Supplemental Financial Information Presentation

Q4 2012

February 28, 2013

Information is as of December 31, 2012 except as otherwise noted.
It should not be assumed that investments made in the future will be profitable or will equal the performance of investments in this document.

Legal Disclaimer

We make forward-looking statements in this presentation and other filings we make with the SEC within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: our business and investment strategy; our operating results; our ability to obtain and maintain financing arrangements; the return on equity, the yield on investments and risks associated with investing in real estate assets, including changes in business conditions and the general economy.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as included in ARI's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and other periodic reports filed with the Securities and Exchange Commission. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation may contain statistics and other data that in some cases has been obtained from or compiled from information made available by third-party service providers.

February 28, 2013

Stuart Rothstein

Chief Executive Officer, President and Chief Financial Officer

Scott Weiner

Chief Investment Officer of the Manager

Megan Gaul

Controller of the Manager

Hilary Ginsberg

Investor Relations Manager

ARI – Financial Summary

	Three Months Ended			Twelve Months Ended		
Income Statement	**December 31, 2012**	**December 31, 2011**	**% Change**	**December 31, 2012**	**December 31, 2011**	**% Change**
Interest income *(in thousands)*	$ 13,766	$ 14,564	-5.5%	$ 57,079	$ 52,918	7.9%
Interest expense *(in thousands)*	$ (1,463)	$ (3,618)	-59.6%	$ (8,402)	$ (14,454)	-41.9%
Net interest income *(in thousands)*	$ 12,303	$ 10,946	12.4%	$ 48,677	$ 38,464	26.6%
Operating earnings per share[(1)]	$ 0.27	$ 0.39	-30.8%	$ 1.50	$ 1.47	2.0%
Basic and diluted weighted average common shares outstanding	27,608,787	20,561,032	34.3%	22,648,819	18,840,954	20.2%

Balance sheet	**December 31, 2012**	**December 31, 2011**	**% Change**
Investments at amortized cost *(in thousands)*	$ 669,478	$ 860,247	-22.2%
Net equity in investments at cost *(in thousands)*	$ 444,320	$ 318,220	39.6%
Common stockholders equity	$ 460,674	$ 336,978	36.7%
Preferred stockholders equity	$ 86,250	$ -	
Fixed rate debt *(in thousands)*[(2)]	$ -	$ 251,327	
Floating rate debt *(in thousands)*	$ 225,158	$ 290,700	
Debt to common equity	0.5x	1.6x	
Fixed charge coverage[(3)]	3.3x	3.9x	

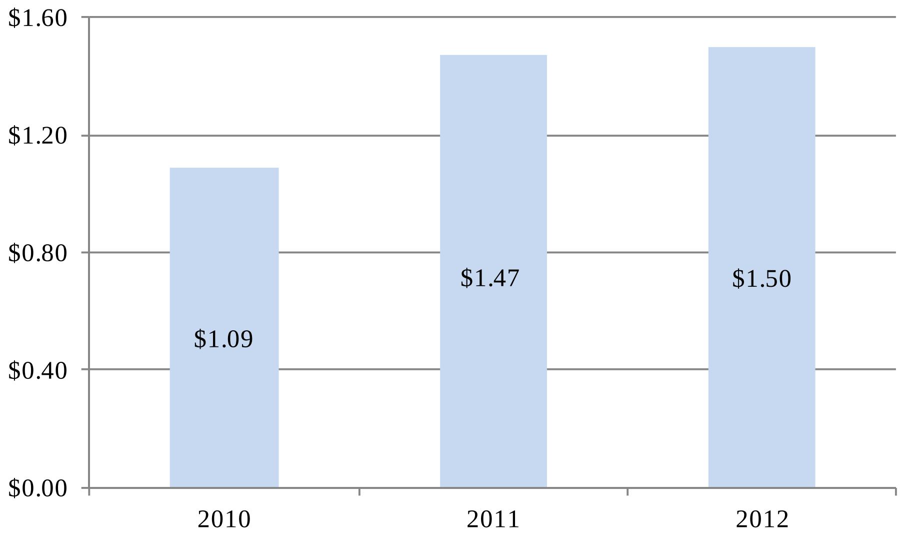
(1) *Operating Earnings is a non-GAAP financial measure that is used to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) non-cash equity compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 25 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.*

(2) *Fixed rate debt refers to the TALF borrowings which were refinanced with the Wells repurchase facility during January 2012.*

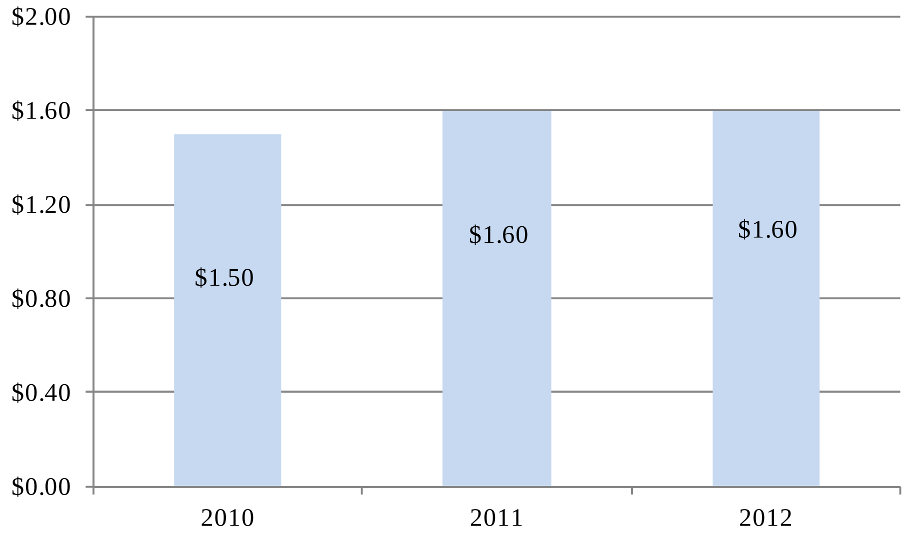
(3) *Fixed charge coverage is EBITDA divided by interest expense plus the preferred stock dividends.*

