



Supplemental Financial Information Presentation

Q3 2014

October 29, 2014

Information is as of September 30, 2014 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.

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This presentation may contain forward-looking statements that are 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 management's control. These forward-looking statements include information about possible or assumed future results of Apollo Commercial Real Estate Finance, Inc.'s ("ARI" or the "Company") business, financial condition, liquidity, results of operations, plans and objectives. When used in this presentation, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: ARI's business and investment strategy; ARI's operating results; ARI's 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.

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This presentation contains information regarding ARI's financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States ("GAAP"), including Operating Earnings and Operating Earnings per share. Please refer to slide 3 for a definition of "Operating Earnings" and the reconciliation of "Operating Earnings" to the applicable GAAP financial measure set forth on slide 19.

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Past performance is not indicative nor a guarantee of future returns.

Index performance and yield data are shown for illustrative purposes only and have limitations when used for comparison or for other purposes due to, among other matters, volatility, credit or other factors (such as number and types of securities). Indices are unmanaged, do not charge any fees or expenses, assume reinvestment of income and do not employ special investment techniques such as leveraging or short selling. No such index is indicative of the future results of any investment by ARI.

2014 Third Quarter Earnings Call

October 29, 2014

Stuart Rothstein

Chief Executive Officer and President

Scott Weiner

Chief Investment Officer of the Manager

Megan Gaul

Chief Financial Officer, Treasurer and Secretary

Hilary Ginsberg

Investor Relations Manager

ARI – Financial Summary

(\$ amounts in thousands, except per share data)	Three Months Ended			Nine Months Ended		
	September 30, 2014	September 30, 2013	% Change	September 30, 2014	September 30, 2013	% Change
Income Statement						
Interest income	\$ 35,356	\$ 19,671	79.7%	\$ 85,559	\$ 55,995	52.8%
Interest expense	\$ (8,786)	\$ (885)	892.8%	\$ (15,802)	\$ (2,909)	443.2%
Net interest income	\$ 26,570	\$ 18,786	41.4%	\$ 69,757	\$ 53,086	31.4%
Operating earnings ⁽¹⁾	\$ 20,768	\$ 13,272	56.5%	\$ 52,805	\$ 36,954	42.9%
Operating earnings per share ⁽¹⁾	\$ 0.44	\$ 0.35	25.7%	\$ 1.24	\$ 1.05	18.1%
Diluted weighted average shares of common stock outstanding	47,068,929	37,379,469	25.9%	42,538,744	35,103,285	21.2%
Balance sheet						
	September 30, 2014	December 31, 2013	% Change			
Investments at amortized cost ⁽²⁾	\$ 1,531,453	\$ 848,761	80.4%			
Net equity in investments at cost	\$ 997,274	\$ 676,855	47.3%			
Common stockholders' equity	\$ 769,436	\$ 596,706	28.9%			
Preferred stockholders' equity	\$ 86,250	\$ 86,250	-			
Outstanding repurchase agreement borrowings	\$ 537,766	\$ 202,033	166.2%			
Convertible senior notes	\$ 246,054	\$ -	100.0%			
Debt to common equity	1.21x	0.4x				
Fixed charge coverage ⁽³⁾	3.8x	5.3x				

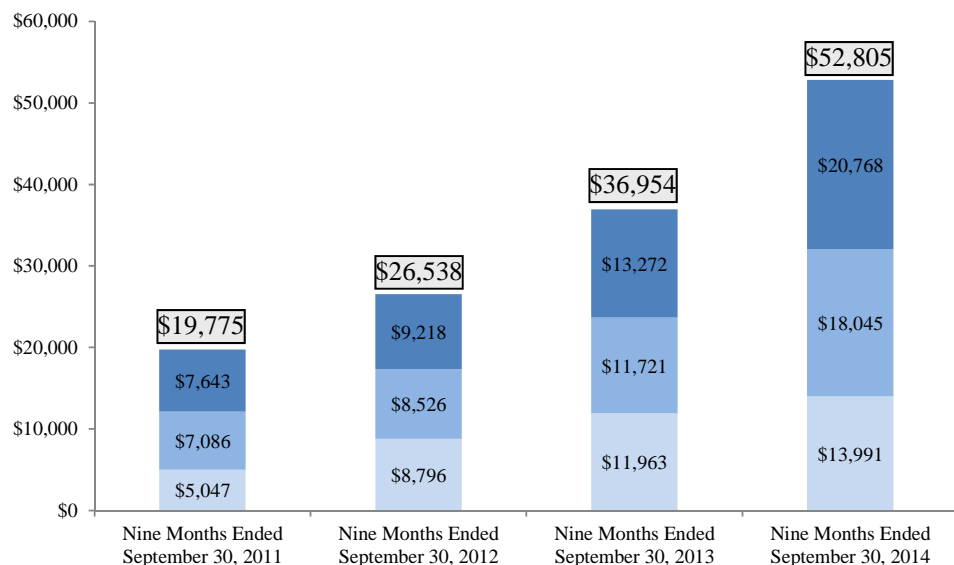
(1) Operating Earnings is a non-GAAP financial measure that is used by the Company to approximate cash available for distribution and is defined by the Company as net income available to common stockholders, computed in accordance with GAAP, adjusted for (i) equity-based compensation expense (a portion 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 slide 19 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

(2) Commercial Mortgage Backed Securities, ("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

