APOLLO
COMMERCIAL REAL ESTATE FINANCE

Supplemental Financial Information Presentation

Q2 2013

August 1, 2013

Information is as of June 30, 2013 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 Securities and Exchange Commission ("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; the ability to borrow to finance assets; 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, 2012 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. Past performance is not indicative nor a guarantee of future returns.

August 1, 2013

Stuart Rothstein

Chief Executive Officer and President

Scott Weiner

Chief Investment Officer of the Manager

Megan Gaul

Chief Financial Officer

Hilary Ginsberg

Investor Relations Manager

ARI – Financial Summary

	Three Months Ended			Six Months Ended		
Income Statement	**June 30, 2013**	**June 30, 2012**	**% Change**	**June 30, 2013**	**June 30, 2012**	**% Change**
Interest income *(in thousands)*	$ 18,188	$ 13,880	31.0%	$ 36,324	$ 28,309	28.3%
Interest expense *(in thousands)*	$ (955)	$ (1,929)	-50.5%	$ (2,024)	$ (5,171)	-60.9%
Net interest income *(in thousands)*	$ 17,233	$ 11,951	44.2%	$ 34,300	$ 23,138	48.2%
Operating earnings per share[(1)]	$ 0.31	$ 0.41	-24.4%	$ 0.70	$ 0.83	-15.7%
Basic and diluted weighted average common shares outstanding	37,373,885	20,991,450	78.0%	33,946,329	20,978,938	61.8%

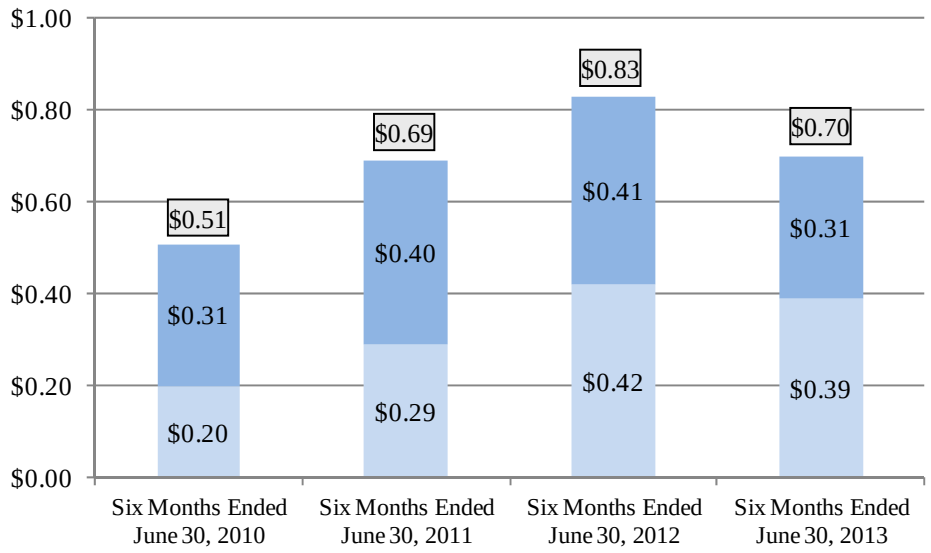
Balance sheet	**June 30, 2013**	**December 31, 2012**	**% Change**
Investments at amortized cost *(in thousands)*	$ 733,431	$ 669,478	9.6%
Net equity in investments at cost *(in thousands)*	$ 542,119	$ 444,320	22.0%
Common stockholders equity	$ 599,744	$ 460,674	30.2%
Preferred stockholders equity	$ 86,250	$ 86,250	-
Floating rate debt *(in thousands)*	$ 191,312	$ 225,158	-15.0%
Debt to common equity	0.4x	0.5x	
Fixed charge coverage[(2)]	5.2x	3.3x	

(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, 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) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 21 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

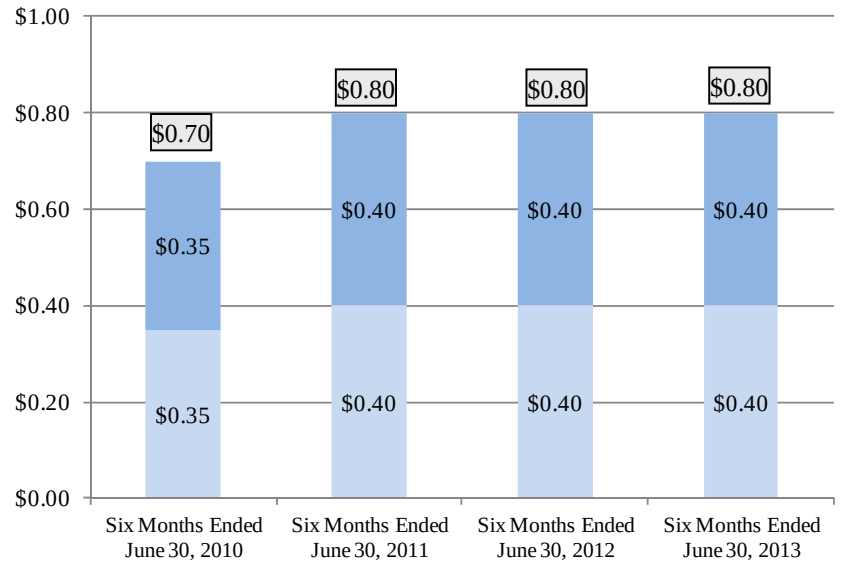
(2) Fixed charge coverage is EBITDA divided by interest expense plus the preferred stock dividends.