ARI – Historical Overview

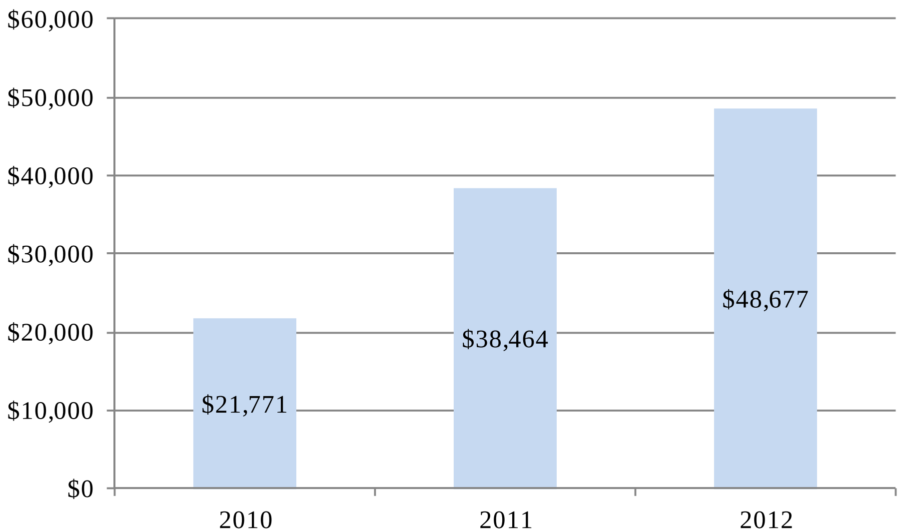
Operating Earnings per Share(1)



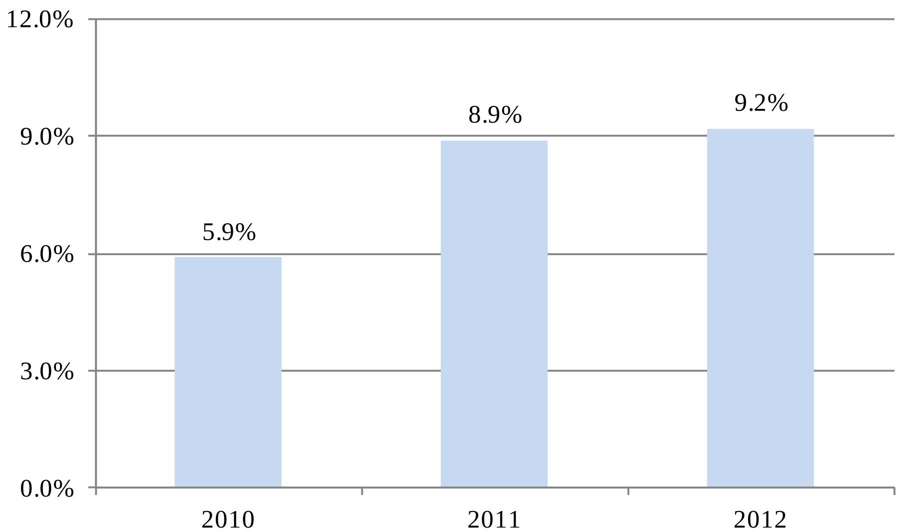
Dividends per Common Share



Net Interest Income ($000s)



Return on Common Equity Based on Operating Earnings (2)



(1) *Operating Earnings is a non-GAAP financial measure that is used to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) non-cash equity compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 25 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.*

(2) *Return on common equity is calculated as annualized Operating Earnings for the period as a percentage of average stockholders equity for the period.*

ARI – Q4 Highlights

Financial Results & Earnings Per Share

- Operating Earnings for the quarter ended December 31, 2012 of $7.4 million, or $0.27 per diluted common share(1)
  - Decline in operating earnings primarily due to the timing of the deployment of capital raised from the July preferred stock offering and the October common stock offering
  - Net interest income of $12.3 million for Q4 2012
  - Total expenses of $3.3 million, comprised of management fees of $2.0 million, G&A of $0.9 million and non-cash stock based compensation of $0.4 million
  - GAAP net income available to common stockholders for the quarter ended December 31, 2012 of $7.1 million, or $0.26 per diluted common share

Dividends

- Declared a dividend of $0.40 per share of common stock for the quarter ended March 31, 2013
  - Eleventh consecutive quarter of maintaining consistent dividend level
  - 9.2% annualized dividend yield based on $17.36 closing price on February 26, 2013
- Declared a dividend on the Company's 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock of $0.5391 per share for stockholders of record on December 31, 2012

(1) *Operating Earnings is a non-GAAP financial measure that is used to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) non-cash equity compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 25 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.*

ARI – Q4 Highlights

Investment and Portfolio Activity

- Mezzanine Loan, Hotel Portfolio
  - $50 million junior mezzanine loan secured by a pledge of the equity interest in a borrower that owns three full-service conference hotels located in Dallas, TX, Denver, CO and St. Louis, MO, totaling 3,981 keys
  - Part of a new $410 million, four-year floating rate financing comprised of a $295 million first mortgage loan and a $115 million mezzanine loan, which was bifurcated into a $65 million senior mezzanine loan and the **$50 million junior mezzanine loan**
  - Appraised LTV – 61%; Interest rate – LIBOR + 10.9%; 30-year amortization; Origination Fee – 0.5%
  - Underwritten IRR(1) ~ 13%

- Whole Loan, Condominium Conversion, New York, NY
  - **$80 million whole loan commitment** for a condominium conversion located in the TriBeCa neighborhood of NYC; The property will have 66 units with approximately 96,000 net salable square feet and approximately 3,000 square feet of retail space
  - $45 million first mortgage loan and $0.4 million of a $35 million mezzanine loan were funded at closing; the balance is expected to be funded throughout the conversion process
  - Initial term of two years, with two 12-month extensions, subject to completion hurdles
  - Interest rate – LIBOR+8.5% (0.5% LIBOR floor); 1.0% origination fee; 1.0% exit fee
  - Underwritten loan-to-net sellout (assuming loan is fully funded) – 55%
  - Underwritten unlevered IRR(1) ~ 11%

(1) *The internal rates of return ("IRR") for the investments listed reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Company's master repurchase agreement with Wells Fargo Bank, N.A. ("Wells Facility"). The calculation for the New York City whole loan also assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, as well as assuming no defaults. There can be no assurance the actual IRRs will equal the underwritten IRRs shown. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time.*