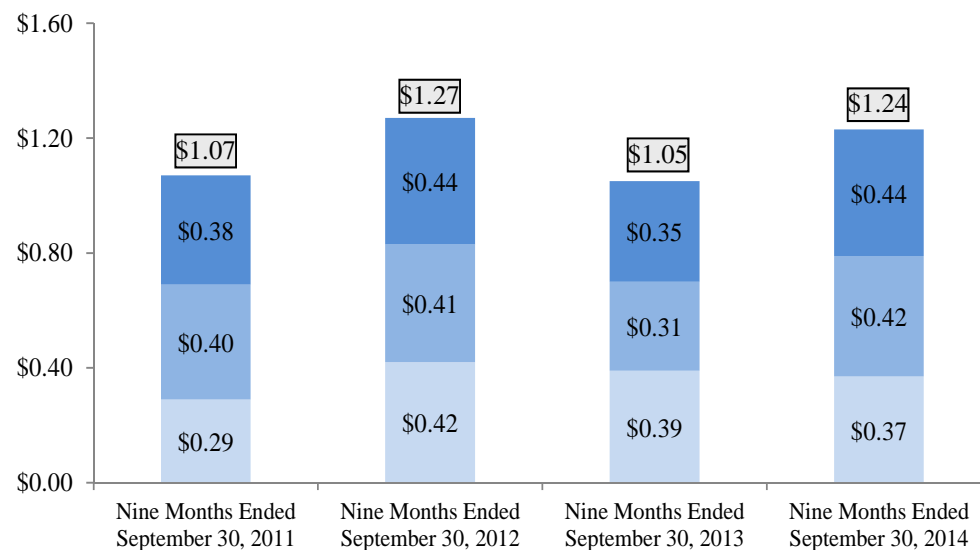
(3) Fixed charge coverage is EBITDA divided by interest expense plus the preferred stock dividends.

ARI – Historical Financial Overview

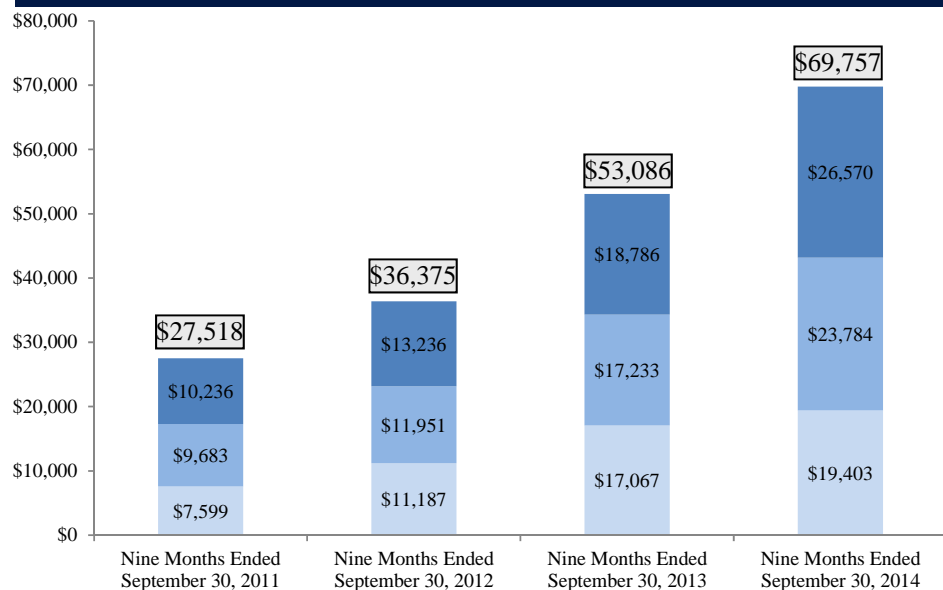
Operating Earnings (\$000s) ⁽¹⁾



Operating Earnings per Common Share⁽¹⁾



Net Interest Income (\$000s)



Dividends per Common Share



(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 slide 19 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

ARI – Q3 Financial Highlights

Financial Results & Earnings Per Share

- Operating Earnings for the quarter ended September 30, 2014 of \$20.8 million, or \$0.44 per share of common stock, a 26% per share increase as compared to Operating Earnings of \$13.3 million, or \$0.35 per share of common stock for the quarter ended September 30, 2013⁽¹⁾
 - Net interest income of \$26.6 million for Q3 2014
 - Total expenses of \$4.6 million, comprised of management fees of \$3.2 million, G&A of \$1.1 million and equity-based compensation of \$0.3 million
 - Net income available to common stockholders for the quarter ended September 30, 2014 of \$17.3 million, or \$0.37 per diluted share of common stock

Dividends

- Declared a dividend of \$0.40 per share of common stock for the quarter ending December 31, 2014
 - 9.8% annualized dividend yield based on \$16.40 closing price on October 27, 2014
- 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 September 30, 2014

Book Value

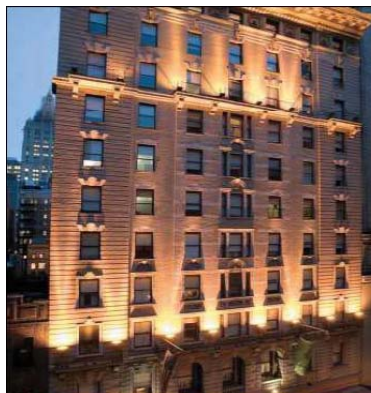
- GAAP book value of \$16.42 per share as of September 30, 2014

(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 slide 19 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP net income and GAAP net income per share.

ARI – Q3 New Investments

Summary of New Investments

	Q3 2014	9 Months Ended 9/30/2014
Number of Loans Closed	3	11
Capital Committed to Loans (\$ in thousands)	\$ 46,725	\$ 608,715
Fixed Rate %/Floating Rate % ⁽¹⁾	32%/68%	32%/68%
First Mortgage %/Subordinate Loan %	26%/74%	48%/52%
Weighted Average Loan-to-Value	63%	62%
Equity Invested in CMBS (\$ in thousands)	\$ 35,631	\$ 75,001
Weighted Average Duration of CMBS	2.8 years	2.8 years
Total Capital Committed (\$ in thousands)	\$ 82,356	\$ 683,716
Weighted Average IRR ⁽²⁾	15%	14%



(1) Based upon committed amount of loan.

