

Ares Commercial Real Estate Corp  
Form 10-Q  
August 07, 2013  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period      to

Commission File No. 001-35517

**ARES COMMERCIAL REAL ESTATE CORPORATION**

(Exact name of Registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**45-3148087**  
(I.R.S. Employer  
Identification Number)

**One North Wacker Drive, 48th Floor, Chicago, IL 60606**

(Address of principal executive office) (Zip Code)

**(312) 252-7500**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class  
Common stock, \$0.01 par value

Outstanding at August 6, 2013  
27,888,359

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(in thousands, except share and per share data)

	<b>June 30, 2013</b>	<b>As of</b>	<b>December 31, 2012</b>
	<b>(unaudited)</b>		
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,235	\$	23,390
Restricted cash	4,670		3,210
Loans held for investment	525,994		353,500
Accrued interest receivable	3,312		1,746
Deferred financing costs, net	4,546		5,168
Other assets	2,302		845
Total assets	\$ 581,059	\$	387,859
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>LIABILITIES</b>			
Secured financing agreements	\$ 101,285	\$	144,256
Convertible notes	67,535		67,289
Derivative liability	-		1,825
Accounts payable and accrued expenses	3,346		1,788
Due to affiliate	1,563		1,320
Dividends payable	6,822		2,316
Other liabilities	5,632		3,627
Total liabilities	186,183		222,421
Commitments and contingencies (Note 5)			
<b>STOCKHOLDERS EQUITY</b>			
Preferred stock, par value \$0.01 per share, 50,000,000 shares authorized at June 30, 2013 and December 31, 2012, no shares issued and outstanding at June 30, 2013 and December 31, 2012	-		-
Common stock, par value \$0.01 per share, 450,000,000 shares authorized at June 30, 2013 and December 31, 2012, 27,286,769 and 9,267,162 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	272		92
Additional paid in capital	404,005		169,200
Accumulated deficit	(9,401)		(3,854)
Total stockholders equity	394,876		165,438
Total liabilities and stockholders equity	\$ 581,059	\$	387,859

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See accompanying notes to consolidated financial statements.

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**ARES COMMERCIAL REAL ESTATE CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except share and per share data)

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net interest margin:</b>				
Interest income	\$ 8,086	\$ 1,559	\$ 14,798	\$ 2,508
Interest expense (from secured funding facilities)	(1,879)	(353)	(3,265)	(692)
Net interest margin	6,207	1,206	11,533	1,816
<b>Expenses:</b>				
Other interest expense	1,499	-	3,050	-
Management fees to affiliate	643	419	1,256	419
Professional fees	500	331	1,067	414
Acquisition and investment pursuit costs	1,121	-	1,761	-