APOLLO

COMMERCIAL REAL ESTATE FINANCE

Supplemental Financial Information Presentation

Q3 2012

November 2, 2012

Information is as of September 30, 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. 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.

November 2, 2012

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

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COMMERCIAL REAL ESTATE FINANCE, INC. ("ARI")

Income Statement	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Interest income *(in thousands)*	$ 15,004	$ 13,952	7.5%	$ 43,314	$ 38,354	12.9%
Interest expense *(in thousands)*	$ (1,768)	$ (3,716)	-52.4%	$ (6,939)	$ (10,836)	-36.0%
Net interest income *(in thousands)*	$ 13,236	$ 10,236	29.3%	$ 36,375	$ 27,518	32.2%
Operating earnings per share[(1)]	$ 0.44	$ 0.38	15.8%	$ 1.27	$ 1.07	18.7%
Basic and diluted weighted average common shares outstanding	20,992,312	19,647,989	6.8%	20,983,429	18,261,294	14.9%

Balance sheet	September 30, 2012	December 31, 2011	% Change
Investments at amortized cost *(in thousands)*	$ 605,555	$ 860,247	-29.6%
Net equity in investments at cost *(in thousands)*	$ 362,585	$ 318,220	13.9%
Common stockholders equity	$ 341,171	$ 336,978	1.2%
Preferred stockholders equity	$ 86,250	$ -	
Fixed rate debt *(in thousands)*[(2)]	$ -	$ 251,327	
Floating rate debt *(in thousands)*	$ 242,970	$ 290,700	
Debt to common equity	0.75x	1.6x	
Fixed charge coverage[(3)]	4.3x	3.9x	

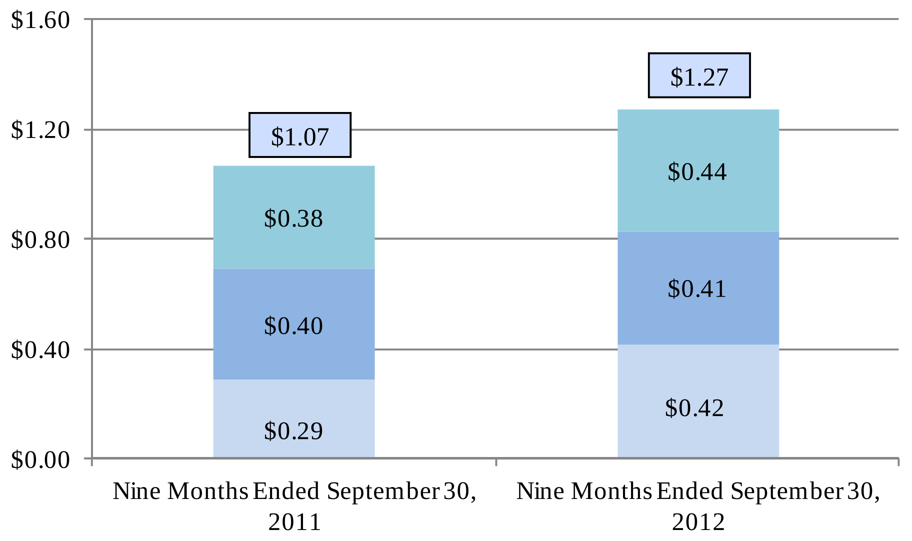
(1) Operating Earnings is a non-GAAP financial measure that is used to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) non-cash equity compensation expense and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 23 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.

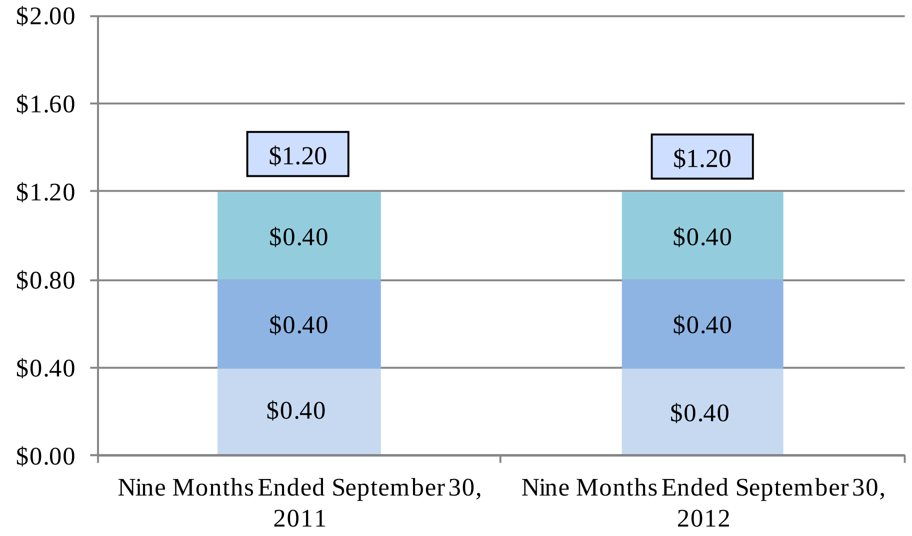
(3) Fixed charge coverage is EBITDA divided by interest expense plus the preferred stock dividends.