(2) The Internal Rate of Return ("IRR") for the investments shown in this presentation reflect the returns underwritten by ACREFI Management, LLC, the Company's external manager (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 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 above. See "Item 1A—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.

ARI – Q3 Investment, Portfolio & Capital Markets Activity

Investment and Portfolio Activity

- KBC Bank Deutschland AG ("KBCD") Transaction
 - €30.7 million (\$39.5 million) investment in an entity that acquired a minority participation in KBCD
 - KBCD had total assets of €2,187 billion as of December 31, 2013
 - KBCD was renamed Bremer Kreditbank AG and will operate under the name BKB Bank

- Loan Repayment
 - \$50 million principal repayment from a mezzanine loan secured by a portfolio of Florida office properties
 - Realized IRR ~ 13%



Capital Markets Activity

- Convertible Notes Offering
 - \$112.5 million net proceeds raised from the underwritten public offering of \$111.0 million aggregate principal amount of 5.50% Convertible Senior Notes due 2019; Notes were priced at 102% of face value, plus accrued interest from, and including, March 17, 2014
 - Initial conversion rate equal to 55.3649 shares of common stock per \$1,000 principal amount of Notes, which is equivalent to a conversion price of approximately \$18.06 per share of common stock

- Amendment of Credit Facility
 - During the quarter and subsequent to quarter end, expanded borrowing capacity of master repurchase agreement with Deutsche Bank AG to \$300.0 million from \$200.0 million

ARI – Commercial Real Estate Debt Portfolio Overview

Asset Type (\$000s)	Amortized Cost	Borrowings	Equity at Cost ⁽¹⁾	Remaining Weighted Average Life (years) ⁽²⁾	Current Weighted Average Underwritten IRR ⁽³⁾⁽⁴⁾	Levered Weighted Average Underwritten IRR ⁽³⁾⁽⁴⁾⁽⁵⁾
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 ⁽⁶⁾⁽⁷⁾	64,580	-	64,580	4.6	12.2	12.2
CMBS	511,445	-	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%

(1) 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.

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

(3) 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.

(4) 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 1A—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.

(5) 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 IRRs will be as indicated in the current weighted average underwritten IRR column above.

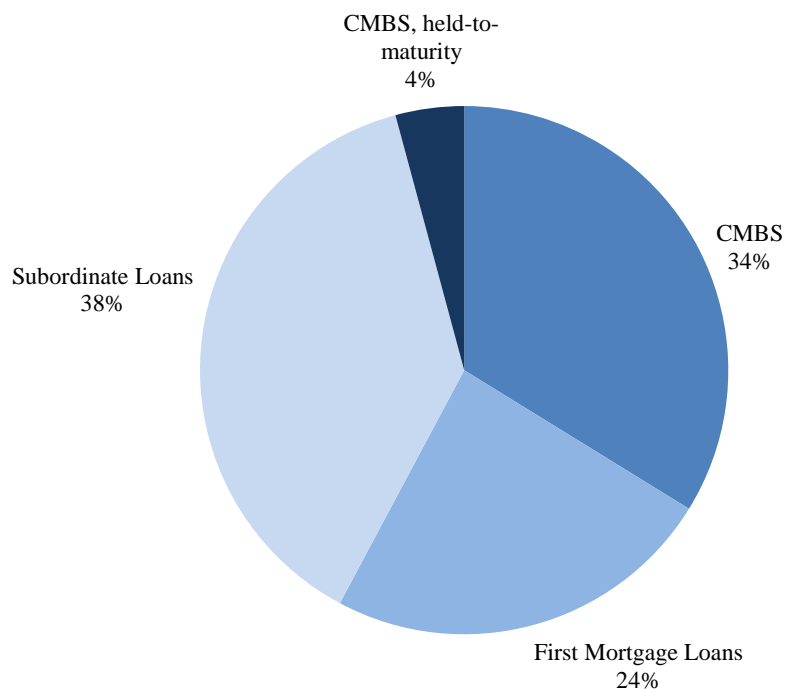
(6) CMBS, held-to-maturity, represents a loan the Company closed during May 2014 that was subsequently contributed to a securitization during August 2014. During May 2014, the Company closed a \$155,000 floating-rate whole loan secured by the first mortgage and equity interests in an entity that owns 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.

(7) 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.

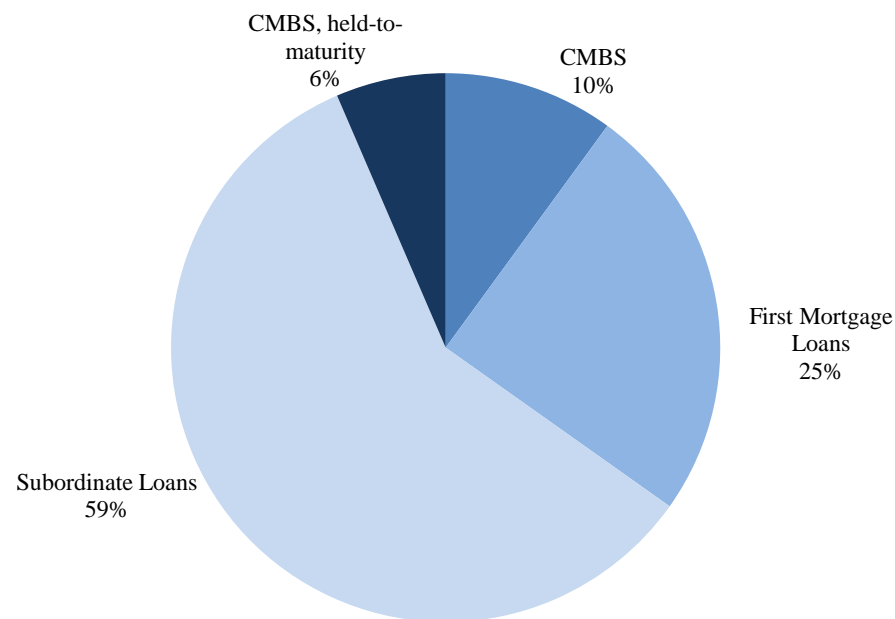
ARI – Commercial Real Estate Debt Portfolio Overview