ARI – Q4 Highlights

Capital Markets Activity

- Common Stock Offering
  - Completed an underwritten public offering of 7,404,460 shares of common stock, including the partial exercise of the underwriters' option to purchase additional shares, raising net proceeds of approximately $124.1 million

Portfolio Summary

- Total investments with an amortized cost of $669 million at December 31, 2012
- Current weighted average underwritten IRR of approximately 12.7% and levered weighted average underwritten IRR of approximately 14.1% at December 31, 2012(1)

Book Value

- GAAP book value of $16.43 per share as of December 31, 2012
- Fair value of $16.84 per share as of December 31, 2012(2)
- ARI closed at $17.36 on February 26, 2013, a 5.7% premium to GAAP book value per share

(1) The internal rates of return ("IRR") for the investments listed reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. The calculation for the New York City whole loan also assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, as well as assuming no defaults. There can be no assurance the actual IRRs will equal the underwritten IRRs shown. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time. Substantially all of the Company's borrowings under the Company's master repurchase facility with JPMorgan Chase Bank, N.A. (the "JPMorgan Facility") were repaid upon the closing of the Company's Series A Preferred Stock offering in August 2012. The Company's ability to achieve its levered weighted average underwritten IRR is additionally dependent upon the Company re-borrowing approximately $53 million under the JPMorgan Facility or any replacement facility. Without such re-borrowing, the levered weighted average IRR with regard to its portfolio of first mortgage loan will be significantly lower than the amount shown above, as indicated by the current weighted average underwritten IRR above.

(2) The Company carries loans at amortized cost and its CMBS securities are marked to market. Management has estimated that the fair value of the Company's financial assets at December 31, 2012 was approximately $11.5 million greater than the carrying value of the Company's investment portfolio as of the same date. This represents a premium of $0.41 per share over the Company's GAAP book value as of December 31, 2012.

ARI – Subsequent Events

Subsequent Events

- Mezzanine Loan – Multifamily Conversion, New York, NY

  - $18 million mezzanine loan commitment secured by a pledge of the equity interests in the owner of two buildings in Midtown Manhattan which contain a total of 181,637 rentable square feet that is being converted into 215 multifamily units
  - Part of a $90 million, three year, interest only, floating rate financing comprised of the **$18 million mezzanine loan** and a $72 million first mortgage loan
  - Interest rate – LIBOR+10.0%, increasing to LIBOR+11.0% as certain funding hurdles are met; 1.0% origination fee
  - Underwritten LTV (assuming first mortgage loan is fully funded) – 60%
  - Underwritten IRR(1) ~ 13%

- Mezzanine Loan – Hotel Portfolio, Rochester, MN

  - $25 million mezzanine loan secured by a pledge of the equity interests in the owner of a portfolio of four hotels totaling 1,231 keys located in Rochester, Minnesota
  - Part of a $145 million, five-year, fixed-rate financing comprised of a $120 million first mortgage loan and the $25 million mezzanine loan provided in connection with the acquisition of the portfolio
  - Interest rate – 11.0%; Appraised LTV – 69%
  - Underwritten IRR(1) ~ 12%

(1) The internal rates of return (“IRR”) for the investments listed reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. There can be no assurance the actual IRRs will equal the underwritten IRRs shown. See “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time.

ARI – Subsequent Events (cont.)

Subsequent Events

- Mezzanine Loan – Condominium Development, New York, NY
  - **$60 million mezzanine loan commitment** secured by a pledge of preferred equity interests in the owner of a to-be-developed 352,624 net saleable square foot, 57-story, 146-unit condominium tower located in the TriBeCa neighborhood of New York City
  - $46 million funded at closing with the remaining $14 million expected to be funded in six months following closing
  - Interest rate – 13.25%; 1.0% origination fee and 1.0% exit fee
  - Initial term of 54 months, with one extension option for 12-months
  - Underwritten loan-to-net sellout (assuming loan is fully funded) – 55%;
  - Underwritten IRR(1) ~ 16%

Total YTD 2013 Investment Activity - $103 million

- Repayments
  - Principal repayment on two mezzanine loans totaling $50 million secured by a portfolio of shopping centers
    - Received $2.5 million yield maintenance payment; Total realized IRR on investment – 15%
  - Full principal repayment on repurchase agreement secured by CDO bonds
    - Total realized IRR on investment – 17%

(1) *The internal rates of return (“IRR”) for the investment listed reflects the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. The calculation for this investment also assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, as well as assuming no defaults. There can be no assurance the actual IRRs will equal the underwritten IRRs shown. See “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time.*

ARI – Subsequent Events (cont.)

Subsequent Events

- Amendment to JP Morgan Facility
  - Extended the term of the facility for two years (one-year term with one, 364 day extension)
  - Pricing to remain at LIBOR+2.50%
  - ARI paid a 0.5% fee for the first year and will pay a 0.25% extension fee for the 364 day extension

- Amendment to Wells Facility
  - Reduced interest rate for outstanding borrowings used to finance AAA CMBS to LIBOR+1.05% from LIBOR+1.25% - 1.50%
  - Reduced interest rate for outstanding borrowings used to finance Hilton CMBS to LIBOR+1.75% from LIBOR+2.35%
  - Extended the term for the outstanding borrowings used to finance the AAA CMBS until March 2014

- Corporate Governance
  - Board of Directors appointed Megan Gaul to the positions of Chief Financial Officer, Treasurer and Secretary, effective April 1, 2013

ARI – Portfolio Overview

Asset Type ($000s)	Amortized Cost	Borrowings	Equity at Cost	Remaining Weighted Average Life (years)[1]	Current Weighted Average IRR[2][3]	Levered Weighted Average IRR[4]
First Mortgage Loans[2]	$142,921	$3	$142,918	2.6	10.8%	15.6%
Subordinate Loans	246,246	-	246,246	4.7	13.6	13.6
Repurchase Agreements	6,598	-	6,598	1.2	13.7	13.7
CMBS - AAA	203,463	176,827	26,636	1.8	15.3	15.3
CMBS - Hilton	70,250	48,328	21,922	2.9	11.6	11.6
Investments at December 31, 2012	**$669,478**	**$225,158**	**$444,320**	**3.1 Years**	**12.7%**	**14.1%**

As of December 31, 2012.

(1) Remaining Weighted Average Life assumes all extension options are exercised.

