



**Supplemental Financial Information Presentation**

**Q1 2015**

*April 29, 2015*

*Information is as of March 31, 2015 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 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 17.*

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*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.*

2015 First Quarter Earnings Call

**April 29, 2015**

**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

<i>(\$ amounts in thousands, except per share data)</i>			
<b>Income Statement</b>	<b>Three Months Ended</b>		
	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>% Change</b>
Interest income	\$ 40,036	\$ 21,160	89.2%
Interest expense	\$ (11,482)	\$ (1,757)	553.5%
Net interest income	\$ 28,554	\$ 19,403	47.2%
Operating earnings <sup>(1)</sup>	\$ 22,222	\$ 13,991	58.8%
Operating earnings per share <sup>(1)</sup>	\$ 0.44	\$ 0.37	18.9%
Diluted weighted average shares of common stock outstanding	50,171,687	37,341,050	34.4%
<b>Balance sheet</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>	<b>% Change</b>
Investments at amortized cost <sup>(2)</sup>	\$ 1,810,968	\$ 1,618,623	11.9%
Net equity in investments at cost	\$ 1,236,026	\$ 1,026,556	20.4%
Common stockholders' equity	\$ 960,232	\$ 768,819	24.9%
Preferred stockholders' equity	\$ 86,250	\$ 86,250	-
Outstanding repurchase agreement borrowings	\$ 575,433	\$ 622,194	-7.5%
Convertible senior notes	\$ 246,881	\$ 246,464	0.2%
Debt to common equity <sup>(3)</sup>	0.9x	1.2x	
Fixed charge coverage <sup>(4)</sup>	2.7x	2.8x	

(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 unconsolidated joint venture; (iv) foreign currency gains/losses (v) 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 17 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP Net Income and GAAP Net Income per share.

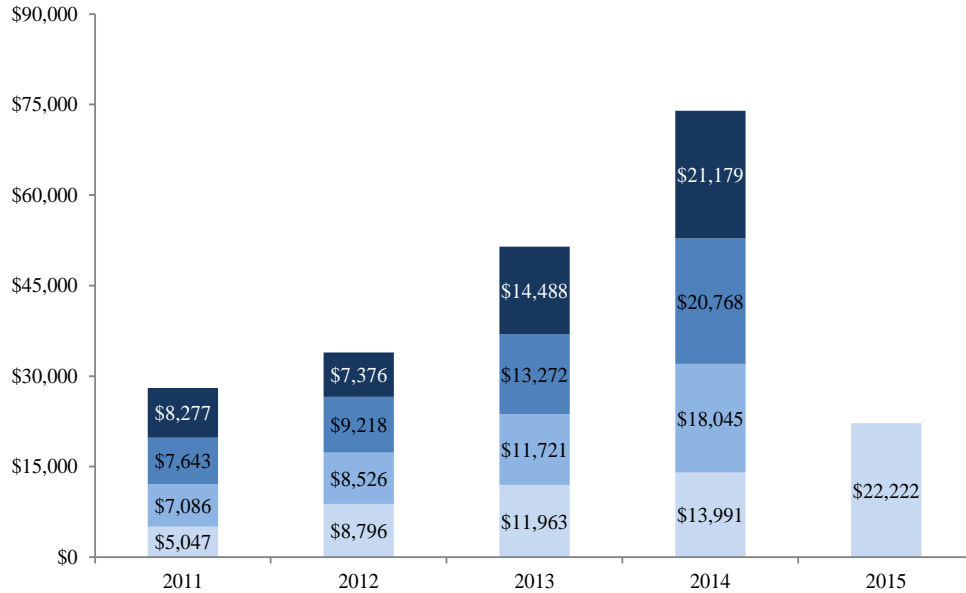
(2) Includes Commercial Mortgage-Backed Securities, ("CMBS") held-to-maturity, which are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At March 31, 2015, ARI had one such participation sold with a carrying amount of \$89,678. Subordinate loans also are net of a participation sold in February 2015. At March 31, 2015, this participation sold had a face amount of £20,000 and a carrying amount of \$29,636.

(3) Debt to common equity is net of participations sold.