- Diversified Commercial Real Estate Debt Portfolio with Amortized Cost Basis of \$1.5 billion

Gross Assets at Amortized Cost Basis⁽¹⁾



Net Invested Equity at Amortized Cost Basis⁽¹⁾

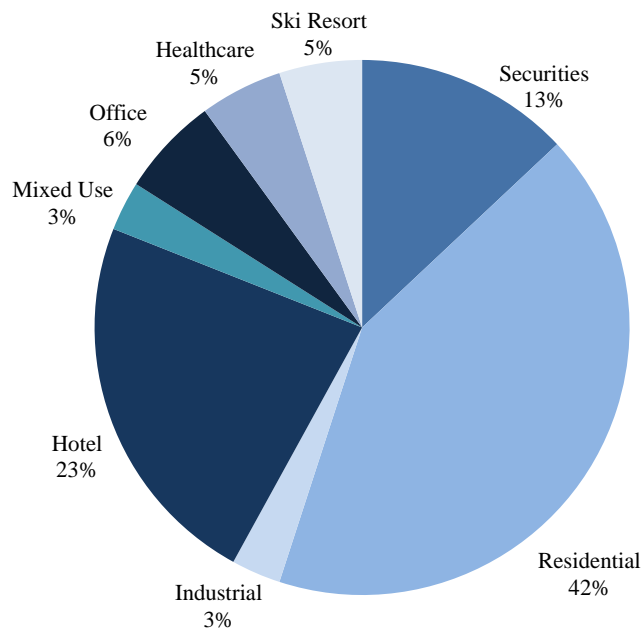


⁽¹⁾ CMBS, held-to-maturity are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At September 30, 2014, ARI had one such participation sold with a carrying amount of \$89,418.

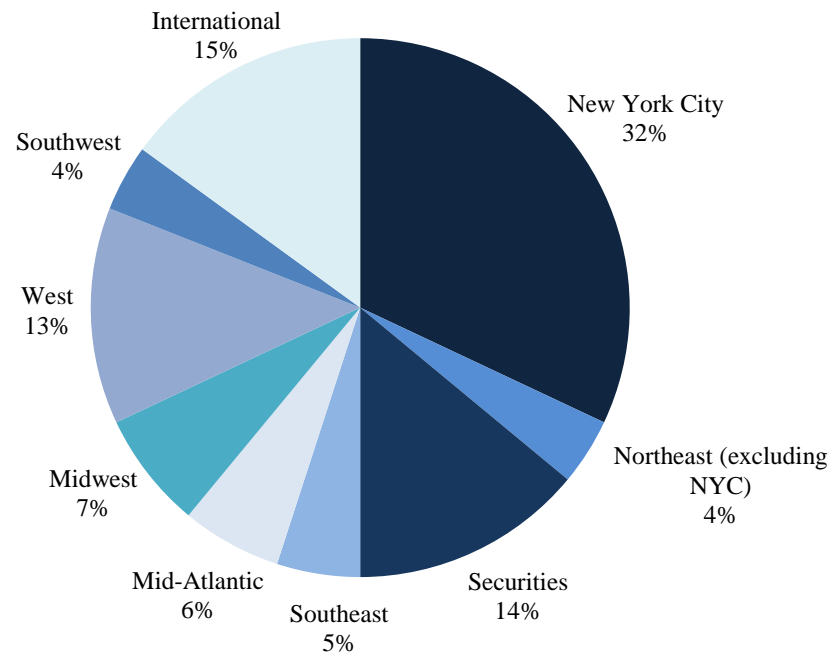
ARI – Commercial Real Estate Debt Portfolio Diversification

- The Commercial Real Estate Debt Portfolio is diversified by property type and geographic location

Property Type by Net Equity⁽¹⁾



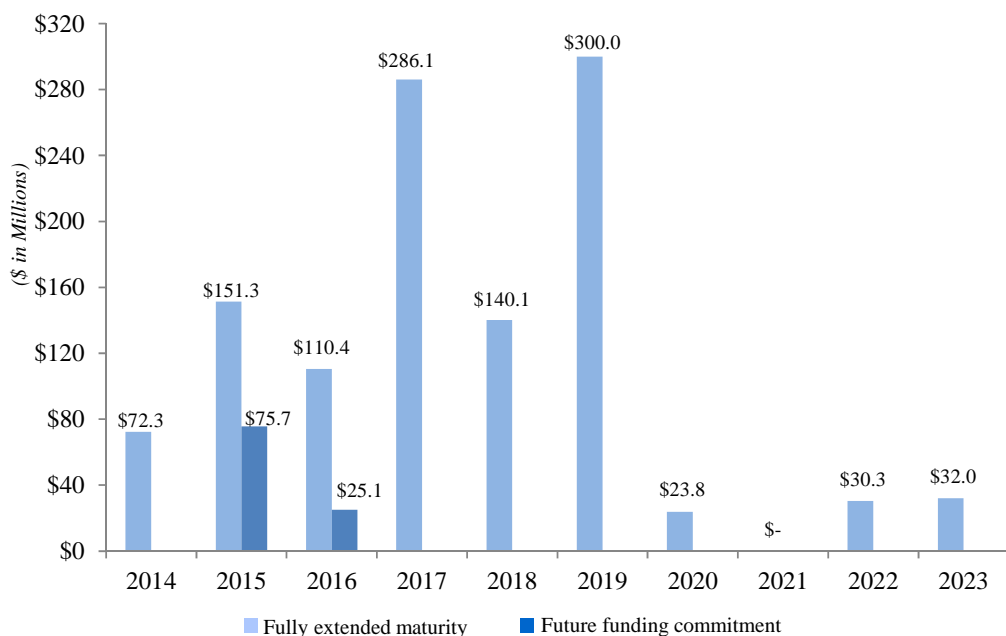
Geographic Diversification by Net Equity⁽¹⁾