ARI – Historical Overview

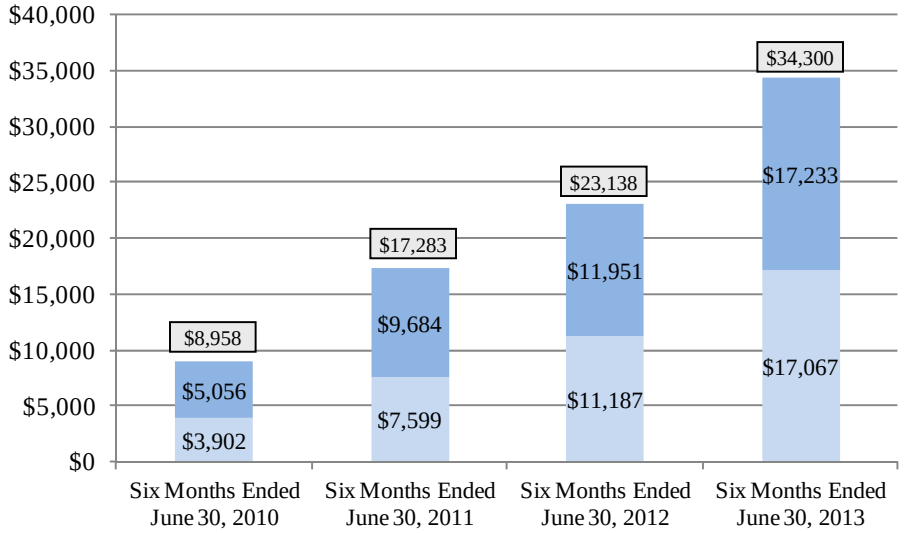
Operating Earnings per Share[1]



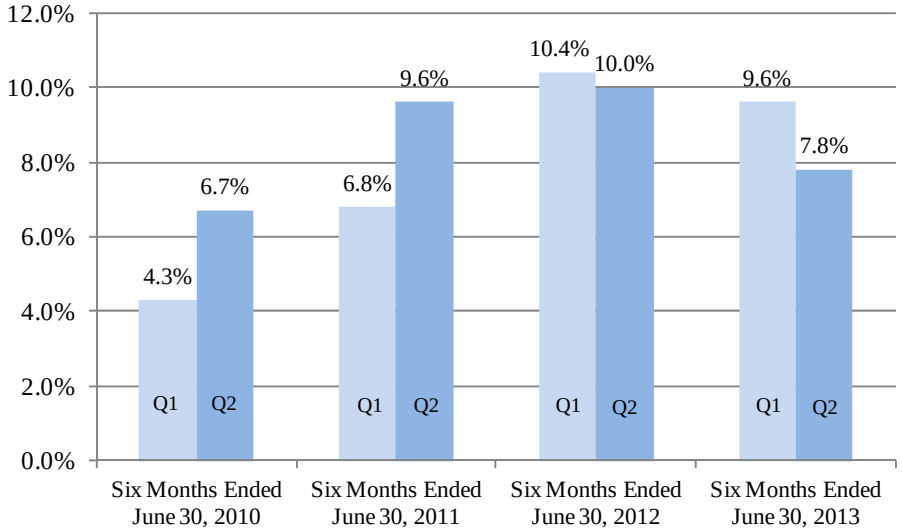
Dividends per Common Share



Net Interest Income ($000s)



Return on Common Equity Based on Operating Earnings [2]

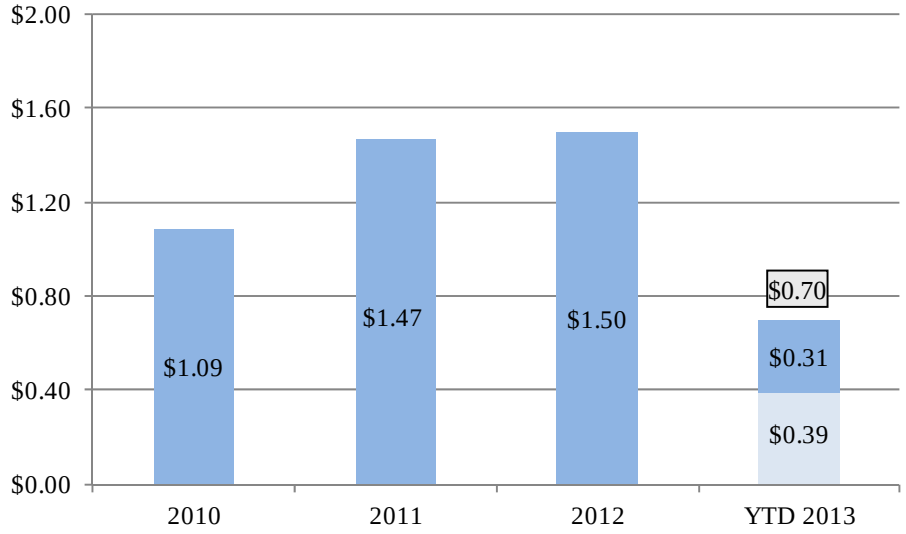


(1) *Operating Earnings is a non-GAAP financial measure that is used by the Company to approximate cash available for distribution and is defined by the Company as net income, computed in accordance with GAAP, adjusted for (i) equity-based compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 21 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.*