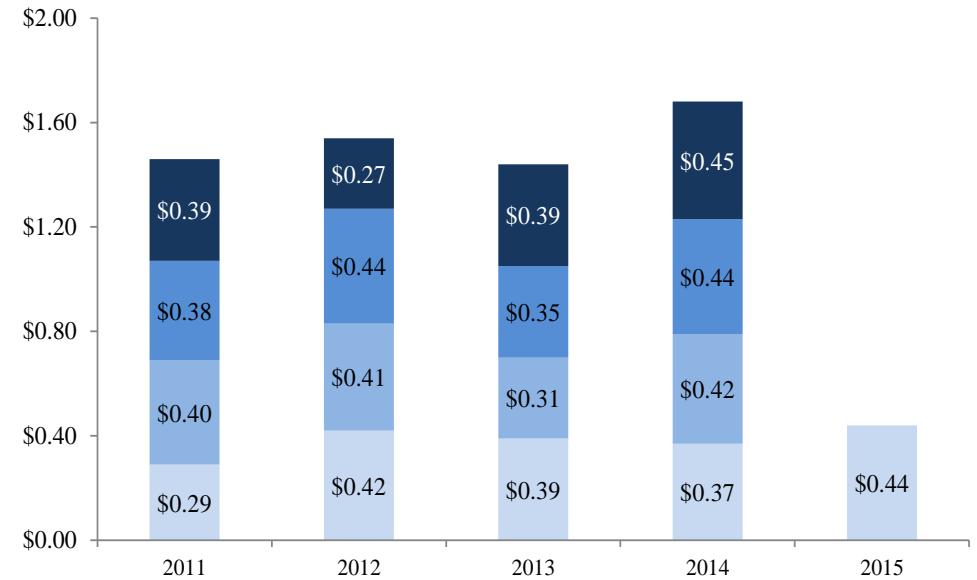
(4) Fixed charge coverage is EBITDA divided by interest expense plus the preferred stock dividends.

# ARI – Historical Financial Overview

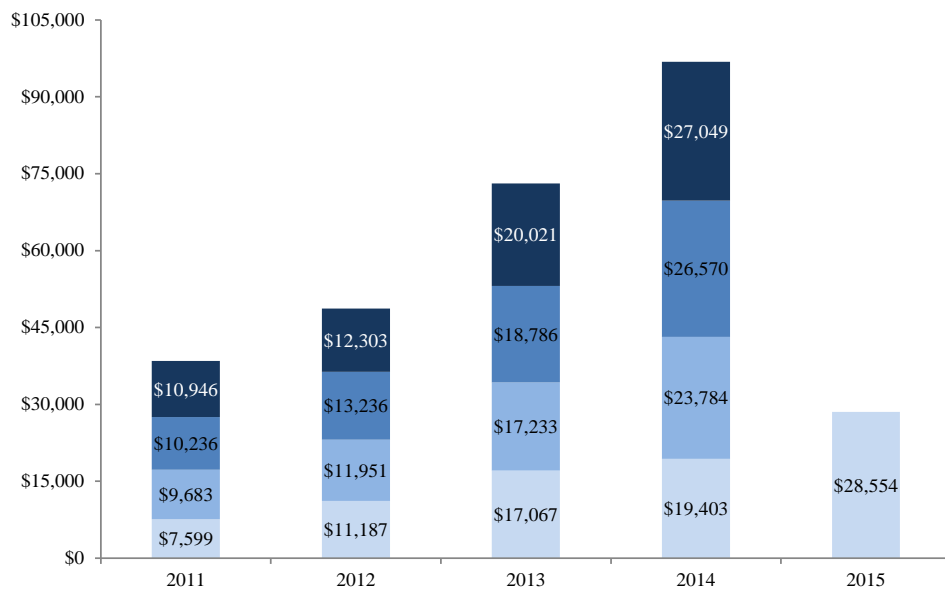
### Operating Earnings (\$000s) <sup>(1)</sup>



### Operating Earnings per Share of Common Stock<sup>(1)</sup>



### Net Interest Income (\$000s)



### Dividends per Share of Common Stock



(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 unconsolidated joint venture; (iv) foreign currency gains/losses; and (v) 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 17 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP Net Income and GAAP Net Income per share.

## ARI – Q1 Financial Highlights

### Financial Results & Earnings Per Share

- Operating Earnings for the quarter ended March 31, 2015 of \$22.2 million, or \$0.44 per diluted share of common stock, an 18.9% per share increase as compared to Operating Earnings of \$14.0 million, or \$0.37 per diluted share of common stock for the quarter ended March 31, 2014<sup>(1)</sup>
  - Net interest income of \$28.6 million
  - Total expenses of \$5.7 million, comprised of management fees of \$3.3 million, G&A of \$1.3 million and equity-based compensation of \$1.1 million
  - Net income available to common stockholders for the quarter ended March 31, 2015 of \$23.7 million, or \$0.47 per diluted share of common stock

### Dividends

- Declared a dividend of \$0.44 per share of common stock for the quarter ending March 31, 2015, a **10%** increase from the prior quarter
- Declared a dividend of \$0.44 per share of common stock for the quarter ending June 30, 2015
  - 10.2% annualized dividend yield based on \$17.23 closing price on April 27, 2015
- 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 March 31, 2015

### Book Value

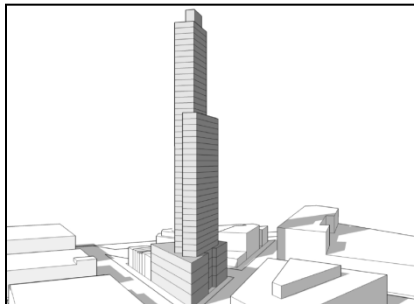
- GAAP book value of \$16.44 per share as of March 31, 2015

(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 unconsolidated joint venture; (iv) foreign currency gains/(losses); and (v) 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 17 for a reconciliation of Operating Earnings and Operating Earnings per Share to GAAP Net Income and GAAP Net Income per share.