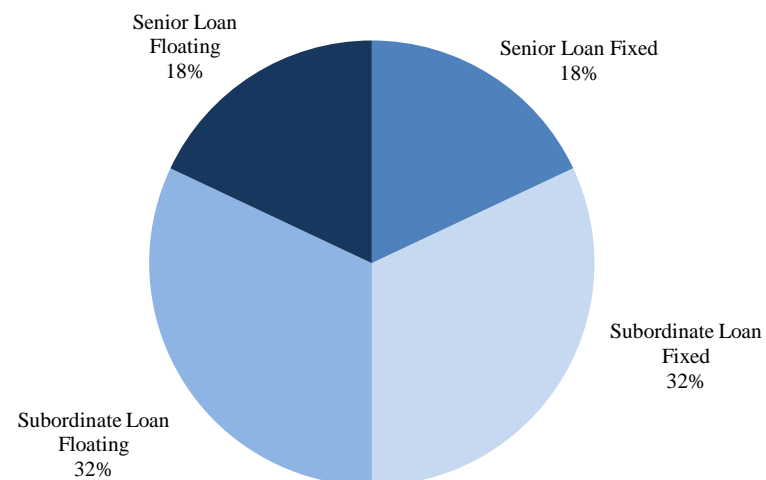
(1) CMBS, held-to-maturity, are not included in "Securities" for this calculation. CMBS, held-to-maturity are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At September 30, 2014, ARI had one such participation sold with a carrying amount of \$89,418.

ARI – Loan Portfolio - Maturity and Type

Fully Extended Loan Maturities and Future Fundings (1)(2)(3)(4)



Loan Position and Rate Type⁽¹⁾⁽³⁾



50% Floating Rate/50% Fixed Rate

% of Floating Rate Loans With LIBOR Floor – 31%

Weighted Average LIBOR Floor – 0.44%

(1) Based upon Face Amount of Loans; Does not include CMBS, but does include CMBS, held-to-maturity.

(2) Maturities reflect the fully funded amounts of the loans.

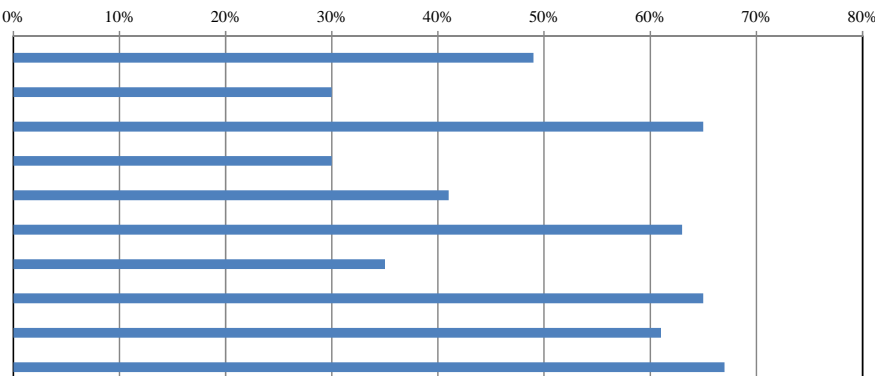
(3) CMBS, held-to-maturity are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At September 30, 2014, ARI had one such participation sold with a carrying amount of \$89,418.

(4) Future funding dates are based upon the Manager's projections and are subject to change.