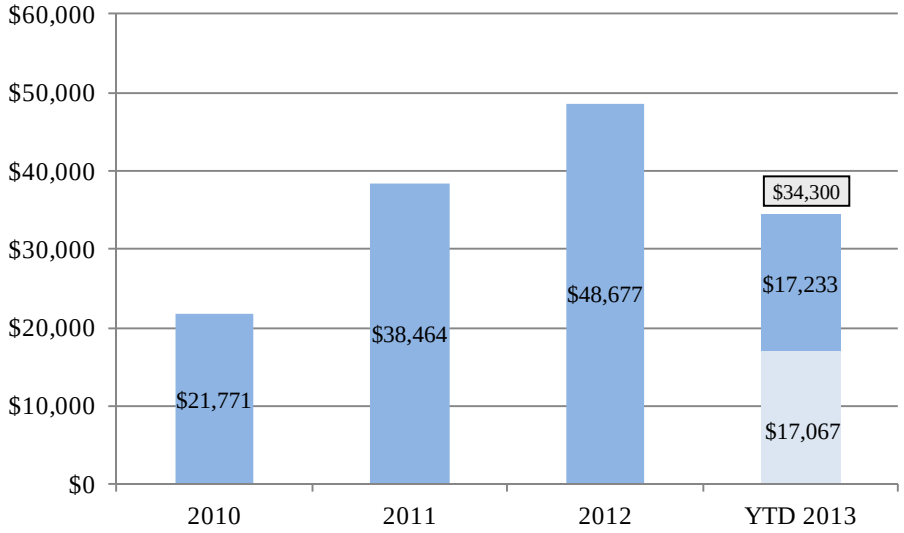
ARI – Historical Overview

Operating Earnings per Share[1]

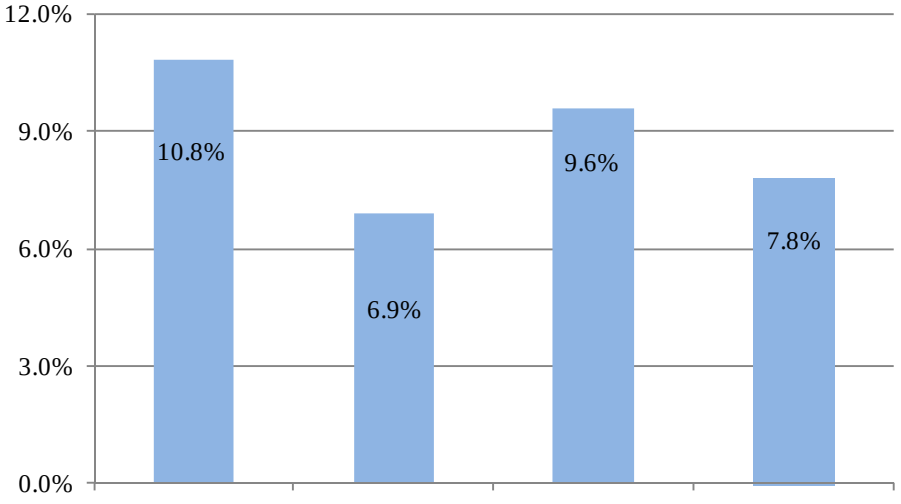


Dividends per Common Share

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 by the Company to approximate cash available for distribution and is defined by the Company as net income, 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) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 21 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 – Q2 Highlights

Financial Results & Earnings Per Share

- Operating Earnings for the quarter ended June 30, 2013 of $11.7 million, or $0.31 per diluted common share[(1)]
  - Net interest income of $17.2 million for Q2 2013
  - Total expenses of $4.0 million, comprised of management fees of $2.6 million, G&A of $1.0 million and non-cash stock based compensation of $0.4 million
  - GAAP net income available to common stockholders for the quarter ended June 30, 2013 of $9.9 million, or $0.27 per diluted common share

Dividends

- Declared a dividend of $0.40 per share of common stock for the quarter ended September 30, 2013
  - 10.0% annualized dividend yield based on $15.98 closing price on July 30, 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 June 28, 2013

(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, 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) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 21 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

ARI – Q2 Highlights

Investment and Portfolio Activity

- Mezzanine Loan – National Warehouse Portfolio
  - $32 million fixed rate mezzanine loan secured by a pledge of the equity interests in the owner of 15 warehouse facilities totaling 2.8 million square feet spanning nine states
  - 10-year term
  - Underwritten LTV – 75%
  - Underwritten IRR[(1)] ~ 12%

- Mezzanine Loan – Multifamily Conversion, New York, NY
  - $44 million floating rate mezzanine loan secured by a pledge of the equity interests in the owner of five adjacent commercial buildings totaling approximately 411,000 gross square feet that are expected to be converted into multifamily rental apartments in the Gramercy Park section of New York City
  - 15-month term (one-year initial term and one three-month extension)
  - Underwritten LTV – 78%
  - Underwritten IRR[(1)] ~ 14%

(1) *The internal rates of return ("IRR") for the investments listed reflect the returns underwritten by ACREFI Management, LLC (the "Manager"), calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes that extension options are exercised and that the cost of borrowings and derivative instruments under the Company's master repurchase agreement with Wells Fargo Bank, N.A. ("Wells Facility") remains constant over the remaining terms and extension terms under the 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, 2012 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time.*