(2) Borrowings under the Company's master repurchase facility with JPMorgan (the "JPMorgan Facility") bear interest at LIBOR plus 250 basis points, or 2.7% at December 31, 2012. The IRR calculation further assumes the JPM Facility or any replacement facility will remain available over the life of these investments.

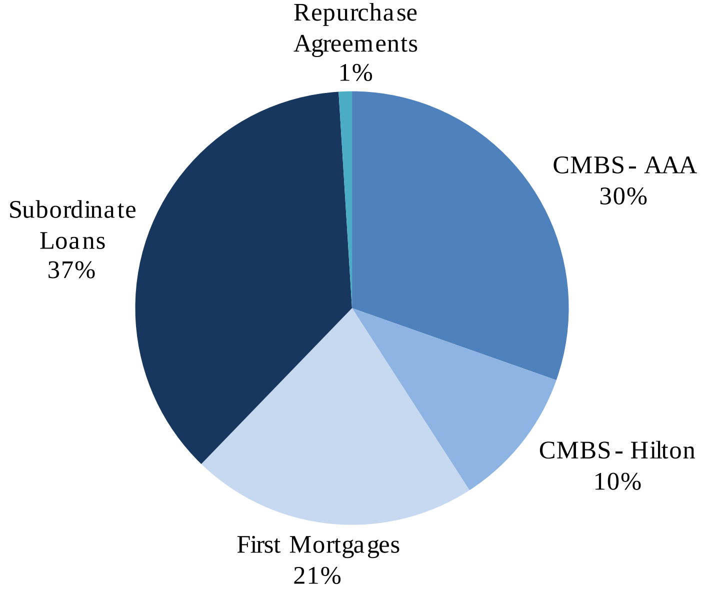
(3) The IRR for the investments shown in the above table reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. The calculation for the New York City whole loan also assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, as well as assuming no defaults. There can be no assurance the actual IRRs will equal the underwritten IRRs shown in the table. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments shown in the table over time.

(4) Substantially all of the Company's borrowings under the JPMorgan Facility were repaid upon the closing of the Company's Series A Preferred Stock offering in August 2012. The Company's ability to achieve its underwritten levered weighted average IRR with regard to its portfolio of first mortgage loans is additionally dependent upon the Company re-borrowing approximately $53,000 under the JPMorgan Facility or any replacement facility. Without such re-borrowing, the levered weighted average IRRs will be as indicated in the current weighted average IRR column above.

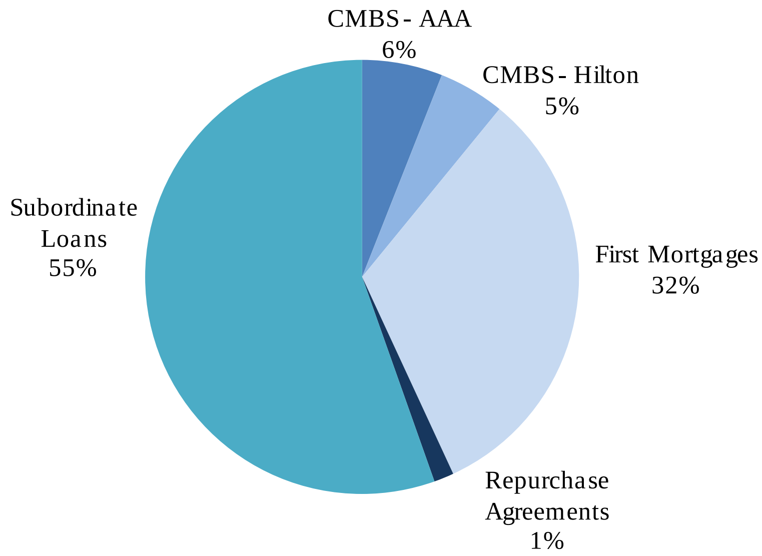
ARI – Portfolio Overview

- Diversified Investment Portfolio with Amortized Cost Basis of $669 million

Gross Assets at Amortized Cost Basis



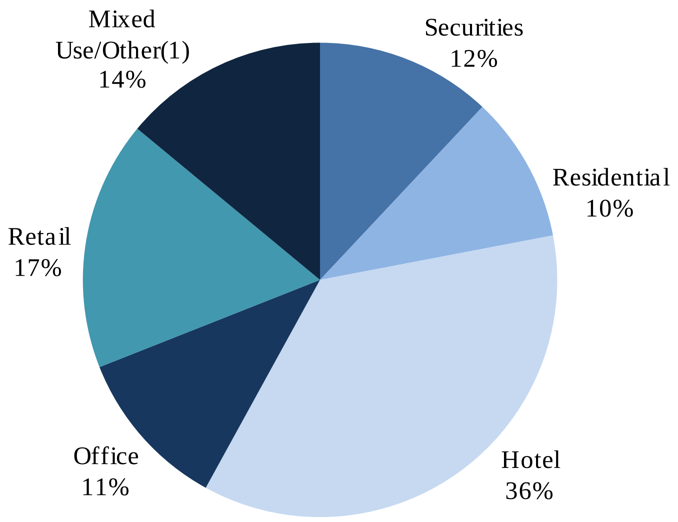
Net Invested Equity at Amortized Cost Basis