# ARI – Q1 New Investments and Fundings

## Summary of New Investments

	Quarter Ended 3/31/2015
Number of Loans Closed	3
Capital Committed to New Loans (\$ in thousands)	\$195 million
Capital Deployed in New Loans (\$ in thousands)	\$175 million
Fixed Rate %/Floating Rate % <sup>(1)</sup>	10%/90%
First Mortgage %/Subordinate Loan % <sup>(1)</sup>	47%/53%
Weighted Average Loan-to-Value	64.0%
Weighted Average Levered IRR <sup>(2)</sup>	15.0%
Funding of Previously Closed Loans	\$40 million



(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, 2014 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 – Commercial Real Estate Debt Portfolio Overview

Asset Type (\$000s)	Amortized Cost	Borrowings	Equity at Cost <sup>(1)</sup>	Remaining Weighted Average Life (years) <sup>(2)</sup>	Current Weighted Average Underwritten IRR <sup>(3)</sup>	Levered Weighted Average Underwritten IRR <sup>(3)(4)</sup>
First Mortgage Loans	\$ 563,390	\$ 141,528	\$ 421,862	3.2	11.0%	16.4%
Subordinate Loans <sup>(5)(6)</sup>	736,838	1	707,201	3.5	13.0	13.1
CMBS	510,740	433,904	106,963	2.1	16.2	16.2
<b>Investments at March 31, 2015</b>	<b>\$ 1,810,968</b>	<b>\$ 575,433</b>	<b>\$ 1,236,026</b>	<b>3.0 Years</b>	<b>12.6%</b>	<b>14.2%</b>

(1) CMBS includes \$30.1 million of restricted cash related to the Company's master repurchase agreement with UBS AG (the "UBS Facility").

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

(3) 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, 2014 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) 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 \$184,261 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.

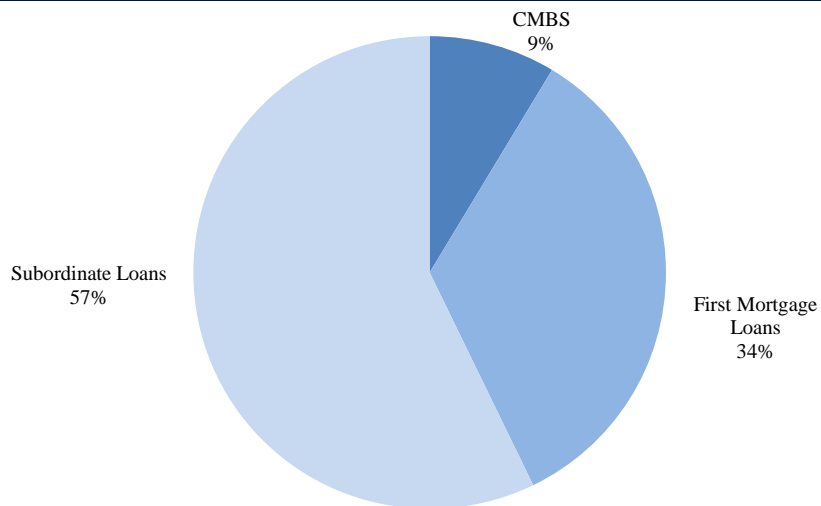
(5) Subordinate loans include CMBS, held-to-maturity, which represents a loan the Company closed during May 2014 that was subsequently contributed to a securitization during August 2014. During May 2014, the Company closed a \$155,000 floating-rate whole loan secured by the first mortgage and equity 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. 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 March 31, 2015, ARI had one such participation sold with a carrying amount of \$89,678.

(6) Subordinate loans also are net of a participation sold during February 2015. The Company presents the participations sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At March 31, 2015, the Company had one such participation sold with a face amount of £20,000 and a carrying amount of \$29,636.