ARI – Q2 Highlights

Investment and Portfolio Activity

- Repayments
  - Principal repayment on a $15 million mezzanine loan secured by a hotel in New York City
    - Received $1.2 million yield maintenance payment; Total realized IRR on investment – 19%(1)

Portfolio Summary

- Total investments with an amortized cost of $733 million at June 30, 2013
- Current weighted average underwritten IRR of approximately 13.1% and levered weighted average underwritten IRR of approximately 14.2% at June 30, 2013(1)

Book Value Per Share

- GAAP book value of $16.26 per share as of June 30, 2013
- Fair value of $16.55 per share as of June 30, 2013(2)

(1) *The 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 are exercised and that the cost of borrowings and derivative instruments under the Wells Facility remains constant over the remaining terms and extension terms under the facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. With respect to the mezzanine loan for the New York City multifamily condominium conversion that closed in December 2012 and the mezzanine loan for the New York City condominium construction that closed in January 2013, the IRR calculation 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. 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. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 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. 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 commercial mortgage-backed securities ("CMBS") are marked to market. Management has estimated that the fair value of the Company's financial assets at June 30, 2013 was approximately $10,6 million greater than the carrying value of the Company's investment portfolio as of the same date. This represents a premium of $0.29 per share over the Company's GAAP book value as of June 30, 2013.*

ARI – Subsequent Events

Investment Activity

- Mezzanine Loan – Office Building, New York, NY
  - $14.0 million fixed rate mezzanine loan (purchased for $13.6 million or ~ 97% of face value) secured by a pledge of the equity interests in the owner of the office component of a 432,717 square foot building located in downtown New York City
  - 10-year term
  - Underwritten LTV – 70%
  - Underwritten IRR[(1)] ~ 13%

(1) The IRRs 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 are exercised and that the cost of borrowings and derivative instruments under the Wells Facility remains constant over the remaining terms and extension terms under this 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, 2012 for a discussion of some of the factors that could adversely impact the returns received by the Company from the investments over time.

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]	$143,492	$3	$143,489	2.1	11.0%	15.8%
Subordinate Loans	354,865	-	354,865	4.2	13.8	13.8
CMBS - AAA	165,553	144,200	21,353	1.4	15.8	15.8
CMBS - Hilton	69,521	47,109	22,412	2.4	12.6	12.6
Investments at June 30, 2013	**$733,431**	**$191,312**	**$542,119**	**3.0 Years**	**13.1%**	**14.2%**

As of June 30, 2013.

(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 June 30, 2013. The IRR calculation further assumes the JPMorgan Facility or any replacement facility will remain available over the life of these investments.

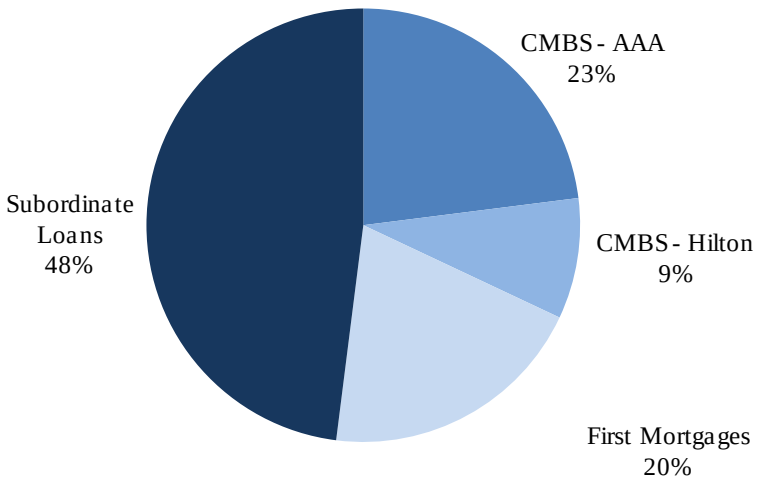
(3) The IRR for the investments shown in the above table reflect the returns underwritten by the Manager, calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assumes extensions are exercised and that the cost of borrowings and derivative instruments under the Wells Facility remains constant over the remaining terms and extension terms under this facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. With respect to the mezzanine loan for the New York City multifamily condominium conversion that closed in December 2012 and the mezzanine loan for the New York City condominium construction that closed in January 2013, the IRR calculation 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. 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 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, 2012 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. 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.