ARI – Nine Month Overview

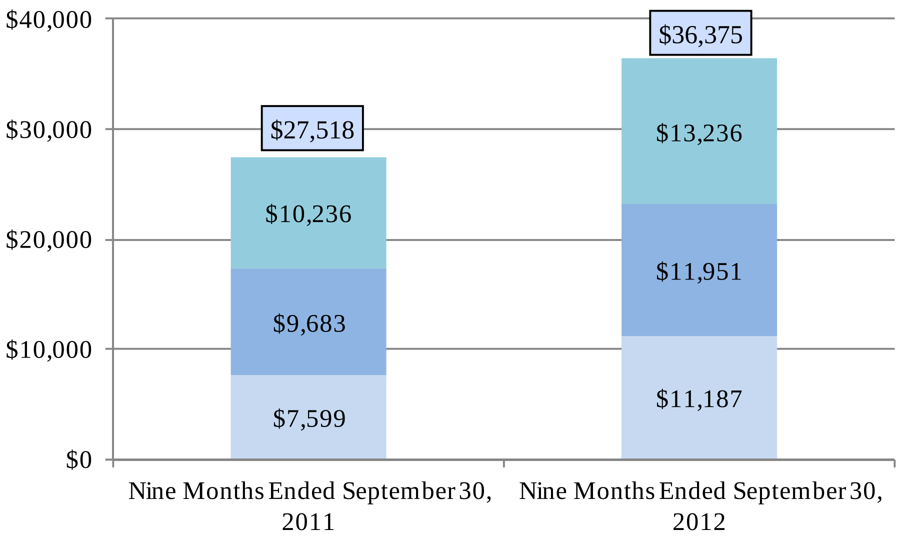
Operating Earnings per Share



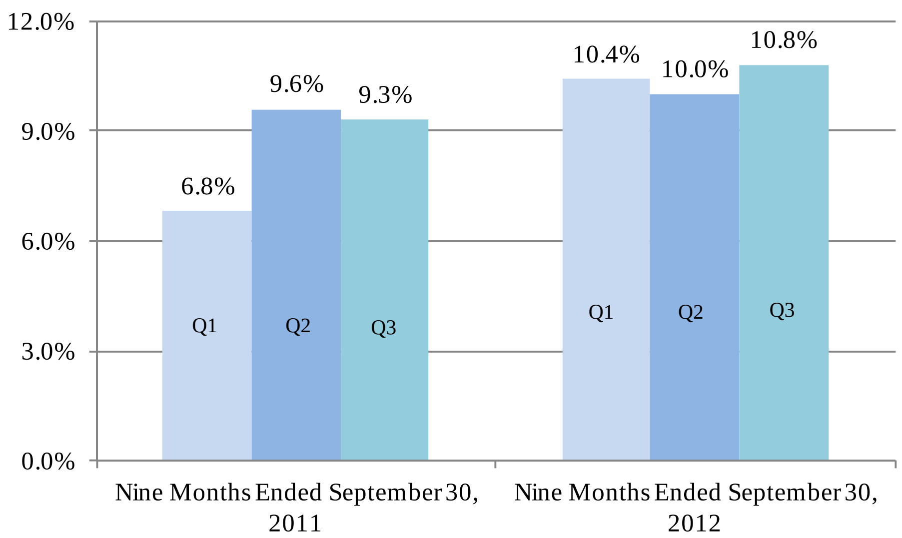
Dividends per Common Share



Net Interest Income ($000s)



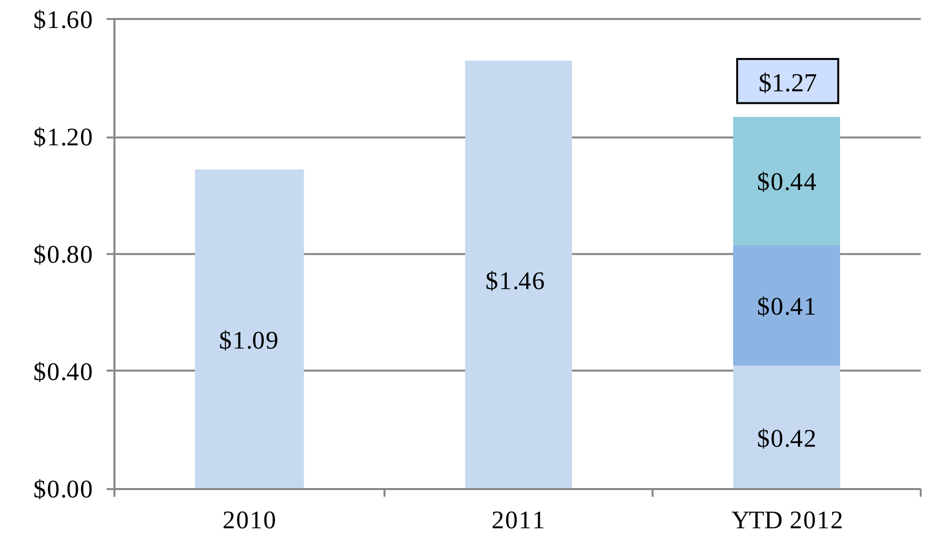
Return on Common Equity Based on Operating Earnings (1)