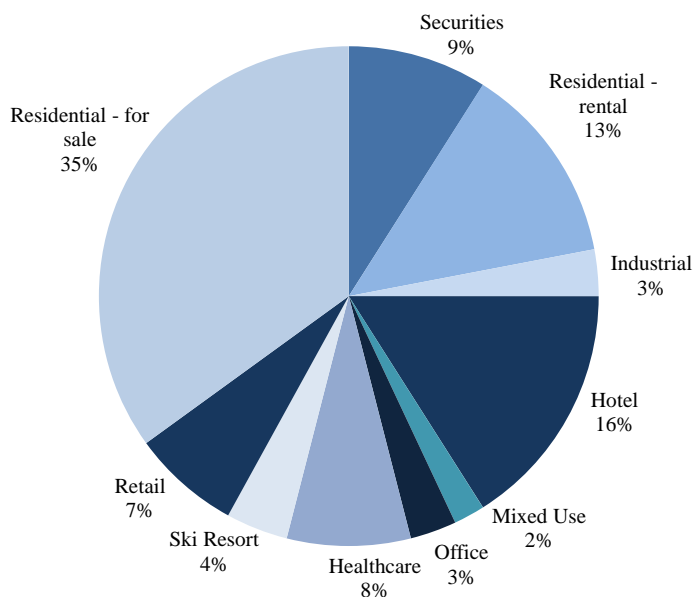


# ARI – Commercial Real Estate Debt Portfolio Overview

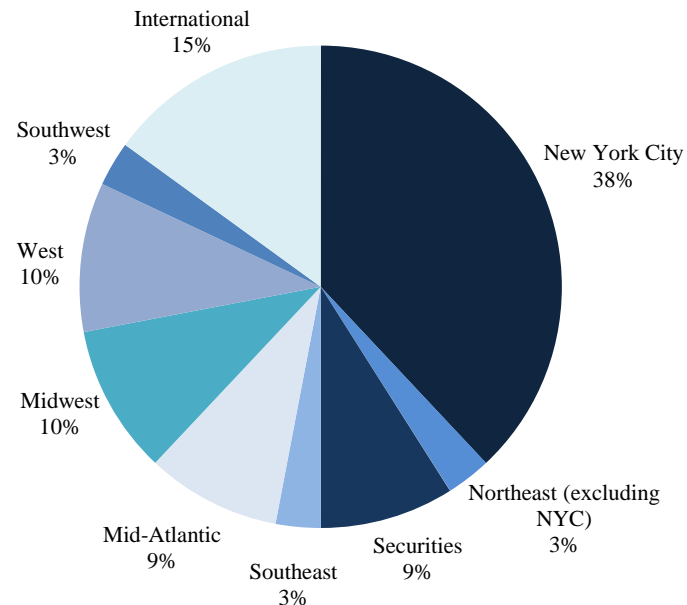
## Net Invested Equity at Amortized Cost Basis<sup>(1)</sup>



## Property Type by Net Equity<sup>(1)</sup>



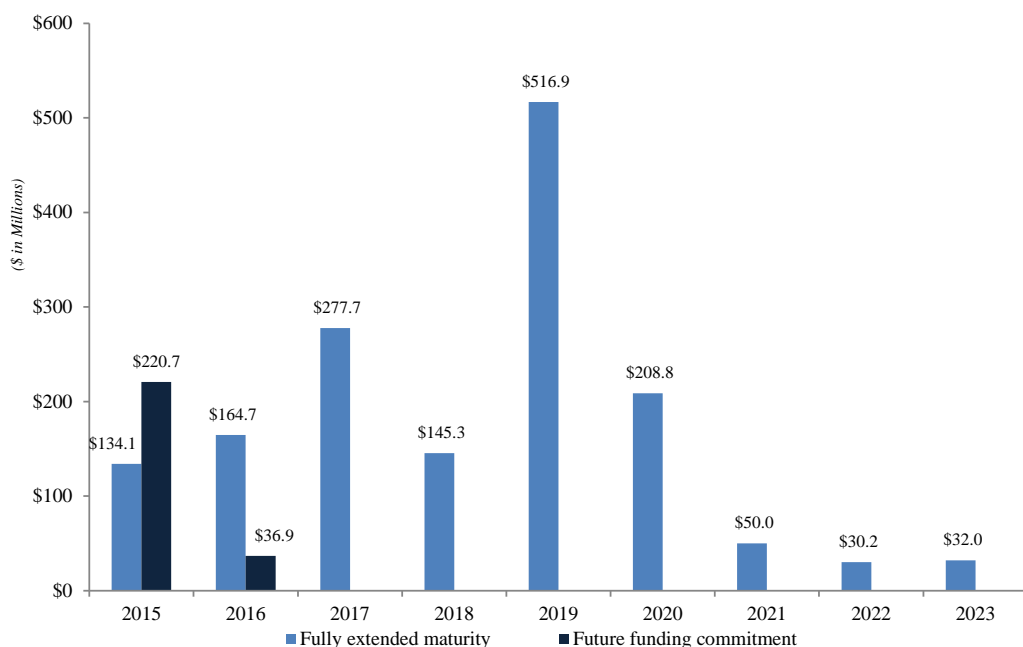
## Geographic Diversification by Net Equity<sup>(1)</sup>