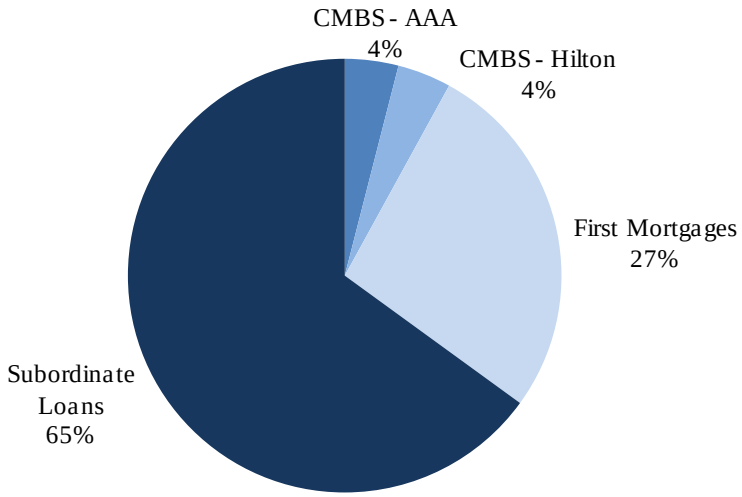
ARI – Portfolio Overview

- Diversified Investment Portfolio with Amortized Cost Basis of $733 million

Gross Assets at Amortized Cost Basis



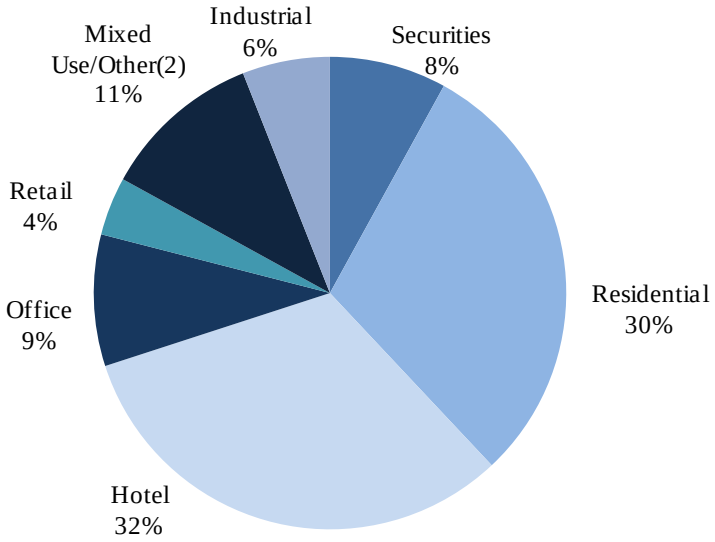
Net Invested Equity at Amortized Cost Basis



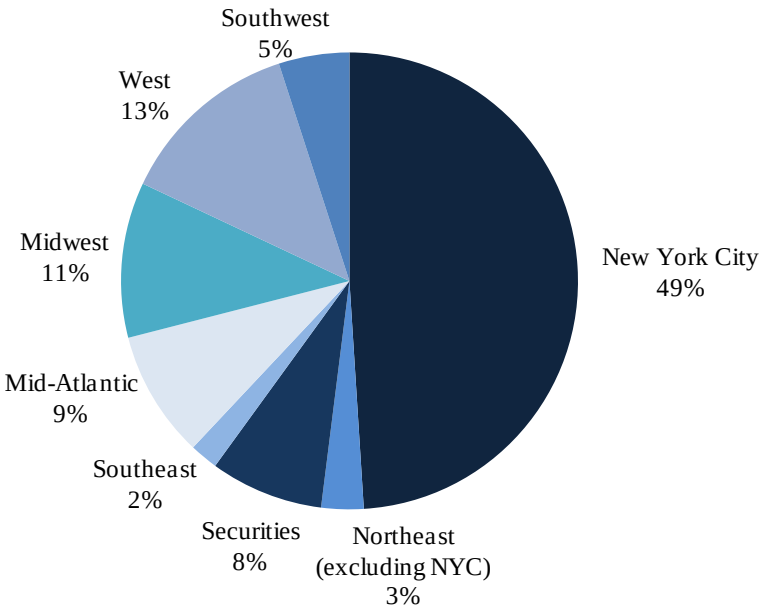
ARI – Portfolio Diversification

- The portfolio is diversified by property type and geographic location

Property Type by Net Equity



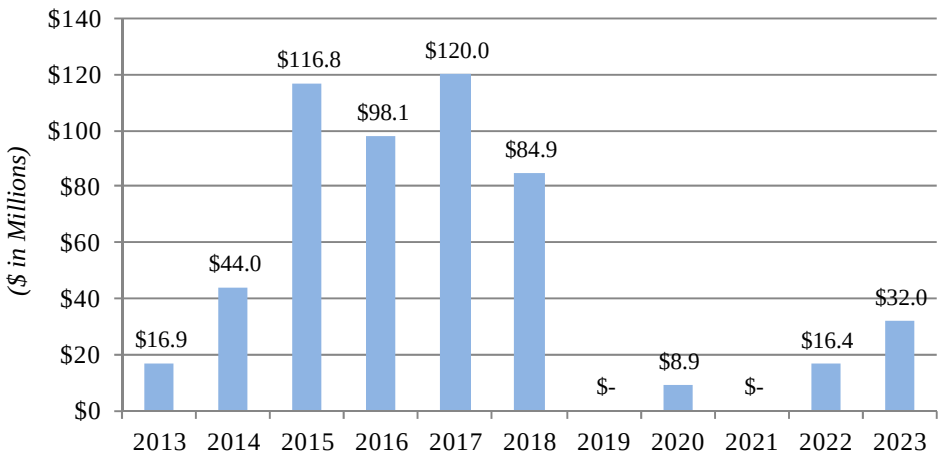
Geographic Diversification by Net Equity



