Supplemental Financial Information Package – Q2 2016

July 27, 2016

Information is as of June 30, 2016, 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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ARI Q2 2016 Earnings Call

July 27, 2016

Stuart Rothstein

Chief Executive Officer and President

Jai Agarwal

Chief Financial Officer, Treasurer and Secretary

Hilary Ginsberg

Investor Relations Manager

Financial Summary

($ amounts in thousands, except per share data)	Three Months Ended			Six Months Ended		
Income Statement	**June 30, 2016**	**June 30, 2015**	**% Change**	**June 30, 2016**	**June 30, 2015**	**% Change**
Interest income	$ 62,640	$ 44,734	40.0%	$ 124,087	$ 84,770	46.4%
Interest expense	$ (15,722)	$ (11,917)	31.9%	$ (30,364)	$ (23,399)	29.8%
Net interest income	$ 46,918	$ 32,817	43.0%	$ 93,723	$ 61,371	52.7%
Net income available to common stockholders	$ 4,478	$ 22,798	-80.4%	$ 17,281	$ 46,449	-62.8%
Net income available to common stockholders per diluted share	$ 0.06	$ 0.39	-84.6%	$ 0.24	$ 0.85	-71.8%
Operating earnings(1)	$ 33,435	$ 26,385	26.7%	$ 63,258	$ 48,608	30.1%
Operating earnings per diluted share(1)	$ 0.49	$ 0.45	8.9%	$ 0.93	$ 0.89	4.5%
Diluted weighted average shares of common stock outstanding	68,374,557	59,022,217	15.8%	68,351,137	54,621,401	25.1%

Balance sheet	**June 30, 2016**	**December 31, 2015**	**% Change**
Investments at amortized cost (2)	$ 2,729,133	$ 2,464,897	10.7%
Net equity in investments at cost	$ 1,570,476	$ 1,569,250	0.1%
Common stockholders' equity	$ 1,045,273	$ 1,089,174	-4.0%
Preferred stockholders' equity	$ 286,250	$ 286,250	0.0%
Outstanding repurchase agreement borrowings	$ 1,217,935	$ 918,421	32.6%
Convertible senior notes	$ 249,069	$ 248,173	0.4%
Debt to common equity(3)	1.5x	1.1x	
Fixed charge coverage(4)	2.5x	2.7x	

(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 available to common stockholders, (iii) unrealized income from unconsolidated joint ventures, (iv) foreign currency gains/losses, (v) the non-cash amortization expense related to the reclassification of a portion of the convertible senior notes to stockholders' equity in accordance with GAAP; and (vi) provision for loan losses. 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.

(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.

Q2 Financial Highlights

Financial Results & Earnings Per Share

- Net income available to common stockholders for the three months ended June 30, 2016 of $4.5 million, or $0.06 per diluted share of common stock
- Operating Earnings for the three months ended June 30, 2016 of $33.4 million, or $0.49 per diluted share of common stock(1); Excluding $1.3 million of expenses in connection with the proposed acquisition of Apollo Residential Mortgage, Inc. ("AMTG"), Operating Earnings for the three months ended June 30, 2016 of $34.7 million, or $0.51 per diluted share of common stock
  - Net interest income of $46.9 million
  - Total expenses of $10.1 million, comprised of management fees of $5.2 million, G&A of $3.0 million (including $1.3 million in connection with the AMTG transaction) and equity-based compensation of $1.9 million

Dividends

- Declared a dividend of $0.46 per share of common stock for the three months ended June 30, 2016
  - 11.1% annualized dividend yield based on $16.52 closing price on July 25, 2016
- 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 30, 2016
- Declared a dividend on the Company's 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock of $0.50 per share for stockholders of record on June 30, 2016

Book Value

- GAAP book value of $15.51 per share as of June 30, 2016

(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 available to common stockholders, (iii) unrealized income from unconsolidated joint ventures, (iv) foreign currency gains/losses, (v) the non-cash amortization expense related to the reclassification of a portion of the convertible senior notes to stockholders' equity in accordance with GAAP; and (vi) provision for loan losses. 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.

Q2 – New Investments and Funding

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Summary of New Investments

	Three Months Ended 06/30/2016	Six Months Ended 06/30/2016
Number of Loans Closed	2	5
Commitments to New Loans *($000s)*	$95,500	$423,500
Funding of New Loans *($000s)*	$85,350	$314,983
Fixed Rate %/Floating Rate %[(1)]	0%/100%	0%/100%
First Mortgage %/Subordinate Loan %[(1)]	100%/0%	82%/18%
Weighted Average Loan-to-Value	53%	58%
Weighted Average Levered IRR[(2)]	16%	15%
Funding of Previously Closed Loans *($000s)*	$63,747	$81,168

(1) Based upon committed amount of loan.