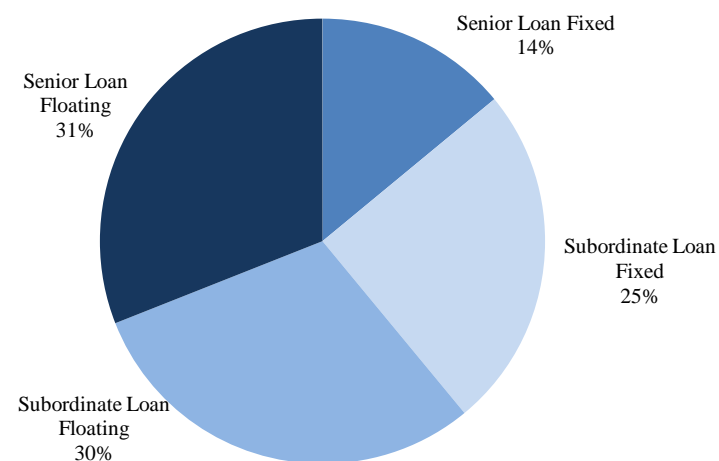
<sup>(1)</sup> Subordinate loans include CMBS, held-to-maturity which are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At March 31, 2015, ARI had one such participation sold with a carrying amount of \$89,678. Subordinate loans also are net of a participation sold in February 2015. At March 31, 2015, this participation sold had a face amount of £20,000 and a carrying amount of \$29,636.

# ARI – Loan Portfolio - Maturity and Type

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



## Loan Position and Rate Type<sup>(1)(3)</sup>



**61% Floating Rate/39% Fixed Rate**

(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.

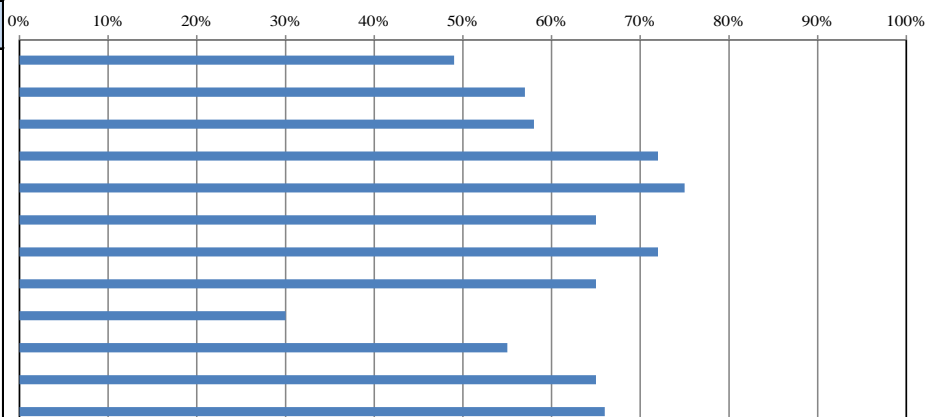
(3) Subordinate loans include CMBS, held-to-maturity which are net of a participation sold during June 2014. ARI presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At March 31, 2015, ARI had one such participation sold with a carrying amount of \$89,678. Subordinate loans also are net of a participation sold in February 2015. At March 31, 2015, this participation sold had a face amount of £20,000 and a carrying amount of \$29,636.

(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)