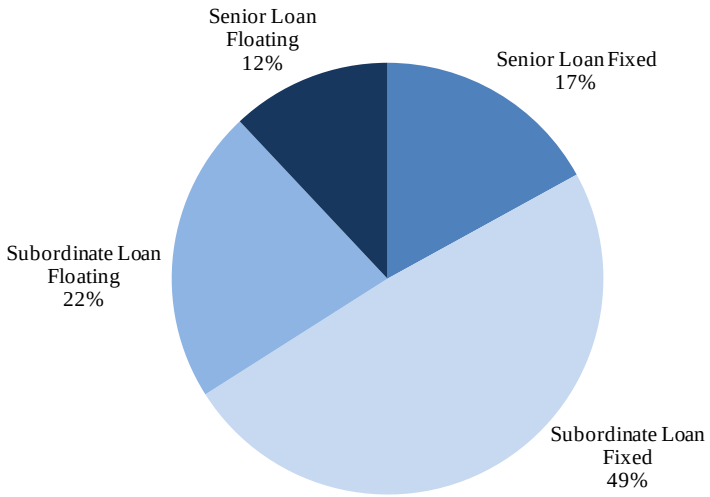
(1) *Other category includes the subordinate financing on a ski resort and a first mortgage loan on a development site with income producing parking lots.*

ARI – Loan Portfolio - Maturity and Type

Fully Extended Loan Maturity Schedule ($000s)[1][2]



Loan Position and Rate Type[1]



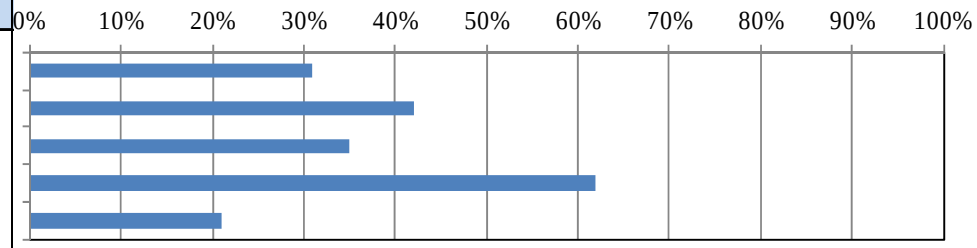
66% Fixed Rate/34% Floating Rate

(1) Based upon Face Amount of Loans; Does not include CMBS (AAA or Hilton).
(2) For the NYC condominium conversion loan that closed in December 2012 and the NYC condominium construction loan that closed in January 2013, the maturities reflect the fully funded amounts of the loans.

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

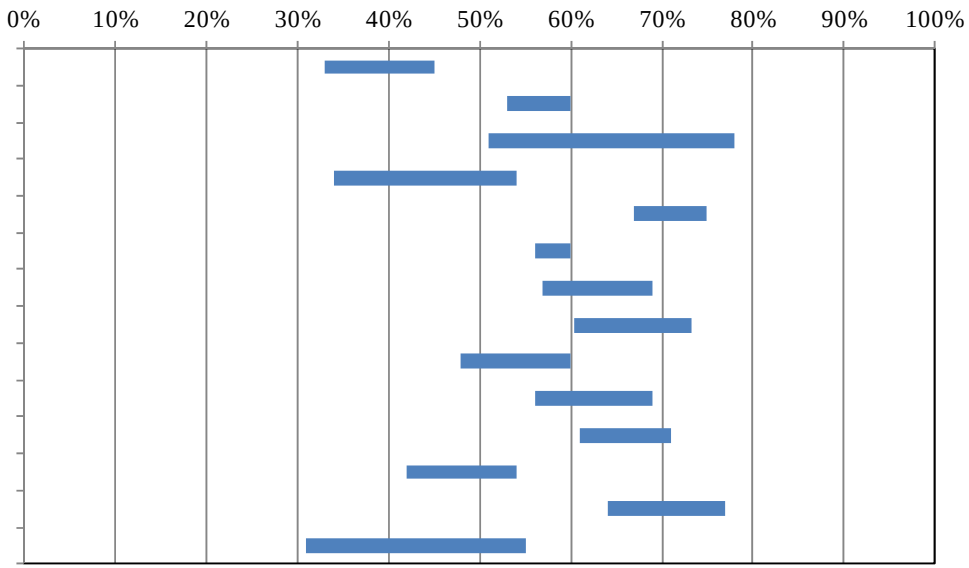
First Mortgage Loans

Description ($ in thousands)	Location	Balance at June 30, 2013	Starting LTV	Ending LTV
First Mortgage - Condo Conversion[1]	New York	$ 45,000	0%	31%
First Mortgage - Hotel	New York	$ 31,443	0%	42%
First Mortgage - Office	New York	$ 27,293	0%	35%
First Mortgage - Hotel	Maryland	$ 25,111	0%	62%
First Mortgage - Parking/Development Site[2]	Massachusetts	$ 16,890	0%	21%
Total		$ 145,737		



Subordinate Financings

Description ($ in thousands)	Location	Balance at June 30, 2013	Starting LTV	Ending LTV
Subordinate - Condo Development	New York	$ 58,699	33%	45%
Subordinate - Hotel Portfolio	Various	$ 49,516	53%	60%
Subordinate - Multifamily Conversion	New York	$ 44,000	51%	78%
Subordinate - Ski Resort	California	$ 40,000	34%	54%
Subordinate - Industrial Portfolio	Various	$ 32,000	67%	75%
Subordinate - Hotel Portfolio	New York	$ 25,000	56%	60%
Subordinate - Hotel Portfolio	Minnesota	$ 24,904	57%	69%
Subordinate - Retail	Virginia	$ 23,605	60%	73%
Subordinate - Multifamily Conversion	New York	$ 18,000	48%	60%
Subordinate - Hotel	New York	$ 15,000	56%	69%
Subordinate - Office	Missouri	$ 9,914	61%	71%
Subordinate - Office	Michigan	$ 8,888	42%	54%
Subordinate - Mixed Use	North Carolina	$ 6,525	64%	77%
Subordinate - Condo Conversion[1]	New York	$ 350	31%	55%
Total		$ 356,402		



(1) Both loans are for the same property; Ending LTV for the Condominium Conversion mezzanine loan is based upon the committed amount of $35 million.