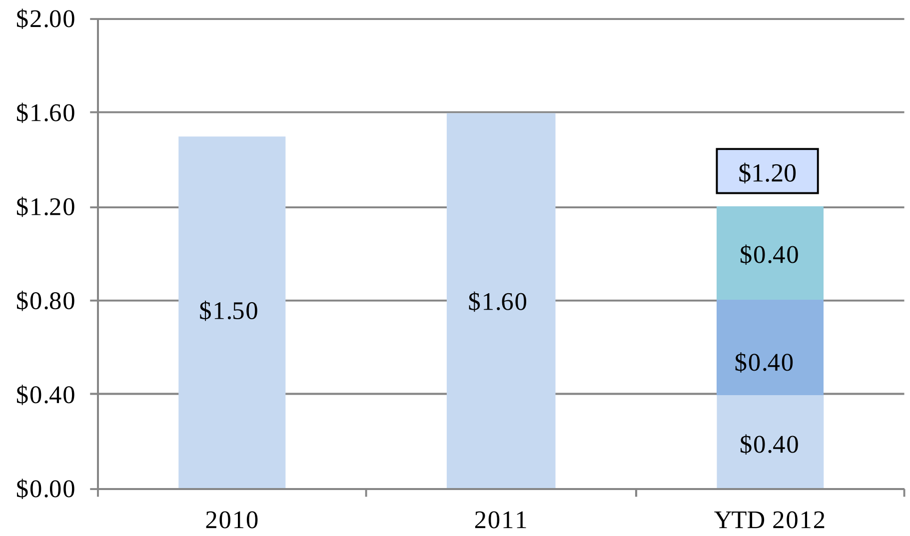
(1) *Return on common equity is calculated as annualized Operating Earnings for the period as a percentage of average stockholders equity for the period.*

ARI – Historical Overview

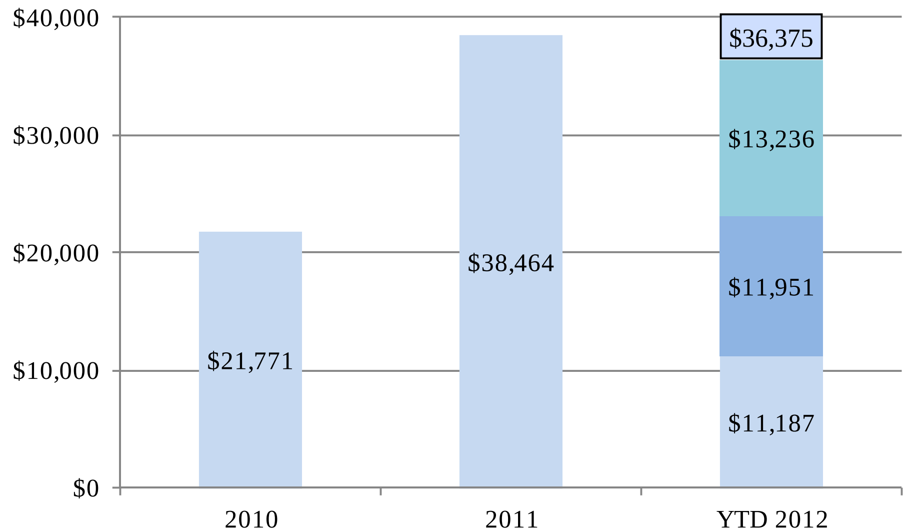
Operating Earnings per Share



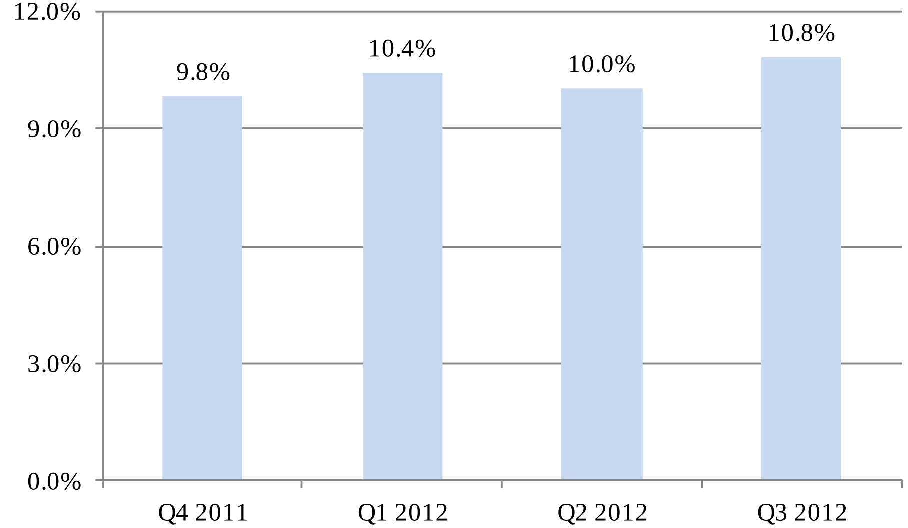
Dividends per Common Share



Net Interest Income ($000s)



Return on Common Equity Based on Operating Earnings (1)



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

ARI – Q3 Highlights

Financial Results & Earnings Per Share

- Operating Earnings for the quarter ended September 30, 2012 of $9.2 million, or $0.44 per diluted common share[(1)]
  - A per share increase of 16% as compared with Operating Earnings per share for the same period in 2011
  - Net interest income of $13.2 million for Q3 2012
  - Total expenses of $3.9 million, comprised of management fees of $1.5 million, G&A of $1.1 million and non-cash, stock based compensation of $1.3 million
  - GAAP net income for the quarter ended September 30, 2012 of $11.0 million, or $0.52 per diluted common share

Dividends

- Declared a dividend of $0.40 per share of common stock for the quarter ended December 31, 2012
  - Tenth consecutive quarter of maintaining consistent dividend level
  - 9.5% annualized dividend yield based on $16.91 closing price on October 31, 2012
- Declared a dividend on the Company's 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock of $0.4432 per share for the partial quarterly period that began on August 1, 2012 and ended on October 15, 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 and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 23 for a reconciliation of operating earnings and operating earnings per diluted common share to GAAP net income and GAAP net income per diluted common share.

