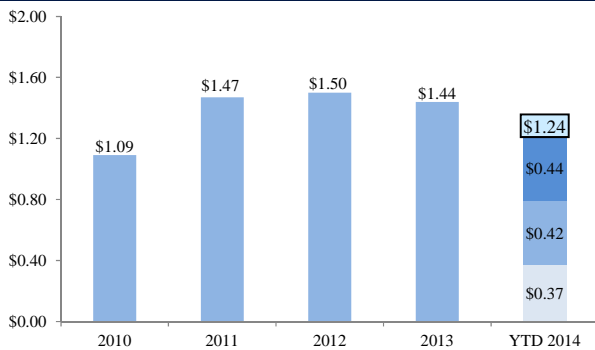




Company Overview

Apollo Commercial Real Estate Finance, Inc. (the “Company”) (NYSE:ARI) is a real estate investment trust that primarily originates, acquires, invests in and manages performing commercial first mortgage loans, subordinated financings, commercial mortgage-backed securities (“CMBS”) and other commercial real estate-related debt investments. The Company is externally managed and advised by ACREFI Management, LLC (the “Manager”), an indirect subsidiary of Apollo Global Management (NYSE:APO), a leading global alternative investment manager.

Operating Earnings per Share⁽¹⁾



Dividends per Share



Portfolio Overview

Asset Type (\$000s)	Amortized Cost	Borrowings	Equity at Cost ⁽²⁾	Remaining Weighted Average Life (years) ⁽³⁾	Current Weighted Average Underwritten IRR ⁽⁴⁾⁽⁵⁾	Levered Weighted Average Underwritten IRR ⁽⁴⁾⁽⁵⁾⁽⁶⁾
First Mortgage Loans	\$ 369,924	\$ 122,722	\$ 247,202	2.9	13.0%	15.6%
Subordinate Loans	585,504	-	585,504	3.2	12.8	12.8
CMBS, held-to-maturity ⁽⁷⁾⁽⁸⁾	64,580	-	64,580	4.6	12.2	12.2
CMBS	511,445	415,044	99,988	2.5	16.1	16.1
Investments at September 30, 2014	\$ 1,531,453	\$ 537,766	\$ 997,274	3.0 Years	13.1%	13.7%

Financial Highlights and Operating Metrics

• Quarter-End Market Capitalization	\$856.7 million
• Debt to Equity	1.2x
• Book Value per Share	\$16.42
• Quarter End Share Price	\$15.79
• Quarter End Dividend Yield	10.1%

Corporate Information

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Information is as of September 30, 2014 unless otherwise noted.

- (1) Operating Earnings is a non-GAAP financial measure that is used by the Company to approximate cash available for distribution and is defined by the Company as net income available to common stockholders, computed in accordance with GAAP, adjusted for (i) equity-based 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), (ii) any unrealized gains or losses or other non-cash items included in net income, (iii) unrealized income from equity investments and (iv) the non-cash amortization expense related to the reclassification of a portion of the senior convertible notes to stockholders' equity in accordance with GAAP. Please see the Company's earnings release dated October 28, 2014, which can be found in the investor relations section of the Company's website for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.
- (2) CMBS includes \$30.1 million of restricted cash related to the Company's master repurchase agreement with UBS AG (the "UBS Facility") and \$26.5 million related to investments purchased but not yet settled.
- (3) Remaining Weighted Average Life assumes all extension options are exercised.
- (4) Borrowings under the Company's master repurchase agreement with JPMorgan Chase Bank, N.A. (the "JPMorgan Facility") bear interest at LIBOR plus 250 basis points, or 2.7% at September 30, 2014. The IRR calculation further assumes the JPMorgan Facility or any replacement facility will remain available over the life of these investments.
- (5) The underwritten IRR for the investments shown in this table reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assuming that extension options are exercised and that the cost of borrowings remains constant over the remaining term. With respect to certain loans, the underwritten IRR calculation assumes certain estimates with respect to the timing and magnitude of future fundings for the remaining commitments and associated loan repayments, and assumes no defaults. IRR is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. There can be no assurance that the actual IRRs will equal the underwritten IRRs shown in the table. See "Item 1-A—Risk Factors—The Company may not achieve its underwritten internal rate of return on its investments which may lead to future returns that may be significantly lower than anticipated" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 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.
- (6) 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 \$52.278 in total under the JPMorgan Facility or any replacement facility with similar terms. Without such re-borrowing, the levered weighted average underwritten IRR will be as indicated in the current weighted average underwritten IRR column above.
- (7) CMBS, held-to-maturity, represents a loan the Company closed during May 2014 that was subsequently contributed to a securitization during August 2014. During May 2014, the Company closed a \$155,000 floating-rate whole loan secured by the first mortgage and equity interests in an entity that owns a resort hotel in Aruba. During June 2014, the Company syndicated a \$90,000 senior participation in the loan and retained a \$65,000 junior participation. During August 2014, both the \$90,000 senior participation and the Company's \$65,000 junior participation were contributed to a CMBS securitization. In exchange for contributing its \$65,000 junior participation, the Company received a CMBS secured solely by the \$65,000 junior participation.
- (8) CMBS, held-to-maturity, are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At September 30, 2014, ARI had one such participation sold with a carrying amount of \$89,418.