Living Trust, dated May 29, 2009, of which Mr. Weiner is the trustee.
- (5) On its Schedule 13G filed with the SEC on January 23, 2015, BlackRock, Inc. reported sole voting power with respect to 2,305,014 shares of common stock beneficially owned by it and sole dispositive power with respect to 2,362,816 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 8.3%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. BlackRock, Inc.'s address is 55 East 52nd Street, New York, New York 10022.
- (6) Includes (1) 745,908 shares of common stock held by Greek Associates, a California general partnership, of which Mr. Ressler is the general partner, and (2) 1,417,149 shares of common stock held by the Ressler/Gertz Family Foundation, of which Mr. Ressler is the trustee. Mr. Ressler is the Co-Founder and Chief Executive Officer of Ares Management. The business address of Mr. Ressler is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.
- (7) On its Schedule 13G filed with the SEC on February 12, 2015, RS Investment Management Co. LLC reported sole voting power with respect to 1,709,367 shares of common stock beneficially owned by it and sole dispositive power with respect to 1,718,567 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 6.01%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. RS Investment Management Co. LLC's address is One Bush Street, Suite 900, San Francisco, CA 94104.
- (8) On its Schedule 13G filed with the SEC on February 11, 2015, Boston Partners reported sole voting power with respect to 1,259,583 shares of common stock and shared voting power with respect to 36,455 shares of common stock beneficially owned by it and sole dispositive power with respect to 1,555,602 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 5.44%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. Boston Partners' address is One Beacon Street 30th Floor, Boston, MA 02108.
- (9) On a Schedule 13G filed with the SEC on February 17, 2015, Tokio Marine Holdings, Inc. ("Marine Holdings") and Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Nichido Fire") reported shared voting and dispositive power with respect to 1,469,769 shares of common stock. Based solely on the Schedule 13G, Marine Holdings is the parent company of Nichido Fire and each of the other members of the filing group. Each member of the filing group reported that it had shared voting and dispositive power with respect to the shares of common stock it beneficially owned. The Schedule 13G reports a beneficial ownership percentage of 5.14%, which does not include any shares acquired or sold since such percentage was calculated for the purpose of the Schedule 13G. The address of Marine Holdings and Nichido Fire is Tokio Marine Nichido Building Shinkan, 2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act our directors and executive officers, and any persons holding 10% or more of our common stock, are required to report their beneficial ownership and any changes therein to the SEC and us. Specific due dates for those reports have been established and we are required to report herein any failure to file such reports by those due dates. Based solely upon a review of Forms 3, 4 and 5 filed by such persons, we believe that each of our directors and executive officers and any persons holding 10% or more of our common stock during the fiscal year ended December 31, 2014 complied with all Section 16(a) filing requirements applicable to them during the relevant period, with the exception of the forfeiture by Todd S. Schuster of 2,917 shares of common stock in connection with his being named Co-Chief Executive Officer in June 2013. The forfeiture of our shares of common stock was reported by Mr. Schuster to the SEC on April 30, 2014.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. For example, we have a Code of Business Conduct and Ethics and Corporate Governance Guidelines that generally restrict the ability of any of our officers, directors or employees to engage in any transaction where there is a conflict between such individual's personal interest and our interests. In addition, the audit committee is required to review and approve or ratify all related party transactions (as defined in Item 404 of Regulation S-K). In determining whether to approve or ratify a transaction, the audit committee will take into account such factors as it deems appropriate. The charter for the audit committee, Code of Business Conduct and Ethics and Corporate Governance Guidelines can be accessed via our website at www.arescre.com.

Management Agreement

We are party to the Management Agreement, pursuant to which our Manager provides for the day-to-day management of our operations. The Management Agreement requires our Manager to manage our business affairs in conformity with the policies and the investment guidelines that may be approved and monitored by the Board. The Management Agreement has an initial three-year term that expires on May 1, 2015, and will be automatically renewed for one-year terms thereafter (initially to May 1, 2016) unless terminated by either us or our Manager. Our Manager is entitled to receive a termination fee from us under certain circumstances.

We do not reimburse our Manager for the salaries and other compensation of its personnel, except for the allocable share of the salaries and other compensation of our (a) Chief Financial Officer, based on the percentage of his time spent on our affairs and (b) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of their time spent on our affairs (collectively, "Personnel Expenses"). In addition, we are required to pay our pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates required for our operations (collectively, "Overhead Expenses").

