

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <u>Apollo Residential Mortgage, Inc.</u>		2 Issuer's employer identification number (EIN) <u>45-0679215</u>	
3 Name of contact for additional information <u>Investor Relations</u>	4 Telephone No. of contact <u>212-822-0767</u>	5 Email address of contact <u>hmginsberg@apollo1p.com</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>9 West 57th Street, 43rd Floor</u>		7 City, town, or post office, state, and Zip code of contact <u>New York, NY 10019</u>	
8 Date of action <u>August 31, 2016</u>		9 Classification and description <u>Apollo Residential Mortgage, Inc. Common Stock</u>	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol <u>AMTG</u>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On August 31, 2016, Apollo Residential Mortgage, Inc. common stockholders exchanged 100% of each of their common shares for .417571 common shares of Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) and cash of \$6.86, per Apollo Residential Mortgage, Inc. share exchanged.

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15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Apollo Residential Mortgage, Inc. common stockholders recognized gain or loss equal to the difference between their adjusted tax basis in their shares immediately before the exchange and .417571 of the fair value of an Apollo Commercial Real Estate Finance, Inc. common share on August 31, 2016 plus \$6.86 in cash per Apollo Residential Mortgage, Inc. share exchanged. Apollo Residential Mortgage, Inc. stockholders basis in the Apollo Commercial Real Estate Finance, Inc. shares received in the exchange equals the fair value of the Apollo Commercial Real Estate Finance, Inc. common shares as of August 31, 2016.

Please see attachment.

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16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See 15 above for the determination of the new basis. Apollo Commercial Real Estate Finance, Inc. common shares as of August 31, 2016 had an opening market price of \$16.21 per share and \$16.30 per share at the market closing. The mean value per common share was \$16.21 on August 31, 2016. Apollo Residential Mortgage, Inc. stockholders also received \$6.86 per Apollo Residential Mortgage, Inc. common share in cash. A reasonable estimate of the fair value of one share of common stock of Apollo Commercial Real Estate Finance, Inc. would be the mean value. This is the average of the highest and lowest trading price of a share of Apollo Commercial Real Estate Finance, Inc. on August 31, 2016. Fair value is a facts and circumstances determination. Other reasonable methods may apply for determining fair value. Stockholders are advised to consult with their own tax advisor with respect to their calculation of gain or loss on the transaction.

For Paperwork Reduction Act Notice, see the separate instructions.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC § 1001

**18** Can any resulting loss be recognized? ▶ Apollo Residential Mortgage, Inc. stockholders will determine any gain or loss based on the difference between their adjusted tax basis in the Apollo Residential Mortgage, Inc. common shares immediately before the exchange and the fair value of the Apollo Commercial Real Estate Finance, Inc. common shares plus cash received in the exchange.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ This transaction took place on August 31, 2016.

Former Apollo Residential Mortgage, Inc. common stockholders are urged to consult their own tax advisors with respect to their respective tax consequences of the merger. The information contained in this document does not constitute tax advice.

The Issuer is providing this information for informational purposes only, notwithstanding that the merger may not constitute an "organizational action".

See the Proxy dated July 27, 2016, page 129, Material U.S. Federal Income Tax Considerations, for a complete discussion of the material tax consequences.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

Print your name ▶ \_\_\_\_\_ Title ▶ \_\_\_\_\_

**Paid Preparer Use Only**

Print/Type preparer's name JOHN NIEMIEC	Preparer's signature <i>John Niemiec</i>	Date 09/27/2016	Check <input type="checkbox"/> if self-employed	PTIN P01327821
Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
Firm's address ▶ 30 ROCKEFELLER PLAZA, NEW YORK, NY 10112-0015			Phone no. 212-492-4000	

**Attachment to Form 8937**

**Apollo Residential Mortgage, Inc.  
EIN: 45-0679215**

*Cash in Lieu of a Fractional Share*

A shareholder that received cash in lieu of a fractional share of Apollo Commercial Real Estate Finance, Inc. common stock generally will be treated as having received such fractional share in the Transaction and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of Apollo Commercial Real Estate Finance, Inc. common stock. Such gain or loss generally will be long-term capital gain or loss if, as of the date of the Merger, the holding period for such shares was greater than one year.