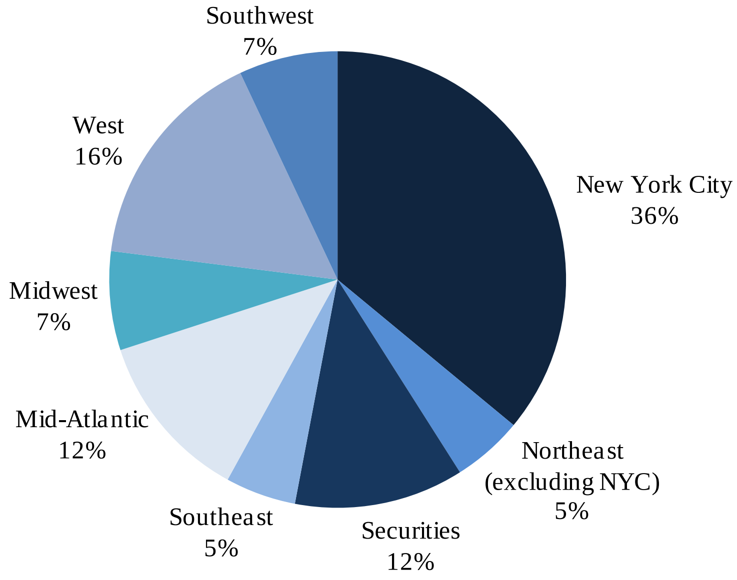
ARI – Portfolio Diversification

- The portfolio is diversified by property type and geographic location

Property Type by Net Equity



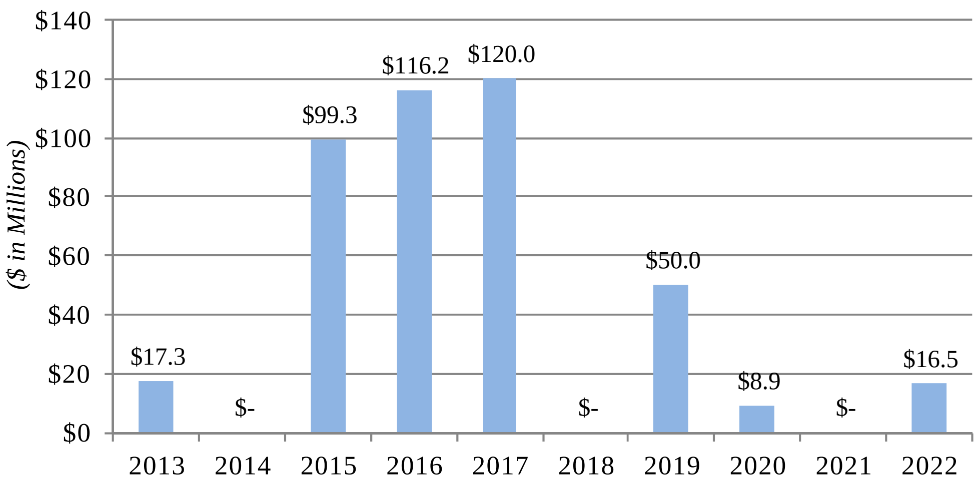
Geographic Diversification by Net Equity



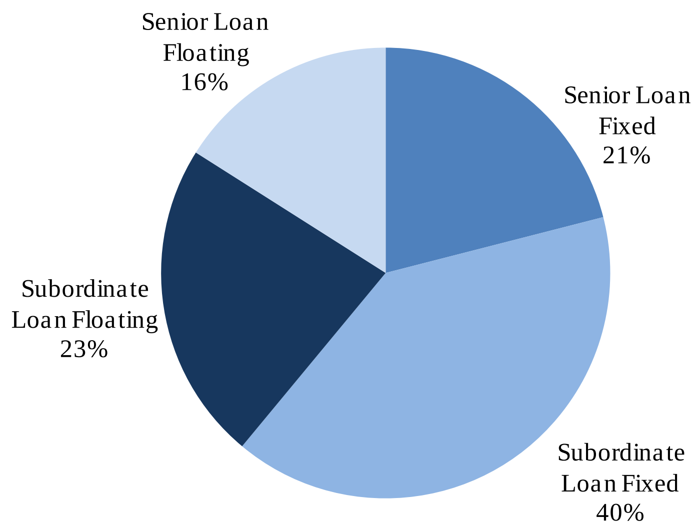
(1) *Other category includes the subordinate financing on a ski resort and a first mortgage loan on a development site with income producing parking lots.*

ARI – Loan Portfolio - Maturity and Type

Fully Extended Loan Maturity Schedule ($000s)(1)



Loan Position and Rate Type(1)



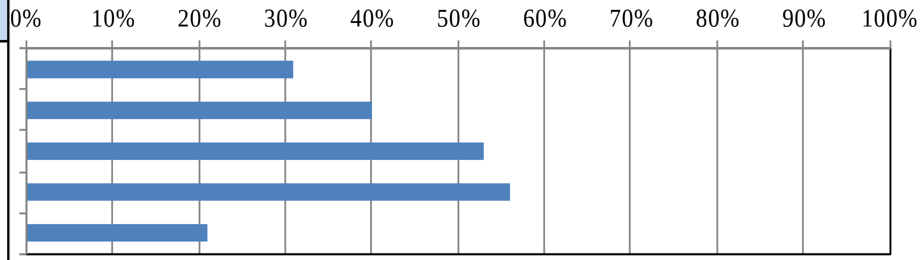
(1) *Based upon Face Amount of Loans; Does not include CMBS (AAA or Hilton) or repurchase agreement investment secured by CDO bond.*

APOLLO
COMMERCIAL REAL ESTATE FINANCE, INC. (“ARI”)

ARI – Loan Portfolio – Loan Level LTV (Through Last Invested Dollar)

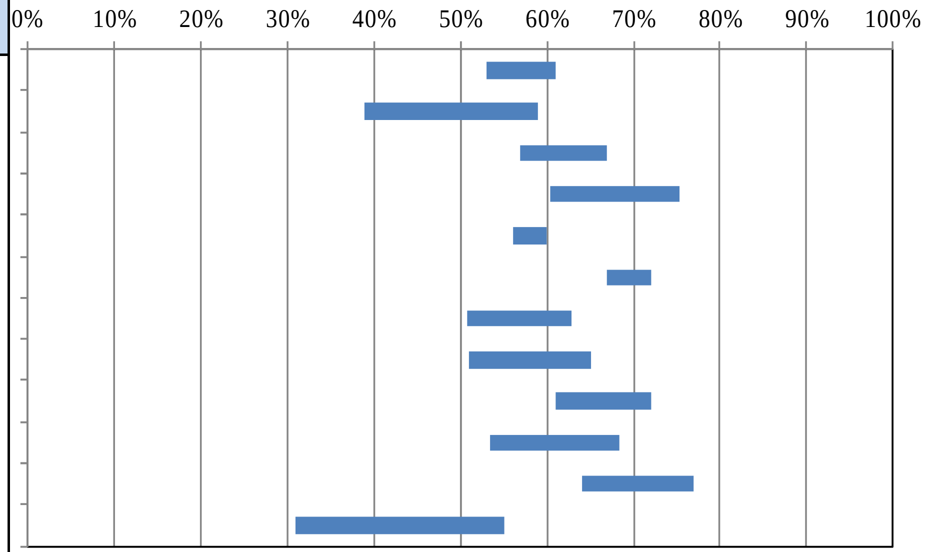
First Mortgage Loans

Description ($ in thousands)	Location	Balance at December 31, 2012	Starting LTV	Ending LTV[1]
First Mortgage - Condo Conversion[2]	New York	$ 45,000	0%	31%
First Mortgage - Hotel	New York	$ 31,571	0%	40%
First Mortgage - Office	New York	$ 27,419	0%	53%
First Mortgage - Hotel	Maryland	$ 25,273	0%	56%
First Mortgage - Parking/Development Site[3]	Massachusetts	$ 17,287	0%	21%
Total		$ 146,550		