ARI – Q3 Highlights

Investment and Portfolio Activity

- Mezzanine Loan, Mixed-Use Project, Chapel Hill, NC
  - $6.5 million mezzanine loan secured by a pledge of the equity interest in a borrower that owns a mixed use project, which consists of 55,585 square feet of Class-A retail and 114,476 square feet of Class-A office
  - Part of a new $40 million, 10-year fixed rate financing comprised of a $33.5 million first mortgage loan and the **$6.5 million mezzanine loan**
  - Appraised LTV – 77%; Interest rate – 11.1%, interest only
  - Underwritten IRR(1) – 12.0%

- Mezzanine Loan, Office Complex, Kansas City, MO
  - $10 million mezzanine loan secured by a pledge of the equity interest in a borrower that owns a 845,241 square foot Class-A office tower complex
  - Part of a $70 million, 10-year fixed rate financing comprised of a $60 million first mortgage loan and the **$10 million mezzanine loan**
  - Appraised LTV – 72%; Interest rate – 11.75% with 30 year amortization
  - Underwritten IRR(1) – 12.6%

(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 also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised 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 – Q3 Highlights

Investment and Portfolio Activity (cont.)

- Repurchase Agreement Secured by CDO Bonds Repayments
  - Received $30.7 million of repayments from the repurchase agreement secured by CDO bonds; The Company also recognized $1.0 million of additional interest income during the quarter related to make whole interest payments[(1)]

Capital Markets Activity

- Preferred Stock Offering
  - Completed an underwritten public offering of 3,450,000 shares of its 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock (the “Series A Preferred Stock”), raising net proceeds of approximately $83.1 million

Portfolio Summary

- Total investments with an amortized cost of $606 million at September 30, 2012
- Current weighted average underwritten IRR of approximately 13.1% and levered weighted average underwritten IRR of approximately 14.9% at September 30, 2012[(2)]

(1) *The Company is entitled to receive make-whole interest payments on any principal repayments on the repurchase agreement secured by CDO bonds that occur prior to January 2013.*

(2) *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. 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 $53,000 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 weighted average underwritten IRR above.*

ARI – Q3 Highlights and Subsequent Events

Book Value

- GAAP book value of $16.58 per share as of September 30, 2012
- Fair value of $17.16 per share as of September 30, 2012[(1)]
- ARI closed at $16.91 on October 31, 2012, a 2.0% premium to GAAP book value per share

Subsequent Events

- Common Stock Offering
  - Completed an underwritten public offering of 7,404,640 shares of common stock, including the partial exercise of the underwriters' option to purchase additional shares, at a price of $16.81 per share, resulting in net proceeds to the Company of $124.2 million

(1) 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 September 30, 2012 was approximately $12.0 million greater than the carrying value of the Company's investment portfolio as of the same date. This represents a premium of $0.58 per share over the Company's GAAP book value as of September 30, 2012.

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]	$104,101	$3	$104,098	2.1	11.3%	20.2%
Subordinate Loans	196,177	-	196,177	5.4	13.9	13.9
Repurchase Agreements	10,975	-	10,975	1.5	13.7	13.7
CMBS - AAA	223,781	194,069	29,712	2.1	15.6	15.6
CMBS - Hilton	70,521	48,898	21,623	3.1	11.7	11.7
Investments at September 30, 2012	**$605,555**	**$242,970**	**$362,585**	**3.3 Years**	**13.1%**	**14.9%**

As of September 30, 2012.

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

(2) Borrowings under the Company's master repurchase facility with JPMorgan (the "JPM Facility") bear interest at LIBOR plus 250 basis points, or 2.7% at September 30, 2012. The IRR calculation further assumes the JPM Facility or any replacement facility will remain available over the life of these investments.

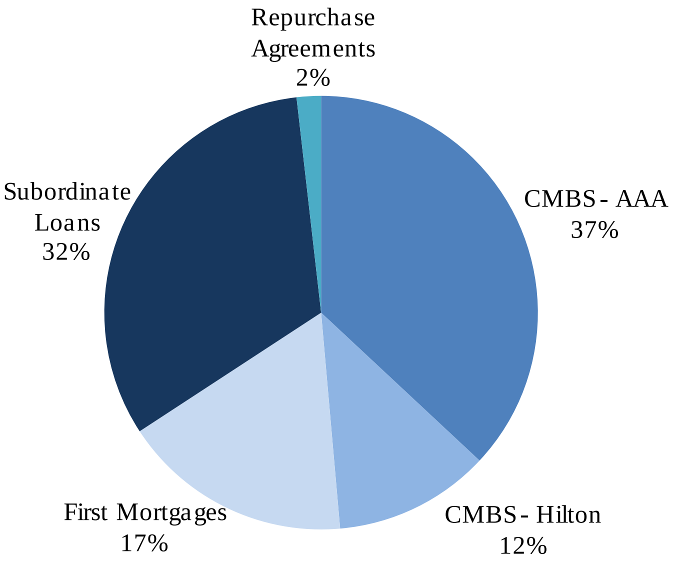
(3) The IRR for the investments shown in the above table reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions as well as the cost of borrowings and derivative instruments under the Wells Facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. 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.