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

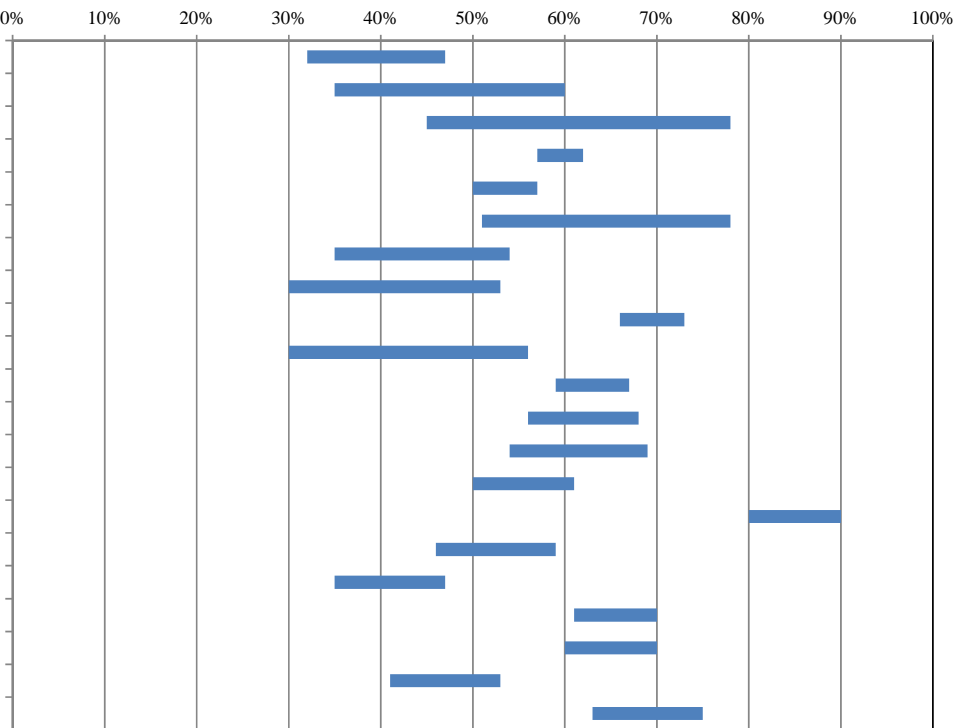
First Mortgage Loans

Description (\$ in thousands)	Location	Balance at		Ending LTV
		9/30/2014	Starting LTV	
First Mortgage - Destination Homes	Various	\$ 101,000	-	49%
First Mortgage - Condo Conversion ⁽¹⁾	New York	\$ 45,496	-	30%
First Mortgage - Hotel	Pennsylvania	\$ 34,000	-	65%
First Mortgage - Condo Conversion ⁽²⁾	New York	\$ 33,675	-	30%
First Mortgage - Hotel	New York	\$ 31,115	-	41%
First Mortgage - Multifamily	New York	\$ 30,000	-	63%
First Mortgage - Office	New York	\$ 26,968	-	35%
First Mortgage - Condo Development ⁽³⁾	Maryland	\$ 25,000	-	65%
First Mortgage - Hotel	Maryland	\$ 24,684	-	61%
First Mortgage - Condo Development	Maryland	\$ 20,000	-	67%
Total/Weighted Average		\$ 371,938		49%



Subordinate Financings

Description (\$ in thousands)	Location	Balance at		Ending LTV
		9/30/2014	Starting LTV	
Subordinate - Condo Development	New York	\$ 73,844	32%	47%
Subordinate - Resort Hotel ⁽⁴⁾	Aruba	\$ 65,000	35%	60%
Subordinate - Condo Development ⁽⁵⁾	London	\$ 52,034	45%	78%
Subordinate - Healthcare Portfolio	Various	\$ 50,000	57%	62%
Subordinate - Hotel Portfolio	Various	\$ 47,172	50%	57%
Subordinate - Multifamily Conversion	New York	\$ 44,000	51%	78%
Subordinate - Ski Resort	California	\$ 40,000	35%	54%
Subordinate - Condo Conversion ⁽¹⁾	New York	\$ 35,545	30%	53%
Subordinate - Industrial Portfolio	Various	\$ 32,000	66%	73%
Subordinate - Condo Conversion ⁽²⁾	New York	\$ 29,601	30%	56%
Subordinate - Hotel	New York	\$ 28,250	59%	67%
Subordinate - Hotel Portfolio	Minnesota	\$ 24,560	56%	68%
Subordinate - Mixed Use	Pennsylvania	\$ 22,500	54%	69%
Subordinate - Hotel	New York	\$ 20,000	50%	61%
Subordinate - Multifamily/Condo/Hotel ⁽⁶⁾	Various	\$ 18,791	80%	90%
Subordinate - Ski Resort	Montana	\$ 15,000	46%	56%
Subordinate - Multifamily	New York	\$ 14,608	35%	47%
Subordinate - Office	New York	\$ 14,000	61%	70%
Subordinate - Office	Missouri	\$ 9,747	60%	70%
Subordinate - Office	Michigan	\$ 8,828	41%	53%
Subordinate - Mixed Use	North Carolina	\$ 6,525	63%	75%
Total/Weighted Average		\$ 652,005		63%



(1) Both loans are for the same property.

(2) Both loans are for the same property.

(3) LTV is based upon the committed amount of \$80 million.

(4) This is CMBS, held-to-maturity and is net of a participation sold. 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, this participation sold had a carrying amount of \$89,418.

(5) Based upon £32.1 face amount converted to USD based upon the conversion rate on 9/30/2014.

(6) Ending LTV is based upon the committed amount of \$19.5 million.

ARI – CMBS Portfolio⁽¹⁾

CMBS	
CUSIP	Description
07388YAB8	BSCMS 07-PW16 A2
61754KAC9	MSC 07-IQ14 A2
92978YAB6	WBCMT 07-C32 A2
61751NAD4	MSC 2007-HQ11 A31
92978TAB7	WBCMT 2007-C31 A2
92978PAJ8	WBCMT 2006-C29 AJ
07388QAH2	BSCMS 2007-PW17 AJ
07401DAH4	BSCMS 2007PW18 AJ
46625YVZ3	JPMCC 2005-CB13 AJ
50180CAG5	LBUBS 2006-C7 AJ
60688CAJ5	MLCFC 2007-9 AJ
05947US25	BACM 2005-3 AJ

CMBS	
CUSIP	Description
59025KAG7	MLMT 2007-C1 AM
22546BAH3	CSMC 2007-C5 AM
36159XAH3	GECCM 2007-C1 AM
46627QBC1	JMPCC 2006-CB15 AM
46631BAJ4	JPMCC 2007-LD11 AM
14986DAJ9	CD 2006-CD3 AJ
17311QBN9	CGCMT 2007-C6 AJ
17313KAK7	CGCMT 2008-C7 AJ
20047QAH8	COMM 2006-C7 AJ
61755YAK0	MSC 2007-IQ15 AJ
46629YAH2	JPMCC 2007-CB18AJ
173311QAE0	CGCMT 2007-C6 AJFX

	Face	Amortized Cost	Remaining Weighted Average Life with Extensions (years)	Estimated Fair Value	Debt	Net Equity at Cost ⁽²⁾
CMBS – Total	\$ 521,545	\$ 511,445	2.5 Years	\$ 517,620	\$ 415,044	\$ 99,988

(1) Does not include CMBS, held-to-maturity.