Subordinate Financing

Description ($ in thousands)	Location	Balance at December 31, 2012	Starting LTV	Ending LTV[1]
Subordinate - Hotel Portfolio	Various	$ 49,950	53%	61%
Subordinate - Ski Resort	California	$ 40,000	29%	56%
Subordinate - Retail	Various	$ 30,000	58%	68%
Subordinate - Retail	Virginia	$ 26,243	60%	74%
Subordinate - Hotel Portfolio	New York	$ 25,000	40%	60%
Subordinate - Retail	Various	$ 20,000	58%	72%
Subordinate - Hotel	New York	$ 15,000	51%	63%
Subordinate - Hotel	New York	$ 15,000	51%	65%
Subordinate - Office	Missouri	$ 9,979	62%	72%
Subordinate - Office	Michigan	$ 8,912	53%	68%
Subordinate - Mixed Use	North Carolina	$ 6,525	65%	77%
Subordinate - Condo Conversion[2]	New York	$ 350	31%	55%
Total		$ 246,959		



(1) Ending LTV represents the current loan balance as a percentage of the value as of the date of investment for all loans except the $31,633 New York, NY hotel loan, which is as of March 2011.
(2) Both loans are for the same property; Ending LTV for the Condominium Conversion mezzanine loan is based upon the committed amount of $35 million.
(3) Ending LTV is based upon the aggregate face value ($23.8 million) of the senior sub-participation interests at the date of investment; ARI purchased the senior sub-participation interests for $17.8 million (75% of face value).

ARI – Senior Loan Portfolio

Description ($000's)	Date of Investment	Maturity Date[1]	Original Face Amount	Current Face Amount	Coupon	Amortization Schedule	Property Size	LTV[2]
Hotel *New York, NY*	Jan-10	Feb-15	$32,000	$31,571	8.25%	30 year	151 rooms	40%
Office Condo (Headquarters) *New York, NY*	Feb-10	Feb-15	28,000	27,419	8.00	30 year	73,419 sq. ft.	53%
Hotel *Silver Spring, MD*	Mar-10	Apr-15	26,000	25,273	9.00	25 year	263 rooms	56%
Parking/Development Site *Boston, MA*	Apr-12	Dec-13	23,844	17,287	1.98% (L+1.72%)	Interest only	20 acres	21%
Condominium Conversion[3] *New York, NY*	Dec-12	Jan-15	45,000	45,000	9.00	Interest only	66 units	31%
Total			**$154,844**	**$146,550**	**7.82%**			

Description ($000's)	Date of Investment	Maturity Date	Original Face Amount	Current Face Amount	Coupon	Amortization Schedule	Property Size	LTV[2]
Repurchase Agreement[4]	Sept-10	Mar-14	$47,439	$6,598	13.00%	Interest only	N/A	N/A
Total			**$47,439**	**$6,598**	**13.00%**			

(1) *Maturity date assumes all extension options are exercised.*
(2) *LTV represents the current loan balance as a percentage of the value as of the date of investment for all loans except the $31,633 New York, NY hotel loan, which is as of March 2011.*
(3) *Includes a 1.00% origination fee, a LIBOR floor of 0.50%, two one-year extension options subject to certain conditions and the payment of a 0.50% fee for each extension.*
(4) *Interest rate includes 10% current payment with a 3% accrual.*

ARI – Subordinate Loan Portfolio

Description ($000's)	Date of Investment	Maturity Date(1)	Original Face Amount	Current Face Amount	Coupon	Amortization Schedule	LTV(2)
Senior Mezz – Retail *Various*	Dec-09	Dec-19(3)	$30,000	$30,000	12.24%	Interest only	68%
Junior Mezz – Retail *Various*	Dec-09	Dec-19(3)	20,000	20,000	14.00	Interest only	72%
Office *Troy, MI*	May-10	Jun-20	9,000	8,912	13.00	25 year	68%
Ski Resort *Mammoth Lakes, CA*	Apr-11	May-17(4)	40,000	40,000	14.00	Interest only	56%
Hotel Portfolio *New York, NY* (5)	Aug-11	July-16(6)	25,000	25,000	11.49 (L+10.49%)	Interest only	60%
Retail Center *Woodbridge, Virginia*(7)	Oct-11	Oct-16(7)	25,000	26,243	14.00	Interest only	74%
Hotel *New York, NY* (8)	Jan-12	Jan-15	15,000	15,000	12.00	Interest only	63%
Hotel *New York, NY*(9)	Mar-12	Feb-16	15,000	15,000	11.50 (L+11.00%)	Interest only	65%

(1) Maturity date assumes all extension options are exercised.
(2) LTV represents the current loan balance as a percentage of the value as of the date of investment.
(3) Prepayments are prohibited prior to the fourth year of the loan and any prepayments thereafter are subject to prepayment penalties ranging from 5% to 1%.
(4) Prepayments are prohibited prior to the third year of the loan and any prepayments thereafter are subject to prepayment penalties ranging from 5% to 1%.
(5) Includes a LIBOR floor of 1% and three one-year extension options subject to certain conditions and the payment of a 0.25% fee for the fourth and fifth year extensions.
(6) Prepayments are prohibited prior to February 2013 and any prepayments thereafter are subject to spread maintenance premiums.
(7) Interest rate of 14.0% includes a 10.0% current payment with a 4.0% accrual. There are two one-year extension options subject to certain conditions.
(8) Includes a 1.00% origination fee, a one-year extension option subject to certain conditions and a 0.50% extension fee as well as a 1.50% exit fee.
(9) Includes a LIBOR floor of 0.50%, two one-year extension options subject to certain conditions and the payment of a 0.50% fee for the second extension.

ARI – Subordinate Loan Portfolio (cont.)