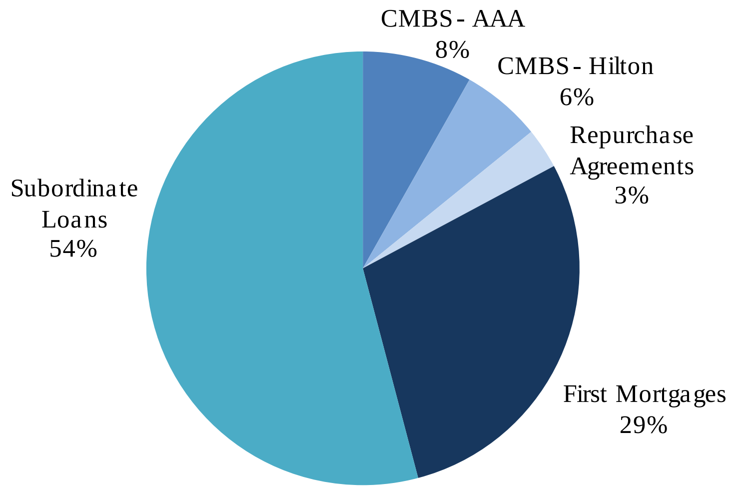
ARI – Portfolio Overview

- Diversified Investment Portfolio with Amortized Cost Basis of $606 million

Gross Assets at Amortized Cost Basis



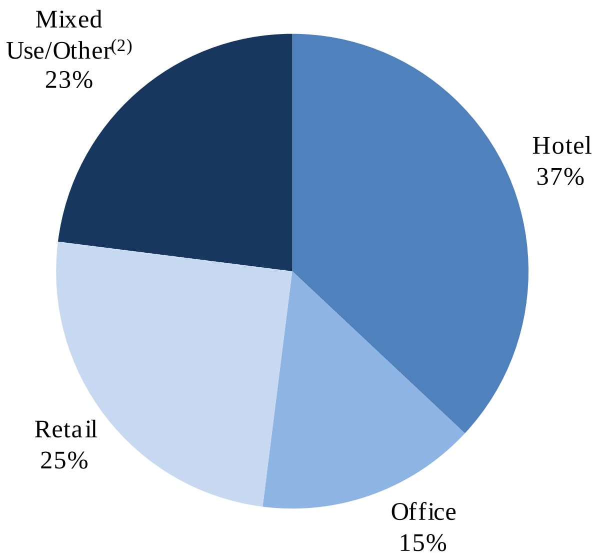
Net Invested Equity at Amortized Cost Basis



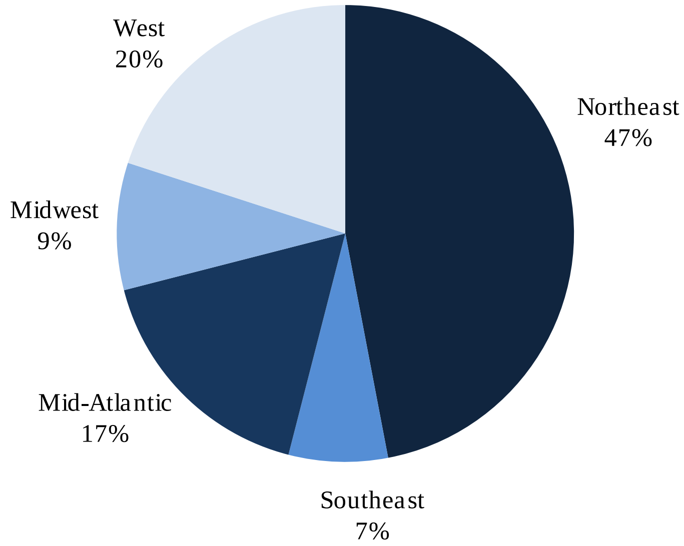
ARI – Loan Portfolio Diversification

- The loan portfolio is diversified by property type and geographic location

Loan Portfolio - Property Type by Face Amount(1)



Loan Portfolio - Geographic Diversification by Face Amount(1)