(2) Includes \$30.1 million of restricted cash related to the UBS Facility and \$26.5 million related to investments purchased not yet settled.

Portfolio Metrics – Quarterly Migration Summary

Portfolio Metrics (\$ in thousands)					
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
(Investment balances represent amortized cost)					
First Mortgage Loans	\$ 369,924	\$ 343,810	\$ 185,516	\$ 161,099	\$ 160,893
Subordinate Loans	585,504	659,045	484,979	497,484	394,554
CMBS	511,445	339,724	173,174	190,178	218,019
CMBS - Held-to-Maturity ⁽¹⁾	64,580	-	-	-	-
CMBS - Hilton	-	-	-	-	69,587
Total Investments	\$ 1,531,453	\$ 1,342,579	\$ 843,669	\$ 848,761	\$ 843,053
(Investment balances represent net equity, at cost)					
First Mortgage Loans	\$ 247,202	\$ 197,112	\$ 185,513	\$ 140,716	\$ 160,890
Subordinate Loans	585,504	659,045	484,979	497,484	394,554
CMBS	99,988 ⁽⁴⁾	70,325 ⁽⁵⁾	36,310 ⁽⁵⁾	38,655 ⁽⁵⁾	36,760 ⁽⁶⁾
CMBS - Held-to-Maturity ⁽¹⁾	64,580	-	-	-	-
CMBS - Hilton	-	-	-	-	23,049
Net Equity in Investments at Cost	\$ 997,274	\$ 926,482	\$ 706,802	\$ 676,855	\$ 615,253
Levered Weighted Average Underwritten IRR ⁽²⁾	13.7% ⁽⁷⁾	13.9% ⁽⁷⁾	14.1% ⁽⁷⁾	14.1% ⁽⁷⁾	13.9% ⁽⁷⁾
Weighted Average Duration	3.0 Years	3.2 Years	3.2 Years	3.3 Years	3.0 Years
Loan Portfolio Weighted Average Ending LTV ⁽³⁾	58.0%	58.0%	58.0%	58.0%	55.0%
Borrowings Under Repurchase Agreements	\$ 537,766	\$ 446,224	\$ 166,994	\$ 202,033	\$ 227,167
Convertible Senior Notes	\$ 246,054	\$ 139,362	\$ 139,163	\$ -	\$ -
Debt-to-Common Equity	1.2x	0.9x	0.5x	0.4x	0.5x

(1) 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.

(2) The underwritten IRR for the investments shown in this presentation 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 1A—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.

(3) Does not include CMBS.

(4) Includes \$30.1 million of restricted cash related to the UBS Facility and \$26.5 million related to investments purchased not yet settled.

(5) Includes \$30.1 million of restricted cash related to the UBS Facility.

(6) Includes \$15.8 million of restricted cash related to the UBS Facility and \$16.4 million of future borrowings related to unsettled trades.

(7) 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 \$52,278 under the JPMorgan Facility or any replacement facility with similar terms with regard to its portfolio of first mortgage loans. Without such re-borrowing, the levered weighted average underwritten IRR will be lower than the amount shown above, as indicated in the current weighted average underwritten IRR column on slide 8.

Financing Overview

- ARI had total borrowings outstanding of \$538 million at September 30, 2014:

Facility (\$000s)	Debt Balance	Weighted Average Remaining Maturity ⁽¹⁾	Cost of Funds
Wells Facility	\$ 20,990	0.4	1.0%
UBS Facility	133,899	4.0	2.8%
Deutsche Bank Facility	260,155	3.5	3.8%
JP Morgan Facility	122,722	0.3	2.7%
Total Borrowings at September 30, 2014	\$537,766	2.8 Years	3.2%

- ARI's borrowings had the following remaining maturities at September 30, 2014:

Facility (\$000s)	Less than 1 year	1 to 3 years	3 to 5 years	Total
Wells Facility	\$ 20,990	\$ -	\$ -	\$ 20,990
UBS Facility ⁽¹⁾	-	133,899	-	133,899
Deutsche Bank Facility	5,530	153,463	101,162	260,155
JP Morgan Facility	122,722	-	-	122,722
Total Borrowings at September 30, 2014	\$ 149,242	\$ 287,362	\$ 101,162	\$ 537,766

(1) Assumes extension options on the UBS Facility are exercised.

Financials

Consolidated Balance Sheets (Unaudited)

<i>(in thousands—except share and per share data)</i>	September 30, 2014	December 31, 2013
Assets:		
Cash	\$ 58,649	\$ 20,096
Restricted cash	30,127	30,127
Securities available-for-sale, at estimated fair value	17,919	33,362
Securities, at estimated fair value	499,701	158,086
Securities, held-to-maturity	153,998	-
Commercial mortgage loans, held for investment	369,924	161,099
Subordinate loans, held for investment	585,504	497,484
Investment in unconsolidated joint venture	38,719	-
Derivative instrument	1,933	-
Interest receivable	17,072	6,022
Deferred financing costs, net	8,124	628
Other assets	1,342	600
Total Assets	\$ 1,783,012	\$ 907,504
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements	\$ 537,766	\$ 202,033
Convertible senior notes, net	246,054	-
Participations sold	89,418	-
Investments purchased, not yet settled	26,540	-
Accounts payable and accrued expenses	3,602	2,660
Payable to related party	3,193	2,628
Dividends payable	20,753	17,227
Total Liabilities	927,326	224,548
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and 3,450,000 shares issued and outstanding in 2014 and 2013 (\$86,250 aggregate liquidation preference)	35	35
Common stock, \$0.01 par value, 450,000,000 shares authorized 46,848,675 and 36,888,467 shares issued and outstanding in 2014 and 2013, respectively	468	369
Additional paid-in-capital	867,598	697,610
Retained earnings (accumulated deficit)	(11,661)	(14,188)
Accumulated other comprehensive loss	(754)	(870)
Total Stockholders' Equity	855,686	682,956
Total Liabilities and Stockholders' Equity	\$ 1,783,012	\$ 907,504