Effective as of September 30, 2013, we entered into an amendment to the Management Agreement (the "Restricted Cost Amendment") with our Manager whereby our Manager agreed not to seek reimbursement of Restricted Costs (as defined below), in excess of \$1.0 million per quarter for the quarterly periods ending on September 30, 2013, December 31, 2013, March 31, 2014 and June 30, 2014. We entered into a second amendment to the Management Agreement with our Manager, effective as of September 30, 2014, which extended the Restricted Cost Amendment such that our Manager agreed not to seek reimbursement of Restricted Costs in excess of \$1.0 million per quarter for the quarterly periods ended September 30, 2014 and December 31, 2014. "Restricted Costs" are Personnel Expenses and Overhead Expenses incurred in the ordinary course of our origination business and do not include any Personnel Expenses or Overhead Expenses that were incurred in connection with transactions outside our ordinary course of business, including without limitation, transactions for the acquisition of a portfolio of investments or for the acquisition of another company or its assets and business. Pursuant to the terms of the Management Agreement, our Manager is paid a base management fee equal to 1.5% per annum of our stockholders' equity (as defined in our Management Agreement), calculated and payable quarterly in arrears. For the fiscal year ended December 31, 2014, we incurred approximately \$5.9 million in base management fees payable to our Manager pursuant to the Management Agreement. In addition, we reimbursed our Manager for approximately \$4.0 million, which amount represented the portion of the allocable expenses payable by us under the Management Agreement for which our Manager sought reimbursement. Our Manager did not earn any incentive compensation under the Management Agreement for the fiscal year ended December 31, 2014.

Our Manager is a subsidiary of Ares Management, an entity in which certain directors and officers of our Company and members of the Investment Committee of our Manager have ownership and financial interests. Our Manager and Ares Management have agreed that for so long as our Manager is managing us, neither Ares Management nor any of its affiliates will sponsor or manage any other U.S. publicly traded REIT that invests primarily in the same asset classes as us. Ares Management and its affiliates may sponsor or manage another U.S. publicly traded REIT that invests generally in real estate assets but not primarily in our target investments. Other than as described in the immediately preceding sentence, neither Ares Management nor any of our affiliates are otherwise restricted from sponsoring or managing other funds or any other investment vehicles that are managed by Ares Management. In general, investment opportunities are allocated taking into consideration various factors, including, among others, the relevant investment vehicles' available capital, diversification, their investment objectives or strategies, their risk profiles and their existing or prior positions in an issuer/security, as well as potential conflicts of interest, the nature of the opportunity and market conditions. The investment allocation policy may be amended by Ares Management at any time without our consent.

Credit Support for City National Bank Facility

On July 30, 2014, we entered into a \$75.0 million revolving funding facility (the "CNB Facility") with City National Bank ("City National Bank"). Ares Management LLC, a subsidiary of Ares Management and an affiliate of our Manager, agreed to provide credit support in connection with the CNB Facility and to purchase all loans and other obligations outstanding under the CNB Facility upon (i) an acceleration or certain events of default or (ii) in the event that, among other things, Ares Management LLC's corporate credit rating is downgraded to below investment grade. On July 30, 2014, we entered into a Credit Support Fee Agreement with Ares Management LLC under which we agreed to pay Ares Management LLC a credit support fee in an amount equal to 1.50% per annum times the average amount of the loans outstanding under the CNB Facility and to reimburse Ares Management LLC for its out-of-pocket costs and expenses in connection with the transaction. In connection with the Credit Support Fee Agreement on July 30, 2014, we entered into a Pledge Agreement pursuant to which we pledged to Ares Management LLC our ownership interests in our wholly owned direct subsidiary, ACRC Holdings LLC, the holding entity for our principal lending business. For the fiscal year ended December 31, 2014, we paid approximately \$278,000 in a credit support fees to Ares Management LLC pursuant to the Credit Support Fee Agreement.

Servicing Agreements

Certain of our subsidiaries, along with our lenders under certain of our secured funding facilities have entered into various servicing agreements with our Manager's servicer, which is a Standard & Poor's-ranked commercial special servicer that is included on Standard & Poor's Select Servicer List. Our Manager's servicer has agreed that no servicing fees pursuant to these servicing agreements would be charged to us or our subsidiaries for so long as the Management Agreement remains in effect, but that our Manager's servicer will continue to receive reimbursement for overhead related to servicing and operational activities pursuant to the terms of the Management Agreement.