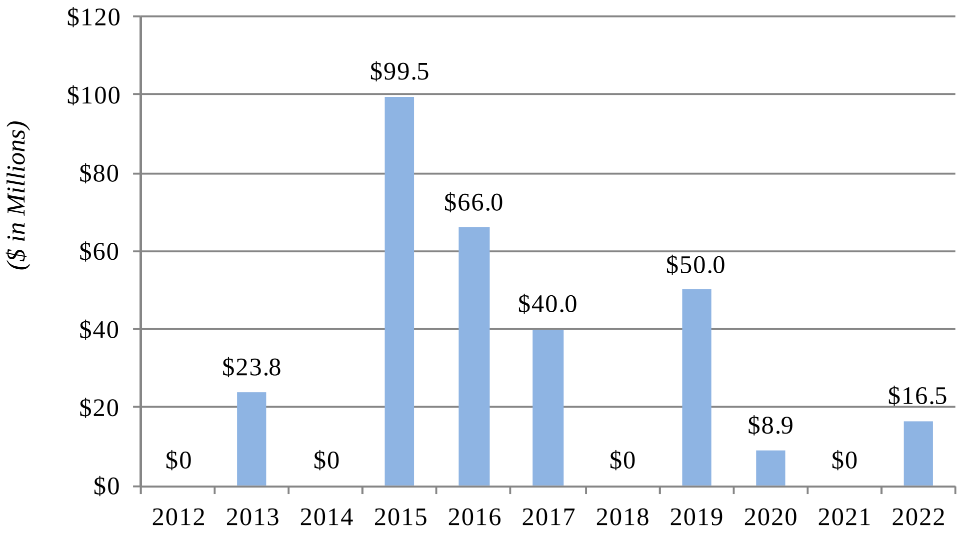
(1) Does not include CMBS (AAA or Hilton) or repurchase agreement investment secured by CDO bond.

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

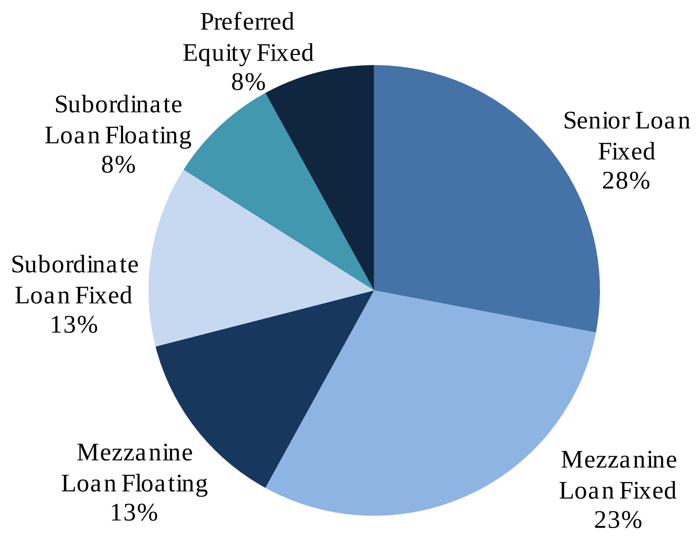
ARI –Loan Portfolio - Maturity and Type

- ARI’s Loan Portfolio had a face amount of $305 million at September 30, 2012

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



Loan Position and Rate Type(1)

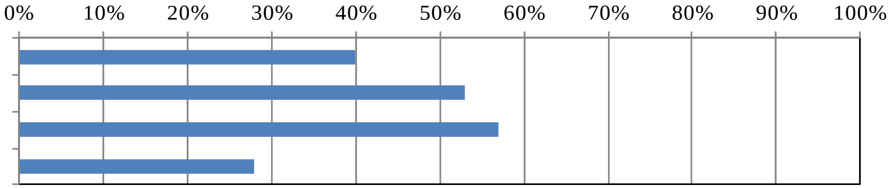


(1) *Based upon Face Amount of Loans; Does not include CMBS (AAA or Hilton) or repurchase agreement investment secured by CDO bond.*

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

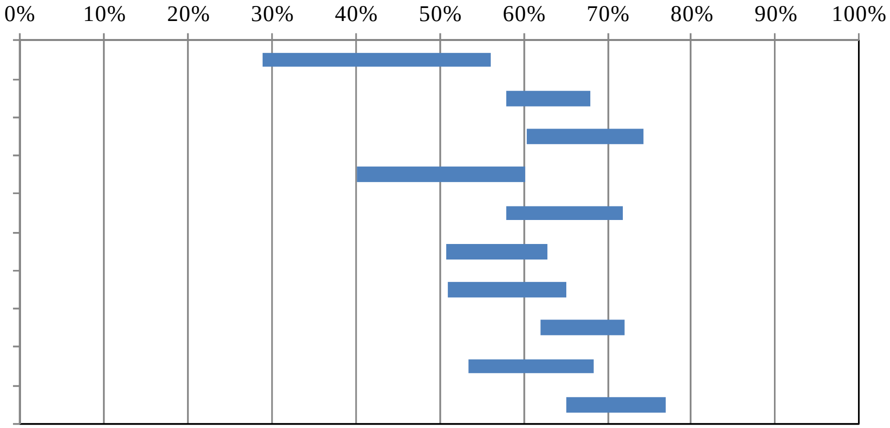
First Mortgage Loans

Description ($ in thousands)	Location	Balance at September 30, 2012	Starting LTV	Ending LTV[1]
First Mortgage - Hotel	New York	$ 31,633	0%	40%
First Mortgage - Office	New York	$ 27,480	0%	53%
First Mortgage - Hotel	Maryland	$ 25,351	0%	56%
First Mortgage - Parking/Development Site[2]	Massachusetts	$ 23,844	0%	28%
Total		$ 108,308		



Subordinate Financing

Description ($ in thousands)	Location	Balance at September 30, 2012	Starting LTV	Ending LTV[1]
Subordinate - Ski Resort	California	$ 40,000	29%	56%
Subordinate - Retail	Various	$ 30,000	58%	68%
Subordinate - Retail	Virginia	$ 25,953	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	$ 10,000	62%	72%
Subordinate - Office	Michigan	$ 8,923	53%	68%
Subordinate - Mixed Use	North Carolina	$ 6,525	65%	77%
Total		$ 196,401		