Description ($000’s)	Date of Investment	Maturity Date(1)	Original Face Amount	Current Face Amount	Coupon	Amortization Schedule	LTV(2)
Mixed Use *Chapel Hill, NC*	July-12	July-22	6,525	6,525	11.10	Interest only	77%
Office *Kansas City, MO*	Sept-12	Sept-22	10,000	9,979	11.75	30 year	72%
Hotel Portfolio(3) *Various Locations*	Nov-12	Nov-15	50,000	49,950	11.11	30 Year	61%
Condominium Conversion(4) *New York, NY*	Dec-12	Jan-15	350	350	9.00%	Interest Only	55%
Total			**$245,875**	**$246,959**	**12.46%**		

(1) Maturity date assumes all extension options are exercised.
(2) LTV represents the current loan balance as a percentage of the value as of the date of investment.
(3) Includes a 0.50% origination fee, a one-year extension option subject to certain conditions and a 0.25% extension fee.
(4) Includes a 1.00% origination fee on the entire balance of the loan (funded and unfunded), a LIBOR floor of 0.50%, two one-year extension options subject to certain conditions and the payment of a 0.50% fee for each extension.

ARI – CMBS Portfolio

CMBS - AAA	
CUSIP	**Description**
07388YAB8	BSCMS 07-PW16 A2
07401DAB7	BSCMS 2007-PW18 A2
12513YAC4	CD 2007-CD4 A2B
46629MAB1	JPMCC 2006-LDP8 A2
61754KAC9	MSC 07-IQ14 A2
92978YAB6	WBCMT 07-C32 A2

CMBS - AAA	
CUSIP	**Description**
36246LAB7	GSMS 2007-GG10 A2
46630JAK5	JPMCC 2007-LDPX A2S
61751NAD4	MSC 2007-HQ11 A31
92978TAB7	WBCMT 2007-C31 A2

CMBS – Hilton	
CUSIP	**Description**
05956KAA6	BALL 2010-HLTN

	Face	Amortized Cost	Remaining Weighted Average Life with Extensions (years)	Estimated Fair Value	Debt	Net Equity at Cost
CMBS – AAA	$200,104	$203,463	1.8	$205,327	$176,827	26,636
CMBS – Hilton	73,239	70,250	2.9	73,561	48,328	21,922
CMBS – Total	**$273,343**	**273,713**	**2.1**	**$278,888**	**$225,155**	**$48,558**

Portfolio Metrics – Quarterly Migration Summary

Portfolio Metrics ($ in thousands)	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
(Investment balances represent amortized cost)					
First Mortgage Loans	$ 142,921	$ 104,101	$ 103,320	$ 108,817	$ 109,006
Subordinate Loans	246,246	196,177	179,602	179,336	149,086
Repurchase Agreement	6,598	10,975	41,696	47,439	47,439
CMBS - AAA	203,463	223,781	280,697	330,413	554,716
CMBS - Hilton	70,250	70,521	70,719	-	-
Total Investments	$ 669,478	$ 605,555	$ 676,034	$ 666,005	$ 860,247
(Investment balances represent net equity)					
First Mortgage Loans	$ 142,918	$ 104,098	$ 50,260	$ 40,210	$ 40,286
Subordinate Loans	246,246	196,177	179,602	179,336	149,086
Repurchase Agreement	6,598	10,975	41,696	47,439	47,439
CMBS - AAA	26,636	29,712	32,520	43,763	81,409
CMBS - Hilton	21,922	21,623	21,260	-	-
Net Equity in Investments at Cost	$ 444,320	$ 362,585	$ 325,338	$ 310,748	$ 318,220
Weighted Average IRR(1)	14.1% (2)	14.9% (2)	15.0%	14.7%	14.2%
Weighted Average Duration	3.1 Years	3.3 Years	2.9 Years	2.8 Years	2.2 Years
Loan Portfolio Weighted Average Ending LTV(3)	55.6%	58.0%	57.1%	59.3%	58.8%
Borrowings	$ 225,158	$ 242,970	$ 350,696	$ 355,257	$ 542,027

(1) *The IRR for the investments shown in the above table reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. The calculation for the New York City whole loan also assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, as well as assuming no defaults. There can be no assurance the actual IRRs will equal the underwritten IRRs shown in the table. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments shown in the table over time.*

(2) *Represents an underwritten levered weighted average IRR. The Company's ability to achieve the underwritten levered weighted average IRR, additionally depends upon the Company re-borrowing approximately $53,000 under the JPMorgan Facility or any replacement facility with regard to its portfolio of first mortgage loans. Without such re-borrowing, the levered weighted average IRR will be significantly lower than the amount shown above, as indicated in the weighted average IRR column on page 11.*

(3) *Does not include CMBS (AAA or Hilton) or repurchase agreement investment secured by CDO bond.*

Financing Overview

- ARI had total borrowings outstanding of $225 million at December 31, 2012

Facility ($000s)	Debt Balance	Weighted Average Remaining Maturity(1)	Cost of Funds	Hedged Cost of Funds
Wells Facility(1)	$225,155	1.1 years	1.8%	1.9%
JP Morgan Facility(2)	3	5 days	2.7%	2.7%
Total Borrowings at December 31, 2012	**$225,158**	**1.1 years**	**1.8%**	**1.9%**

- ARI's borrowings had the following remaining maturities at December 31, 2012:

Facility ($000s)	Less than 1 year	1 to 3 years	3 to 5 years	Total
Wells Facility(1)	$179,068	$46,087	$-	$225,155
JP Morgan Facility(2)	3	-	-	3
Total Borrowings at December 31, 2012	**$179,071**	**$46,087**	**$-**	**$225,158**

(1) *Assumes extension options on Wells Facility are exercised. At December 31, 2012, the interest rate on the outstanding borrowings on the Wells Facility was LIBOR plus 125bps, 150bps or 235bps depending on the collateral pledged. In February, 2013, the Wells Facility was amended and the interest rate with respect to outstanding borrowings used to finance AAA CMBS was reduced to LIBOR plus 105bps and the interest rate with respect to outstanding borrowings used to finance the Hilton CMBS was reduced to LIBOR plus 175bps. In addition, the term of the Wells Facility with respect to the outstanding borrowings used to finance the Hilton CMBS was extended to March 2014.*

(2) *The JP Morgan Facility was renewed for a term of two years (one year renewal with a 364 day extension) in February, 2013.*

Financials

Consolidated Balance Sheets

(in thousands—except share and per share data)