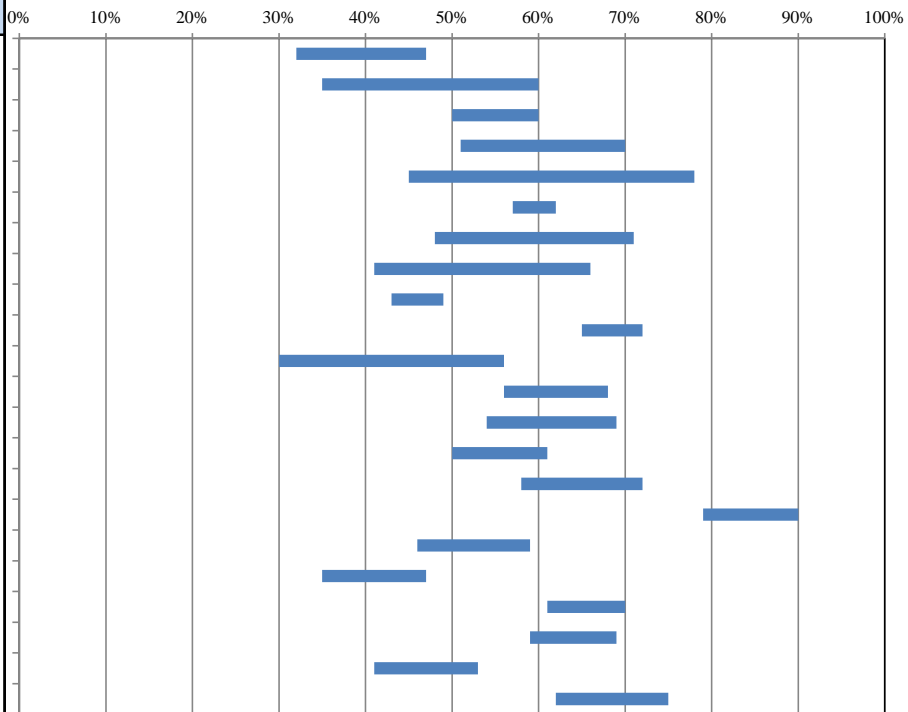
## First Mortgage Loans

Description (\$ in thousands)	Location	Balance at 3/31/2015	LTV	
			Starting LTV	Ending LTV
First Mortgage - Destination homes	Various	\$ 100,046	0%	49%
First Mortgage - Retail	New York	\$ 72,550	0%	57%
First Mortgage - Pre-development loan	New York	\$ 67,300	0%	58%
First Mortgage - Multifamily	North Dakota	\$ 57,167	0%	72%
First Mortgage - Destination homes	New York/Hawaii	\$ 50,000	0%	75%
First Mortgage - Condo development	Maryland	\$ 50,000	0%	65%
First Mortgage - Multifamily	New York	\$ 34,500	0%	72%
First Mortgage - Hotel	Pennsylvania	\$ 34,000	0%	65%
First Mortgage - Condo conversion <sup>(1)</sup>	New York	\$ 34,015	0%	30%
First Mortgage - Retail	Ohio	\$ 25,000	0%	55%
First Mortgage - Hotel	Maryland	\$ 24,489	0%	65%
First Mortgage - Condo development	Maryland	\$ 21,000	0%	66%
<b>Total/Weighted Average</b>		<b>\$ 570,067</b>		<b>60%</b>



## Subordinate Financings

Description (\$ in thousands)	Location	Balance at 3/31/2015	LTV	
			Starting LTV	Ending LTV
Subordinate - Condo development <sup>(2)</sup>	New York	\$ 78,900	32%	47%
Subordinate - Resort hotel <sup>(3)</sup>	Aruba	\$ 65,000	35%	60%
Subordinate - Condo construction	New York	\$ 59,027	50%	60%
Subordinate - Healthcare portfolio	UK	\$ 51,150	51%	70%
Subordinate - Pre-development loan <sup>(4)</sup>	London	\$ 50,958	45%	78%
Subordinate - Healthcare portfolio	Various	\$ 50,000	57%	62%
Subordinate - Pre-development loan	New York	\$ 44,000	48%	71%
Subordinate - Ski resort	California	\$ 40,000	41%	66%
Subordinate - Hotel portfolio	Various	\$ 33,511	43%	49%
Subordinate - Industrial portfolio	Various	\$ 32,000	65%	72%
Subordinate - Condo conversion <sup>(1)</sup>	New York	\$ 29,900	30%	56%
Subordinate - Hotel portfolio	Minnesota	\$ 24,407	56%	68%
Subordinate - Mixed-use	Pennsylvania	\$ 22,500	54%	69%
Subordinate - Hotel	New York	\$ 20,000	50%	61%
Subordinate - Hotel	California	\$ 20,000	58%	74%
Subordinate - Multifamily/Condo/Hotel <sup>(5)</sup>	Various	\$ 19,500	79%	90%
Subordinate - Ski resort	Montana	\$ 15,000	46%	59%
Subordinate - Multifamily	New York	\$ 14,608	35%	47%
Subordinate - Office	New York	\$ 14,000	61%	70%
Subordinate - Office	Missouri	\$ 9,674	59%	69%
Subordinate - Office	Michigan	\$ 8,795	41%	53%
Subordinate - Mixed-use	North Carolina	\$ 6,525	62%	75%
<b>Total/Weighted Average</b>		<b>\$ 709,455</b>		<b>64%</b>



(1) Both loans are for the same property; Mezzanine loan ending LTV includes committed amount plus PIK.

(2) LTV is based upon the committed amount plus PIK.

(3) 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 March 31, 2015, this participation sold had a carrying amount of \$89,678.

(4) Based upon £32.1 face amount plus PIK converted to USD based upon the conversion rate on March 31, 2015.

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

# ARI – CMBS Portfolio<sup>(1)</sup>

CUSIP	Description
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
61756UAJ0	MSC 2007-1Q16 AJ
46629YAH2	JPMCC 2007-CB18AJ
173311QAE0	CGCMT 2007-C6 AJFX

CUSIP	Description
59025KAG7	MLMT 2007-C1 AM
22546BAH3	CSMC 2007-C5 AM
36159XAH3	GECMC 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

	Face	Amortized Cost	Remaining Weighted Average Life with Extensions (years)	Estimated Fair Value	Debt	Net Equity at Cost <sup>(2)</sup>
<b>CMBS – Total</b>	<b>\$ 520,883</b>	<b>\$ 510,740</b>	<b>2.1 Years</b>	<b>\$ 520,449</b>	<b>\$ 433,904</b>	<b>\$ 106,963</b>