Consolidated Statement of Operations (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net interest income:				
Interest income from securities	\$ 6,129	\$ 2,533	\$ 12,914	\$ 8,634
Interest income from securities, held to maturity	2,219	-	2,219	-
Interest income from commercial mortgage loans	8,025	4,954	18,475	12,222
Interest income from subordinate loans	18,983	12,184	51,951	35,137
Interest income from repurchase agreements	-	-	-	2
Interest expense	(8,786)	(885)	(15,802)	(2,909)
Net interest income	26,570	18,786	69,757	53,086
Operating expenses:				
General and administrative expenses (includes \$308 and \$1,096 of equity-based compensation in 2014 and \$784 and \$2,095 in 2013, respectively)	(1,434)	(1,793)	(4,355)	(5,126)
Management fees to related party	(3,193)	(2,625)	(8,725)	(7,384)
Total operating expenses	(4,627)	(4,418)	(13,080)	(12,510)
Income from equity investment	(88)	-	(88)	-
Interest income from cash balances	21	3	26	19
Unrealized gain/(loss) on securities	(2,147)	(1,472)	4,787	(3,973)
Foreign currency gain/(loss)	(3,596)	-	(2,637)	-
Gain/(loss) on derivative instruments (includes \$3,026 and \$1,933 of unrealized gains in 2014 and \$25 and \$155 of unrealized gains in 2013, respectively)	3,026	1	1,933	(1)
Net income	\$ 19,159	\$ 12,900	\$ 60,698	\$ 36,621
Preferred dividends	(1,860)	(1,859)	(5,580)	(5,580)
Net income available to common stockholders	\$ 17,299	\$ 11,041	\$ 55,118	\$ 31,041
Basic and diluted net income per share of common stock	\$ 0.37	\$ 0.29	\$ 1.30	\$ 0.88
Basic weighted average shares of common stock outstanding	46,848,675	36,883,002	42,332,380	34,647,941
Diluted weighted average shares of common stock outstanding	47,068,929	37,379,469	42,538,744	35,103,285
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, 2014	Earnings Per Share (Diluted)	September 30, 2013	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	\$ 17,299	\$ 0.37	\$ 11,041	\$ 0.29
Adjustments:				
Unrealized (gain)/loss on securities	2,147	0.04	1,472	0.04
Unrealized (gain)/loss on derivative instruments	(3,026)	(0.07)	(25)	-
Foreign currency loss	3,596	0.08	-	-
Equity-based compensation expense	308	0.01	784	0.02
Income from equity investment	88	-	-	-
Amortization of convertible notes related to equity reclassification	356	0.01	-	-
Total adjustments:	3,469	0.07	2,231	0.06
Operating Earnings	\$ 20,768	\$ 0.44	\$ 13,272	\$ 0.35
Basic weighted average shares of common stock outstanding		46,848,675		36,883,002
Diluted weighted average shares of common stock outstanding		47,068,929		37,379,469

	Nine Months Ended			
	September 30, 2014	Earnings Per Share (Diluted)	September 30, 2013	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	\$ 55,118	\$ 1.30	\$ 31,041	\$ 0.88
Adjustments:				
Unrealized (gain)/loss on securities	(4,787)	(0.11)	3,973	0.11
Unrealized (gain)/loss on derivative instruments	(1,933)	(0.05)	(155)	-
Foreign currency loss	2,637	0.06	-	-
Equity-based compensation expense	1,096	0.03	2,095	0.06
Income from equity investments	88	-	-	-
Amortization of convertible notes related to equity reclassification	586	0.01	-	-
Total adjustments:	(2,313)	(0.06)	5,913	0.17
Operating Earnings	\$ 52,805	\$ 1.24	\$ 36,954	\$ 1.05
Basic weighted average shares of common stock outstanding		42,322,380		34,647,941
Diluted weighted average shares of common stock outstanding		42,538,744		35,103,285

Financial Metrics – Quarterly Migration Summary

Financial Metrics					
(\$ in thousands, except per share data)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net Interest Income	\$ 26,570	\$ 23,784	\$ 19,403	\$ 20,021	\$ 18,786
Management Fee	3,193	2,966	2,565	2,627	2,625
General and Administrative Costs	1,126	1,117	1,016	1,046	1,009
Non-Cash Stock Based Compensation	308	362	426	1,392	784
Net Income Available to Common Stockholders	\$ 17,299	\$ 22,098	\$ 15,720	\$ 14,004	\$ 11,041
GAAP Diluted EPS	\$ 0.37	\$ 0.51	\$ 0.42	\$ 0.37	\$ 0.29
Operating Earnings ⁽¹⁾	\$ 20,768	\$ 18,045	\$ 13,991	\$ 14,488	\$ 13,272
Operating EPS ⁽¹⁾	\$ 0.44	\$ 0.42	\$ 0.37	\$ 0.39	\$ 0.35
Distributions Declared to Common Stockholders	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
GAAP Book Value per Share of Common Stock	\$ 16.42	\$ 16.30	\$ 16.21	\$ 16.18	\$ 16.18
Total Stockholders' Equity	\$ 855,686	\$ 849,998	\$ 687,912	\$ 682,956	\$ 682,887
Diluted weighted average shares of common stock outstanding	47,068,929	43,099,354	37,341,050	37,390,369	37,379,469
Return on Common Equity Based on Operating Earnings ⁽²⁾	10.8%	10.6%	9.4%	9.7%	8.9%

(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 slide 19 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.