(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) *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	31,633	8.25%	30 year	151 rooms	40%
Office Condo (Headquarters) *New York, NY*	Feb-10	Feb-15	28,000	27,480	8.00	30 year	73,419 sq. ft.	53%
Hotel *Silver Spring, MD*	Mar-10	Apr-15	26,000	25,351	9.00	25 year	263 rooms	56%
Parking/Development Site *Boston, MA*	Apr-12	Dec-13	23,844	23,844	1.98% (L+1.72%)	Interest Only	20 acres	28%
Total			**$109,844**	**$108,308**	**6.99%**			

Description ($000's)	Date of Investment	Maturity Date	Original Face Amount	Current Face Amount	Coupon	Amortization Schedule	Property Size	LTV(2)
Repurchase Agreement(3)	Sept-10	Mar-14	$47,439	10,975	13.00%	Interest only	N/A	N/A
Total			**$47,439**	**$10,975**	**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) *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	8,923	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	25,953	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%
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	10,000	11.75	30 year	72%
Total			**$195,525**	**$196,401**	**13.2%**		

(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 – 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	$219,706	$223,781	2.1	$225,351	$194,069	$29,712
CMBS – Hilton	74,054	70,521	3.1	74,239	48,898	21,623
CMBS – Total	**$293,760**	**$294,302**	**2.3**	**$299,590**	**$242,967**	**$51,335**

Portfolio Metrics – Quarterly Migration Summary

Portfolio Metrics ($ in thousands)	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
(Investment balances represent amortized cost)					
First Mortgage Loans	$ 104,101	$ 103,320	$ 108,817	$ 109,006	$ 109,192
Subordinate Loans	196,177	179,602	179,336	149,086	123,960
Repurchase Agreement	10,975	41,696	47,439	47,439	47,439
CMBS - AAA	223,781	280,697	330,413	554,716	575,981
CMBS - Hilton	70,521	70,719	-	-	-
Total Investments	$ 605,555	$ 676,034	$ 666,005	$ 860,247	$ 856,572
(Investment balances represent net equity)					
First Mortgage Loans	$ 104,098	$ 50,260	$ 40,210	$ 40,286	$ 40,178
Subordinate Loans	196,177	179,602	179,336	149,086	123,960
Repurchase Agreement	10,975	41,696	47,439	47,439	47,439
CMBS - AAA	29,712	32,520	43,763	81,409	84,089
CMBS - Hilton	21,623	21,260	-	-	-
Net Equity in Investments at Cost	$ 362,585	$ 325,338	$ 310,748	$ 318,220	$ 295,666
Weighted Average IRR(1)	14.9% (2)	15.0%	14.7%	14.2%	14.0%
Weighted Average Duration	3.3 Years	2.9 Years	2.8 Years	2.2 Years	2.3 Years
Loan Portfolio Weighted Average Ending LTV(3)	58.0%	57.1%	59.3%	58.8%	57.2%
Borrowings	$ 242,970	$ 350,696	$ 355,257	$ 542,027	$ 560,906

(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. 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 10.*

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

Financing Overview

- ARI had total borrowings outstanding of $243 million at September 30, 2012

Facility ($000s)	Debt Balance	Weighted Average Remaining Maturity[1]	Cost of Funds	Hedged Cost of Funds
Wells Facility	$242,967	1.3	1.8%	1.9%
JP Morgan Facility	3	0.3	2.7	2.7
Total Borrowings at September 30, 2012	**$242,970**	**1.3**	**1.8%**	**1.9%**

- ARI's borrowings had the following remaining maturities at September 30, 2012:

Facility ($000s)	Less than 1 year	1 to 3 years	3 to 5 years	Total
Wells Facility[1]	$196,275	$4,914	$41,778	$242,967
JP Morgan Facility	3	-	-	3
Total Borrowings at September 30, 2012	**$196,278**	**$4,914**	**$41,778**	**$242,970**

(1) Assumes extension options on Wells Facility are exercised. Borrowings outstanding under the Wells Facility bear interest at LIBOR plus 125bps, 150bps or 235bps depending on the collateral pledged.

Financials

Consolidated Balance Sheets

(in thousands—except share and per share data)	September 30, 2012	December 31, 2011
Assets:		
Cash	$ 67,994	$ 21,568
Securities available-for-sale, at estimated fair value	81,405	302,543
Securities, at estimated fair value	218,185	251,452
Commercial mortgage loans, held for investment	104,101	109,006
Subordinate loans, held for investment	196,177	149,086
Repurchase agreements, held for investment	10,975	47,439
Principal and interest receivable	4,107	8,075
Deferred financing costs, net	1,090	2,044
Other assets	207	17
Total Assets	$ 684,241	$ 891,230
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements	$ 242,970	$ 290,700
TALF Borrowings	-	251,327
Derivative instruments, net	251	478
Accounts payable and accrued expenses	1,965	1,746
Payable to related party	1,520	1,298
Dividends payable	10,114	8,703
Total Liabilities	256,820	554,252
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized and 3,450,000 shares outstanding in 2012	35	-
Common stock, $0.01 par value, 450,000,000 shares authorized 20,572,112 and 20,561,032 shares issued and outstanding in 2012 and 2011, respectively	206	206
Additional paid-in-capital	422,273	336,209
Retained earnings	4,808	-
Accumulated other comprehensive income	99	563
Total Stockholders' Equity	427,421	336,978
Total Liabilities and Stockholders' Equity	$ 684,241	$ 891,230