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

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

# Portfolio Metrics – Quarterly Migration Summary

Portfolio Metrics (\$ in thousands)					
	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>(Investment balances represent amortized cost)</b>					
First Mortgage Loans	\$ 563,390	\$ 458,520	\$ 369,924	\$ 343,810	\$ 185,516
Subordinate Loans <sup>(1)</sup>	736,838	625,881	650,084	659,045	484,979
CMBS	510,740	534,222	511,445	339,724	173,174
<i>Total Investments</i>	\$ 1,810,968	\$ 1,618,623	\$ 1,531,453	\$ 1,342,579	\$ 843,669
<b>(Investment balances represent net equity, at cost)</b>					
First Mortgage Loans	\$ 421,862	\$ 290,396	\$ 247,202	\$ 197,112	\$ 185,513
Subordinate Loans <sup>(1)</sup>	707,201	625,881	650,084	659,045	484,979
CMBS	106,963 <sup>(4)</sup>	110,279 <sup>(4)</sup>	99,988 <sup>(5)</sup>	70,325 <sup>(4)</sup>	36,310 <sup>(4)</sup>
<i>Net Equity in Investments at Cost</i>	\$ 1,236,026	\$ 1,026,556	\$ 997,274	\$ 926,482	\$ 706,802
Levered Weighted Average Underwritten IRR <sup>(2)</sup>	14.2% <sup>(6)</sup>	13.4% <sup>(6)</sup>	13.7% <sup>(6)</sup>	13.9% <sup>(6)</sup>	14.1% <sup>(6)</sup>
Weighted Average Duration	3.0 Years	3.2 Years	3.0 Years	3.2 Years	3.2 Years
Loan Portfolio Weighted Average Ending LTV <sup>(3)</sup>	62.0%	62.0%	58.0%	58.0%	58.0%
Borrowings Under Repurchase Agreements	\$ 575,433	\$ 622,194	\$ 537,766	\$ 446,224	\$ 166,994
Convertible Senior Notes	\$ 246,881	\$ 246,464	\$ 246,054	\$ 139,362	\$ 139,163
Debt-to-Common Equity	0.9x <sup>(7)</sup>	1.2x <sup>(7)</sup>	1.1x <sup>(7)</sup>	0.8x <sup>(7)</sup>	0.5x

(1) Subordinate loans include CMBS, held-to-maturity which 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 March 31, 2015, ARI had one such participation sold with a carrying amount of \$89,678. Subordinate loans also are net of a participation sold in February 2015. At March 31, 2015, this participation sold had a face amount of £20,000 and a carrying amount of \$29,636.

(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, 2014 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.

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

(6) 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 \$184,261 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 7.

(7) Net of participations sold.

## Financing Overview

- ARI had total borrowings outstanding of \$575.4 million at March 31, 2015:

Facility (\$000s)	Debt Balance	Weighted Average Remaining Maturity <sup>(1)</sup>	Weighted Average Rate
UBS Facility	\$ 133,899	3.5 Years	2.7%
Deutsche Bank Facility	300,005	3.0 Years	3.7%
JPMorgan Facility	89,005	2.8 Years	2.4%
Goldman Sachs Loan	52,524	4.1 Years	3.7%
<b>Total Borrowings at March 31, 2015</b>	<b>\$575,433</b>	<b>3.0 Years</b>	<b>3.1%</b>

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

## Financials

# Consolidated Balance Sheets

<i>(in thousands—except share and per share data)</i>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
	(Unaudited)	
<b>Assets:</b>		
Cash	\$ 39,962	\$ 40,641
Restricted cash	30,127	30,127
Securities available-for-sale, at estimated fair value	-	17,105
Securities, at estimated fair value	520,449	522,730
Securities, held-to-maturity	154,446	154,283
Commercial mortgage loans, held for investment	563,390	458,520
Subordinate loans, held for investment	672,070	561,182
Investment in unconsolidated joint venture	18,901	37,016
Derivative instrument	1,026	4,070
Interest receivable	12,634	10,829
Deferred financing costs, net	9,090	7,444
Other assets	276	1,200
<b>Total Assets</b>	<b>\$ 2,022,371</b>	<b>\$ 1,845,147</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Borrowings under repurchase agreements	\$ 575,433	\$ 622,194
Convertible senior notes, net	246,881	246,464
Participations sold	119,314	89,584
Accounts payable and accrued expenses	3,319	7,578
Payable to related party	3,341	3,240
Dividends payable	27,601	21,018
<b>Total Liabilities</b>	<b>975,889</b>	<b>990,078</b>
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and 3,450,000 shares issued and outstanding in 2015 and 2014 (\$86,250 aggregate liquidation preference)	35	35
Common stock, \$0.01 par value, 450,000,000 shares authorized 58,413,205 and 46,900,442 shares issued and outstanding in 2015 and 2014, respectively	584	469
Additional paid-in-capital	1,062,064	868,035
Retained earnings (accumulated deficit)	(12,794)	(10,485)
Accumulated other comprehensive loss	(3,407)	(2,985)
<b>Total Stockholders' Equity</b>	<b>1,046,482</b>	<b>855,069</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,022,371</b>	<b>\$ 1,845,147</b>