	December 31, 2012	December 31, 2011
Assets:		
Cash	$ 108,619	$ 21,568
Securities available-for-sale, at estimated fair value	67,079	302,543
Securities, at estimated fair value	211,809	251,452
Commercial mortgage loans, held for investment	142,921	109,006
Subordinate loans, held for investment	246,246	149,086
Repurchase agreements, held for investment	6,598	47,439
Principal and interest receivable	4,277	8,075
Deferred financing costs, net	678	2,044
Other assets	203	17
Total Assets	$ 788,430	$ 891,230
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements	$ 225,158	$ 290,700
TALF Borrowings	-	251,327
Derivative instruments, net	155	478
Accounts payable and accrued expenses	1,265	1,746
Payable to related party	2,037	1,298
Dividends payable	12,891	8,703
Total Liabilities	241,506	554,252
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized and 3,450,000 shares issued and outstanding in 2012	35	-
Common stock, $0.01 par value, 450,000,000 shares authorized 28,044,106 and 20,561,032 shares issued and outstanding in 2012 and 2011, respectively	280	206
Additional paid-in-capital	546,065	336,209
Retained earnings	574	-
Accumulated other comprehensive income (loss)	(30)	563
Total Stockholders' Equity	546,924	336,978
Total Liabilities and Stockholders' Equity	$ 788,430	$ 891,230

Consolidated Statement of Operations

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
Net interest income:				
Interest income from securities	$ 3,120	$ 5,904	$ 15,347	$ 25,323
Interest income from commercial mortgage loans	2,930	2,267	10,780	9,153
Interest income from subordinate loans	7,350	4,817	24,666	13,678
Interest income from repurchase agreements	366	1,576	6,286	4,764
Interest expense	(1,463)	(3,618)	(8,402)	(14,454)
Net interest income	**12,303**	**10,946**	**48,677**	**38,464**
Operating expenses:				
General and administrative expenses (includes $380 and $3,624 of non-cash stock based compensation in 2012 and $634 and $1,788 in 2011, respectively)	(1,315)	(1,563)	(8,543)	(5,652)
Management fees to related party	(2,040)	(1,297)	(6,139)	(4,728)
Total operating expenses	**(3,355)**	**(2,860)**	**(14,682)**	**(10,380)**
Interest income from cash balances	6	1	7	13
Realized gain on sale of securities	-	-	262	-
Unrealized gain on securities	16	600	6,489	481
Loss on derivative instruments (includes unrealized gains (losses) of $96 and $323 in 2012 and $426 and $(865) in 2011, respectively)	(2)	(18)	(572)	(2,696)
Net income	**$ 8,968**	**$ 8,669**	**$ 40,181**	**$ 25,882**
Preferred dividends	(1,860)	-	(3,079)	-
Net Income available to common shareholders	**$ 7,108**	**$ 8,669**	**$ 37,102**	**$ 25,882**
Basic and diluted net income per share of common stock	$ 0.26	$ 0.41	$ 1.64	$ 1.35
Basic and diluted weighted average common shares outstanding	27,297,600	20,561,032	22,648,819	18,840,954
Dividend declared per share of common stock	$ 0.40	$ 0.40	$ 1.60	$ 1.60

Reconciliation of Operating Earnings to Net Income

	Three Months Ended			
	December 31, 2012	Earnings Per Share (Diluted)	December 31, 2011	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$7,108**	**$0.26**	**$8,669**	**$0.41**
Adjustments:				
Unrealized gain on securities	(16)	-	(600)	(0.03)
Unrealized gain on derivative instruments	(96)	-	(426)	(0.02)
Non-cash stock-based compensation expense	380	0.01	634	0.03
Total adjustments:	268	0.01	(392)	(0.02)
Operating Earnings	**7,376**	**$0.27**	**$8,277**	**$0.39**
Basic and diluted weighted average common shares outstanding		27,608,787		20,561,032

	Twelve Months Ended			
	December 31, 2012	Earnings Per Share (Diluted)	December 31, 2011	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$37,102**	**$1.64**	**$25,882**	**$1.35**
Adjustments:				
Unrealized gain on securities	(6,489)	(0.29)	(481)	(0.03)
Unrealized (gain) loss on derivative instruments	(323)	(0.01)	865	0.05
Non-cash stock-based compensation expense	3,624	0.16	1,788	0.10
Total adjustments:	(3,188)	(0.14)	2,172	0.12
Operating Earnings	**33,914**	**$1.50**	**$28,054**	**$1.47**
Basic and diluted weighted average common shares outstanding		22,648,819		18,840,954

Financial Metrics – Quarterly Migration Summary

Financial Metrics ($ in thousands, except per share data)	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Net Interest Income	$ 12,303	$ 13,236	$ 11,951	$ 11,187	$ 10,946
Management Fee	2,040	1,518	1,292	1,289	1,297
General and Administrative Costs	935	1,154	1,876	953	929
Non-Cash Stock Based Compensation	380	1,276	886	1,083	634
Net Income Available to Common Stockholders	$ 7,108	$ 10,992	$ 9,910	$ 9,093	$ 8,669
GAAP Diluted EPS	$ 0.26	$ 0.52	$ 0.47	$ 0.43	$ 0.41
Operating Earnings(1)	$ 7,375	$ 9,218	$ 8,526	$ 8,795	$ 8,278
Operating EPS(1)	$ 0.27	$ 0.44	$ 0.41	$ 0.42	$ 0.39
Distributions Declared to Common Stockholders	$ 0.40	$ 0.40	$ 0.40	$ 0.40	$ 0.40
GAAP Book Value per Common Share	$ 16.43	$ 16.58	$ 16.59	$ 16.46	$ 16.39
Fair Value per Common Share(2)	$ 16.84	$ 17.16	$ 17.22	$ 17.04	$ 16.80
Total Stockholders' Equity	$ 546,924	$ 427,421	$ 341,518	$ 338,377	$ 336,978
Return on Common Equity Based on Operating Earnings(3)	6.8%	10.8%	10.0%	10.4%	9.8%

(1) Operating Earnings is a non-GAAP financial measure that is used to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) non-cash equity compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 25 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

(2) The Company carries loans at amortized cost and its CMBS securities are marked to market. Management estimates the fair value of the Company's financial assets.

(3) Return on common equity is calculated as annualized Operating Earnings for the period as a percentage of average stockholders equity for the period.