Consolidated Statement of Operations

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net interest income:				
Interest income from securities	$ 3,674	$ 6,316	$ 12,227	$ 19,419
Interest income from commercial mortgage loans	2,825	2,276	7,851	6,886
Interest income from subordinate loans	6,144	3,784	17,316	8,861
Interest income from repurchase agreements	2,361	1,576	5,920	3,188
Interest expense	(1,768)	(3,716)	(6,939)	(10,836)
Net interest income	**13,236**	**10,236**	**36,375**	**27,518**
Operating expenses:				
General and administrative expenses (includes $1,276 and $3,244 of non-cash stock based compensation in 2012 and $418 and $1,154 in 2011, respectively)	(2,430)	(1,297)	(7,229)	(4,089)
Management fees to related party	(1,518)	(1,241)	(4,099)	(3,430)
Total operating expenses	**(3,948)**	**(2,538)**	**(11,328)**	**(7,519)**
Interest income from cash balances	-	2	1	10
Realized gain on sale of securities	-	-	262	-
Unrealized gain (loss) on securities	3,010	(1,511)	6,473	(118)
Loss on derivative instruments (includes $40 and $228 of unrealized gains in 2012 and $202 and $1,291 of unrealized losses 2011, respectively)	(87)	(677)	(569)	(2,679)
Net income	**$ 12,211**	**$ 5,512**	**$ 31,214**	**$ 17,212**
Preferred dividends	(1,219)	-	(1,219)	-
Net Income available to common shareholders	**$ 10,992**	**$ 5,512**	**$ 29,995**	**$ 17,212**
Basic and diluted net income per share of common stock	$ 0.52	$ 0.28	$ 1.43	$ 0.93
Basic and diluted weighted average common shares outstanding	20,992,312	19,647,989	20,983,429	18,261,294
Dividend declared per share of common stock	$ 0.40	$ 0.40	$ 1.20	$ 1.20

Reconciliation of Operating Earnings to Net Income

	Three Months Ended			
	September 30, 2012	Earnings Per Share (Diluted)	September 30, 2011	Earnings Per Share (Diluted)
Operating Earnings:				
Net income	**$10,992**	**$0.52**	**$5,512**	**$0.28**
Adjustments:				
Unrealized (gain) loss on securities	(3,010)	(0.14)	1,151	0.07
Unrealized (gain) loss on derivative instruments	(40)	-	202	0.01
Non-cash stock-based compensation expense	1,276	0.06	418	0.02
Total adjustments:	(1,774)	(0.08)	1,771	0.10
Operating Earnings	**$9,218**	**$0.44**	**$7,643**	**$0.38**
Basic and diluted weighted average common shares outstanding		20,992,312		19,647,989

	Nine Months Ended			
	September 30, 2012	Earnings Per Share (Diluted)	September 30, 2011	Earnings Per Share (Diluted)
Operating Earnings:				
Net income	**$29,995**	**$1.43**	**$17,212**	**$0.93**
Adjustments:				
Unrealized (gain) loss on securities	(6,473)	(0.31)	118	0.01
Unrealized (gain) loss on derivative instruments	(228)	(0.01)	1,291	0.07
Non-cash stock-based compensation expense	3,457	0.16	1,154	0.06
Total adjustments:	(3,244)	(0.16)	2,563	0.14
Operating Earnings	**$26,751**	**$1.27**	**$19,775**	**$1.07**
Basic and diluted weighted average common shares outstanding		20,978,938		18,261,294

Financial Metrics – Quarterly Migration Summary

Financial Metrics ($ in thousands, except per share data)	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net Interest Income	$ 13,236	$ 11,951	$ 11,187	$ 10,946	$ 10,236
Management Fee	1,518	1,292	1,289	1,297	1,241
General and Administrative Costs	1,154	1,876	953	929	879
Non-Cash Stock Based Compensation	1,276	886	1,083	634	418
Net Income Available to Common Stockholders	$ 10,992	$ 9,910	$ 9,093	$ 8,669	$ 5,512
GAAP Diluted EPS	$ 0.52	$ 0.47	$ 0.43	$ 0.41	$ 0.28
Operating Earnings(1)	$ 9,218	$ 8,526	$ 8,795	$ 8,278	$ 7,644
Operating EPS(1)	$ 0.44	$ 0.41	$ 0.42	$ 0.39	$ 0.38
Distributions Declared to Common Stockholders	$ 0.40	$ 0.40	$ 0.40	$ 0.40	$ 0.40
GAAP Book Value per Common Share	$ 16.58	$ 16.59	$ 16.46	$ 16.39	$ 16.34
Fair Value per Common Share(2)	$ 17.16	$ 17.22	$ 17.04	$ 16.80	$ 17.02
Total Stockholders' Equity	$ 427,421	$ 341,518	$ 338,377	$ 336,978	$ 336,045
Return on Common Equity Based on Operating Earnings(3)	10.8%	10.0%	10.4%	9.8%	9.3%

(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 and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 23 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.