Registration Rights Agreement

We are a party to a registration rights agreement with regard to shares held from time to time by Ares Investments and its affiliates, which we refer to as the registrable shares. Pursuant to the registration rights agreement, we granted Ares Investments and its direct and indirect transferees:

unlimited demand registration rights to have the registrable shares registered for resale; and

in certain circumstances, the right to "piggy-back" the registrable shares in registration statements we might file in connection with any future public offering.

Notwithstanding the foregoing, any registration is subject to cutback provisions, and we are permitted to suspend the use, from time to time, of the prospectus that is part of the registration statement (and therefore suspend sales under the registration statement) for certain periods, referred to as "blackout periods."

"Ares" License Agreement

We have entered into a license agreement with Ares Management, pursuant to which it granted us a non-exclusive, royalty-free license to use the name "Ares." Under this agreement, we have a right to use this name for so long as Ares Commercial Real Estate Management LLC remains our Manager. This license agreement may be terminated by either party without penalty upon 180 days' written notice to the other.

STOCKHOLDER NOMINATIONS AND PROPOSALS FOR THE 2015 ANNUAL MEETING

Stockholders may present proper nominations of candidates for director or other proposals for inclusion in our proxy statement and proxy card for consideration at the next annual meeting of stockholders by submitting such nominations or proposals in writing to our Secretary in a timely manner, calculated in the manner provided in Rule 14a-8(e) of the Exchange Act, applicable state law and our Charter and Bylaws.

Deadlines for Submitting Stockholder Proposals for Inclusion in the Company's Proxy Statement and Proxy Card

To be considered timely under Rule 14a-8(e) of the Exchange Act for inclusion in our proxy statement and proxy card for a regularly scheduled annual meeting, a stockholder's nomination of a candidate for director or other proposal must be received at our principal executive offices not less than 120 calendar days before the anniversary of the date our proxy statement was released to stockholders for the previous year's annual meeting. Accordingly, a stockholder's nomination of a candidate for director or other proposal must be received no later than December 31, 2015 in order to be included in our proxy statement and proxy card for the 2016 annual meeting of stockholders.

Deadlines for Submitting Notice of Stockholder Proposals for Consideration at the Company's 2015 Annual Meeting

The deadline for submitting notice of a stockholder's nomination of a candidate for director or other proposal for consideration at the 2016 annual meeting of stockholders under the Bylaws, is not earlier than the 150th day prior to the first anniversary of the date of release of the proxy statement for the preceding year's annual meeting nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of release of the proxy statement for the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the tenth day following the day on which public announcement of the date of such meeting is first made. Accordingly, a stockholder's nomination of a candidate for director or other proposal must be received no earlier than December 1, 2015 and no later than 5:00 p.m., Eastern Time, on December 31, 2015 in order to be considered at the 2016 annual meeting of stockholders. In order to be considered timely, such notice shall be delivered to the Secretary at our principal executive office and shall set forth all information required under Section 11 of Article II of the Bylaws.

ANNUAL REPORT AVAILABLE

A copy of our 2014 Annual Report containing audited financial statements accompanies this proxy statement.

We will provide to each stockholder a copy (without exhibits, unless otherwise requested) of our Annual Report free of charge. Requests should be directed to the Investor Relations Department at Ares Commercial Real Estate Management, One North Wacker Drive, 48th Floor, Chicago, Illinois, 60606. Copies of these documents may also be accessed electronically by means of the SEC's home page on the internet at <http://www.sec.gov>. The Annual Report is not part of the proxy solicitation materials.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement and annual report addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year a number of brokers with account holders who are our stockholders will be "householding" its proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. We will promptly deliver a separate copy of these documents to you upon written or oral request to our Investor Relations Department at Ares Commercial Real Estate Management, One North Wacker Drive, 48th Floor, Chicago, Illinois, 60606 or 312-252-7500. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify your broker. Stockholders who currently receive multiple copies of the proxy statement and annual report at their addresses and would like to request "householding" of their communications should contact their brokers.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 24, 2015: The Notice of Annual Meeting, Proxy Statement and the Company's 2014 Annual Report are available at: <http://materials.proxyvote.com/04013V>.