# Consolidated Statement of Operations

	Three months ended	
	March 31, 2015	March 31, 2014
<b>Net interest income:</b>		
Interest income from securities	\$ 8,287	\$ 2,419
Interest income from securities, held to maturity	3,045	-
Interest income from commercial mortgage loans	10,094	4,011
Interest income from subordinate loans	18,610	14,730
Interest expense	(11,482)	(1,757)
<b>Net interest income</b>	<b>28,554</b>	<b>19,403</b>
<b>Operating expenses:</b>		
General and administrative expenses (includes \$1,117 and \$426 of equity-based compensation in 2015 and 2014, respectively)	(2,355)	(1,442)
Management fees to related party	(3,341)	(2,565)
<b>Total operating expenses</b>	<b>(5,696)</b>	<b>(4,007)</b>
Interest income from cash balances	11	-
Realized loss on sale of securities	(443)	-
Unrealized gain on securities	3,409	2,184
Foreign currency gain	2,722	-
Loss on derivative instruments	(3,044)	-
<b>Net income</b>	<b>\$ 25,513</b>	<b>\$ 17,580</b>
Preferred dividends	(1,860)	(1,860)
<b>Net income available to common stockholders</b>	<b>\$ 23,653</b>	<b>\$ 15,720</b>
Basic and diluted net income per share of common stock	\$ 0.47	\$ 0.42
Basic weighted average shares of common stock outstanding	49,563,822	37,122,842
Diluted weighted average shares of common stock outstanding	50,171,687	37,341,050
Dividend declared per share of common stock	\$ 0.44	\$ 0.40

## Reconciliation of Operating Earnings to Net Income

	Three Months Ended			
	March 31, 2015	Earnings Per Share (Diluted)	March 31, 2014	Earnings Per Share (Diluted)
<b>Operating Earnings:</b>				
<b>Net income available to common stockholders</b>	\$ 23,653	\$ 0.47	\$15,720	\$ 0.42
Adjustments:				
Unrealized gain on securities	(3,409)	(0.07)	(2,184)	(0.06)
Unrealized loss on derivative instruments	3,044	0.06	-	-
Equity-based compensation expense	1,117	0.02	426	0.01
Foreign currency gain	(2,722)	(0.05)	-	-
Amortization of convertible senior notes related to equity reclassification	539	0.01	29	-
Total adjustments:	(1,431)	(0.03)	(1,729)	(0.05)
<b>Operating Earnings</b>	<b>\$ 22,222</b>	<b>\$ 0.44</b>	<b>\$ 13,991</b>	<b>\$ 0.37</b>
Basic weighted average shares of common stock outstanding		49,563,822		37,122,842
Diluted weighted average shares of common stock outstanding		50,171,687		37,341,050

# Financial Metrics – Quarterly Migration Summary

<b>Financial Metrics</b>		Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
(\$ in thousands, except per share data)						
Net Interest Income	\$	28,554	\$ 27,049	\$ 26,570	\$ 23,784	\$ 19,403
Management Fee		3,341	3,236	3,193	2,966	2,565
General and Administrative Costs		1,238	1,315	1,126	1,117	1,016
Non-Cash Stock Based Compensation		1,117	481	308	362	426
Net Income Available to Common Stockholders	\$	23,653	\$ 20,182	\$ 17,299	\$ 22,098	\$ 15,720
GAAP Diluted EPS	\$	0.47	\$ 0.43	\$ 0.37	\$ 0.51	\$ 0.42
Operating Earnings <sup>(1)</sup>	\$	22,222	\$ 21,179	\$ 20,768	\$ 18,045	\$ 13,991
Operating EPS <sup>(1)</sup>	\$	0.44	\$ 0.45	\$ 0.44	\$ 0.42	\$ 0.37
Distributions Declared to Common Stockholders	\$	0.44	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
GAAP Book Value per Share of Common Stock	\$	16.44	\$ 16.39	\$ 16.42	\$ 16.30	\$ 16.21
Total Stockholders' Equity	\$	1,046,482	\$ 855,069	\$ 855,686	\$ 849,998	\$ 687,912
Diluted weighted average shares of common stock outstanding		50,171,687	47,085,617	47,068,929	43,099,354	37,341,050
Return on Common Equity Based on Operating Earnings <sup>(2)</sup>		10.9%	11.0%	10.8%	10.6%	9.4%

(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 unconsolidated joint venture; (iv) foreign currency gains or losses; and (v) 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 17 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.