(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 (approximately 75% of face value).

ARI – CMBS Portfolio

CMBS - AAA	
CUSIP	**Description**
07388YAB8	BSCMS 07-PW16 A2
07401DAB7	BSCMS 2007-PW18 A2
12513YAC4	CD 2007-CD4 A2B
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	$163,162	$165,553	1.4	$165,173	$144,200	$21,353
CMBS – Hilton	71,498	69,521	2.4	71,944	47,109	22,412
CMBS – Total	**$234,660**	**$235,074**	**1.8 Year**	**$237,117**	**$191,309**	**$43,765**

Portfolio Metrics – Quarterly Migration Summary

Portfolio Metrics ($ in thousands)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
(Investment balances represent amortized cost)					
First Mortgage Loans	$ 143,492	$ 142,833	$ 142,921	$ 104,101	$ 103,320
Subordinate Loans	354,865	286,569	246,246	196,177	179,602
Repurchase Agreement	-	-	6,598	10,975	41,696
CMBS - AAA	165,553	188,824	203,463	223,781	280,697
CMBS - Hilton	69,521	69,912	70,250	70,521	70,719
Total Investments	$ 733,431	$ 688,138	$ 669,478	$ 605,555	$ 676,034
(Investment balances represent net equity, at cost)					
First Mortgage Loans	$ 143,489	$ 142,830	$ 142,918	$ 104,098	$ 50,260
Subordinate Loans	354,865	286,569	246,246	196,177	179,602
Repurchase Agreement	-	-	6,598	10,975	41,696
CMBS - AAA	21,353	24,620	26,636	29,712	32,520
CMBS - Hilton	22,412	22,175	21,922	21,623	21,260
Net Equity in Investments at Cost	$ 542,119	$ 476,194	$ 444,320	$ 362,585	$ 325,338
Weighted Average IRR[(1)]	14.2% [(2)]	14.2% [(2)]	14.1% [(2)]	14.9% [(2)]	15.0%
Weighted Average Duration	3.0 Years	3.0 Years	3.1 Years	3.3 Years	2.9 Years
Loan Portfolio Weighted Average Ending LTV[(3)]	56.0%	53.6%	55.6%	58.0%	57.1%
Borrowings	$ 191,312	$ 211,944	$ 225,158	$ 242,970	$ 350,696

(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 are exercised and that the cost of borrowings and derivative instruments under the Wells Facility remains constant over the remaining terms and extension terms under this facility. The calculation also assumes extension options on the Wells Facility with respect to the Hilton CMBS are exercised. With respect to the mezzanine loan for the New York City multifamily condominium conversion that closed in December 2012 and the mezzanine loan for the New York City condominium construction that closed in January 2013, the IRR calculation 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. 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 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, 2012 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).*

Financing Overview

- ARI had total borrowings outstanding of $191.3 million at June 30, 2013

Facility ($000s)	Debt Balance	Weighted Average Remaining Maturity[1]	Cost of Funds	Hedged Cost of Funds
Wells Facility[1]	$191,309	1.1	1.4%	1.5%
JPMorgan Facility	3	1.6	2.7%	2.7%
Total Borrowings at June 30, 2013	**$191,312**	**1.1 Years**	**1.4%**	**1.5%**

- ARI's borrowings had the following remaining maturities at June 30, 2013:

Facility ($000s)	Less than 1 year	1 to 3 years	3 to 5 years	Total
Wells Facility[1]	$146,401	$44,908	$-	$191,309
JPMorgan Facility	-	3	-	3
Total Borrowings at June 30, 2013	**$146,401**	**$44,911**	**$-**	**$191,312**

(1) *Assumes extension options on both the JP Morgan Facility and the Wells Facility are exercised. At June 30, 2013, the interest rate with respect to outstanding borrowings used to finance AAA CMBS was LIBOR plus 105bps and the interest rate with respect to outstanding borrowings used to finance the Hilton CMBS was LIBOR plus 175bps.*

Financials

Consolidated Balance Sheets

(in thousands—except share and per share data)	June 30, 2013	December 31, 2012
Assets:		
Cash	$ 156,797	$ 108,619
Securities available-for-sale, at estimated fair value	52,909	67,079
Securities, at estimated fair value	184,208	211,809
Commercial mortgage loans, held for investment	143,492	142,921
Subordinate loans, held for investment	354,865	246,246
Repurchase agreements, held for investment	-	6,598
Interest receivable	4,830	4,277
Deferred financing costs, net	1,018	678
Other assets	-	203
Total Assets	$ 898,119	$ 788,430
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements	$ 191,312	$ 225,158
Derivative instruments, net	25	155
Accounts payable and accrued expenses	1,367	1,265
Payable to related party	2,600	2,037
Dividends payable	16,821	12,891
Total Liabilities	212,125	241,506
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized and 3,450,000 shares issued and outstanding in 2013 and 2012	35	35
Common stock, $0.01 par value, 450,000,000 shares authorized 36,880,410 and 28,044,106 shares issued and outstanding in 2013 and 2012, respectively	369	280
Additional paid-in-capital	695,572	546,065
Retained earnings (accumulated deficit)	(9,320)	574
Accumulated other comprehensive loss	(662)	(30)
Total Stockholders' Equity	685,994	546,924
Total Liabilities and Stockholders' Equity	$ 898,119	$ 788,430