OTHER MATTERS

The Board is not aware of any other matters to be presented at the Annual Meeting or at any adjournment or postponement thereof. Should any other matter requiring a vote of stockholders arise, it is the intention of the persons named in the proxy to vote in accordance with their discretion on such matters.

You are cordially invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, you are requested to promptly submit your proxy voting instructions.

By Order of the Board of Directors,

/s/ ANTON FEINGOLD

Anton Feingold
Secretary

Chicago, Illinois
April 29, 2015

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY TO VOTE. MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: ARES COMMERCIAL REAL ESTATE CORPORATION M86461-P59272 ARES COMMERCIAL REAL ESTATE CORP. ONE NORTH WACKER DRIVE, 48TH FLOOR CHICAGO, IL 60606 To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and write the number(s) of the nominee(s) on the line below. 2. To ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015. *Persons to serve as Class III Directors until the Company's 2018 Annual Meeting of Stockholders, and until their successors are duly elected and qualify. !!! NOTE: The proxies are hereby authorized to vote in their discretion and otherwise represent the undersigned on such other matters as may properly come before the meeting or any adjournment or postponement thereof. 01) Michael J. Arougheti* 02)

Michael H. Diamond* 1. Election of Directors
Nominees:
AUTHORIZE YOUR PROXY BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to authorize your proxy using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.
AUTHORIZE YOUR PROXY BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.
AUTHORIZE YOUR

PROXY BY MAIL
Mark, sign and date
your proxy card and
return it in the
postage-paid
envelope we have
provided or return it
to Vote Processing,
c/o Broadridge, 51
Mercedes Way,
Edgewood, NY
11717. The Board of
Directors
recommends you
vote "FOR" Proposal
1 to elect the
following Directors:
The Board of
Directors
recommends a vote
"FOR" Proposal 2.
Please sign exactly as
your name(s)
appear(s) hereon.
When signing as
attorney, executor,
administrator, or
other fiduciary,
please give full title
as such. Joint owners
should each sign
personally. All
holders must sign. If
a corporation or
partnership, please
sign in full corporate
or partnership name
by authorized officer.
For All Withhold All
For All Except !!!
For Against Abstain

ARES COMMERCIAL REAL ESTATE
CORPORATION Annual Meeting of
Stockholders June 24, 2015 at 11:00
Eastern Daylight Time This proxy
solicited by the Board of Directors
undersigned hereby appoints Thomas
Schuster, Tae-Sik Yoon and Andrew
Feingold, or any one of them, or any
with full power of substitution, and
attorneys and proxies for the undersigned
undersigned to attend the Annual Meeting
Meeting of Stockholders of Ares
Commercial Real Estate Corporation
(the "Company") to be held on June 24,
2015 at 11:00 a.m., Eastern Daylight
Time, at the offices of Proskauer, Rose,
LLP, Eleven Times Square, New York,
New York 10036, and any adjournment
or postponements thereof, to cast
behalf of the undersigned all votes
the undersigned is entitled to cast at
meeting and otherwise to represent
undersigned at the meeting with the
powers possessed by the undersigned
personally present at the meeting. The
undersigned acknowledges receipt of
the Company prior to the execution of
this proxy of a Notice of Annual Meeting
Meeting of Stockholders and a Proxy
Statement, the terms of which are
incorporated herein by reference and
revokes any proxy heretofore given
respect to such meeting. THE VOTES
ENTITLED TO BE CAST BY THE
UNDERSIGNED WILL BE CAST AS
INSTRUCTED HEREIN. IF THE
PROXY IS EXECUTED BUT NO
INSTRUCTION IS GIVEN, THE VOTES
VOTES ENTITLED TO BE CAST BY
THE UNDERSIGNED WILL BE CAST
"FOR" EACH OF THE NOMINEES
FOR DIRECTOR IN PROPOSAL 1 AND
AND "FOR" PROPOSAL 2. The votes
entitled to be cast by the undersigned
will be cast in the discretion of the
holder on any other matter that may
properly come before the meeting or
adjournment or postponement thereof.
At the present time, the Board of
Directors of the Company know of no
other business to be presented at
meeting. Your vote is important and
vote immediately. Important Notice
Regarding the Availability of Proxy
Materials for the Annual Meeting
Notice and Proxy Statement and the
Annual Report are available at
<http://materials.proxyvote.com/>
CONTINUED AND TO BE SIGNED
ON REVERSE SIDE M86462-1

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