Consolidated Statement of Operations

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Net interest income:				
Interest income from securities	$ 3,014	$ 3,230	$ 6,101	$ 8,552
Interest income from commercial mortgage loans	3,676	2,791	7,268	5,026
Interest income from subordinate loans	11,498	5,859	22,953	11,172
Interest income from repurchase agreements	-	2,000	2	3,559
Interest expense	(955)	(1,929)	(2,024)	(5,171)
Net interest income	**17,233**	**11,951**	**34,300**	**23,138**
Operating expenses:				
General and administrative expenses (includes $428 and $1,311 of equity-based compensation in 2013 and $886 and $1,969 in 2012, respectively)	(1,437)	(2,762)	(3,333)	(4,798)
Management fees to related party	(2,600)	(1,292)	(4,759)	(2,581)
Total operating expenses	**(4,037)**	**(4,054)**	**(8,092)**	**(7,379)**
Interest income from cash balances	16	-	16	1
Realized gain on sale of securities	-	-	-	262
Unrealized gain (loss) on securities	(1,421)	2,078	(2,500)	3,463
Loss on derivative instruments (includes unrealized gains of $57 and $130 in 2013 and $192 and $187 in 2012, respectively)	(2)	(65)	(3)	(482)
Net income	**$ 11,789**	**$ 9,910**	**$ 23,721**	**$ 19,003**
Preferred dividends	(1,860)	-	(3,720)	-
Net Income available to common shareholders	**$ 9,929**	**$ 9,910**	**$ 20,001**	**$ 19,003**
Basic and diluted net income per share of common stock	$ 0.27	$ 0.47	$ 0.59	$ 0.91
Basic and diluted weighted average shares of common stock outstanding	37,373,885	20,991,450	33,946,329	20,978,938
Dividend declared per share of common stock	$ 0.40	$ 0.40	$ 0.80	$ 0.80

Reconciliation of Operating Earnings to Net Income

	Three Months Ended			
	June 30, 2013	Earnings Per Share (Diluted)	June 30, 2012	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$9,929**	**$0.27**	**$9,910**	**$0.47**
Adjustments:				
Unrealized (gain)/loss on securities	1,421	0.03	(2,078)	(0.09)
Unrealized gain on derivative instruments	(57)	-	(192)	(0.01)
Equity-based compensation expense	428	0.01	886	0.04
Total adjustments:	1,792	0.04	(1,384)	(0.06)
Operating Earnings	**11,721**	**$0.31**	**$8,526**	**$0.41**
Basic and diluted weighted average common shares outstanding		37,373,885		20,991,450

	Six Months Ended			
	June 30, 2013	Earnings Per Share (Diluted)	June 30, 2012	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$20,001**	**$0.59**	**$19,003**	**$0.91**
Adjustments:				
Unrealized (gain)/loss on securities	2,500	0.07	(3,463)	(0.16)
Unrealized gain on derivative instruments	(130)	-	(187)	(0.01)
Equity-based compensation expense	1,311	0.04	1,969	0.09
Total adjustments:	3,681	0.11	(1,681)	(0.08)
Operating Earnings	**23,682**	**$0.70**	**$17,322**	**$0.83**
Basic and diluted weighted average common shares outstanding		33,946,329		20,978,938

Financial Metrics – Quarterly Migration Summary

Financial Metrics					
($ in thousands, except per share data)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net Interest Income	$ 17,233	$ 17,067	$ 12,303	$ 13,236	$ 11,951
Management Fee	2,600	2,160	2,040	1,518	1,292
General and Administrative Costs	1,009	1,012	935	1,154	1,876
Non-Cash Stock Based Compensation	428	883	380	1,276	886
Net Income Available to Common Stockholders	$ 9,929	$ 10,072	$ 7,108	$ 10,992	$ 9,910
GAAP Diluted EPS	$ 0.27	$ 0.33	$ 0.26	$ 0.52	$ 0.47
Operating Earnings[(1)]	$ 11,721	$ 11,963	$ 7,375	$ 9,218	$ 8,526
Operating EPS[(1)]	$ 0.31	$ 0.39	$ 0.27	$ 0.44	$ 0.41
Distributions Declared to Common Stockholders	$ 0.40	$ 0.40	$ 0.40	$ 0.40	$ 0.40
GAAP Book Value per Common Share	$ 16.26	$ 16.41	$ 16.43	$ 16.58	$ 16.59
Fair Value per Common Share[(2)]	$ 16.55	$ 16.71	$ 16.84	$ 17.16	$ 17.22
Total Stockholders' Equity	$ 685,994	$ 691,185	$ 546,924	$ 427,421	$ 341,518
Basic and diluted weighted average common shares outstanding	37,373,885	30,105,939	27,608,787	20,992,312	20,991,450
Return on Common Equity Based on Operating Earnings[(3)]	7.8%	9.6%	6.8%	10.8%	10.0%

(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, 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) and (ii) any unrealized gains or losses or other non-cash items included in net income. Please see slide 21 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.