(2) Internal rate of return ("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. The underwritten IRR for the investments shown in the above table reflect the returns underwritten by the Manager, taking into account leverage and 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, 2015 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 or elsewhere in this quarterly report over time.

Commercial Real Estate Debt Portfolio Overview

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Asset Type ($000s)	Amortized Cost	Borrowings	Equity at Cost(1)	Remaining Weighted Average Life (years)(2)	Current Weighted Average Underwritten IRR(3)	Fully-Levered Weighted Average Underwritten IRR(3)(4)
First Mortgage Loans	$ 1,278,034	$ 779,005	$ 499,029	2.7	15.4%	15.4%
Subordinate Loans(5)(6)	960,498	38,850	921,648	3.5	12.9	12.9
CMBS	490,601	408,240	149,799	1.2	8.7	8.7
Investments at June 30, 2016	**$ 2,729,133**	**$ 1,226,095**	**$ 1,570,476**	**2.7 Years**	**13.2%**	**13.2%**

(1) CMBS includes $67,438 of restricted cash related to the Company's master repurchase agreements with UBS AG (the "UBS Facility") and Deutsche Bank (the "DB Facility").

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

(3) Internal rate of return ("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. The underwritten IRR for the investments shown in the above table reflect the returns underwritten by the Manager, taking into account leverage and 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, 2015 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 or elsewhere in this quarterly report over time.

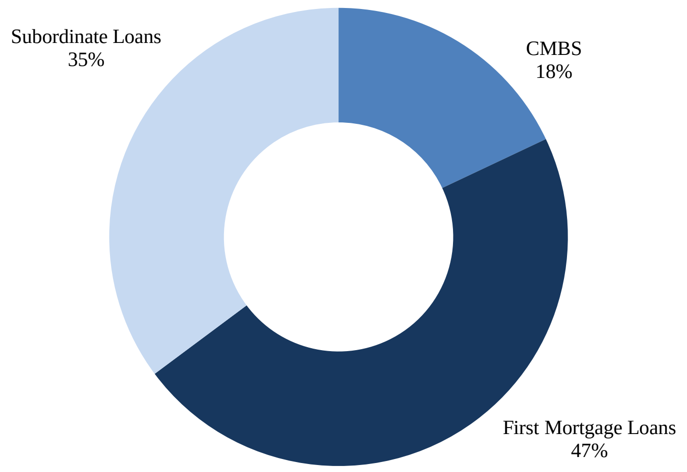
(4) Represents an underwritten levered weighted average IRR. The Company's ability to achieve the underwritten levered weighted average IRR additionally depends upon the availability of the Company's master repurchase agreement with JPMorgan Chase Bank, N.A. (the "JPMorgan Facility") or any replacement facility with similar terms with regard to its portfolio of first mortgage loans. Without such availability, the levered weighted average underwritten IRR will be lower than the amount shown above.

(5) Subordinate loans are net of a participation sold during February 2015. The Company presents the participation sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP. At June 30, 2016, the Company had one such participation sold with a carrying amount of £19,749 ($26,288).

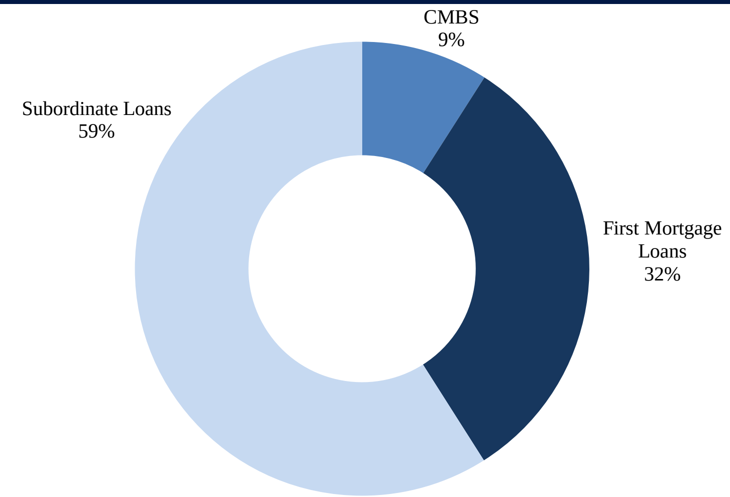
(6) Subordinate loans also include CMBS, held-to-maturity, which are net of a participation sold during June 2014. At June 30, 2016, the Company presented the participation sold with a carrying amount of $88,099.

Commercial Real Estate Debt Portfolio Overview

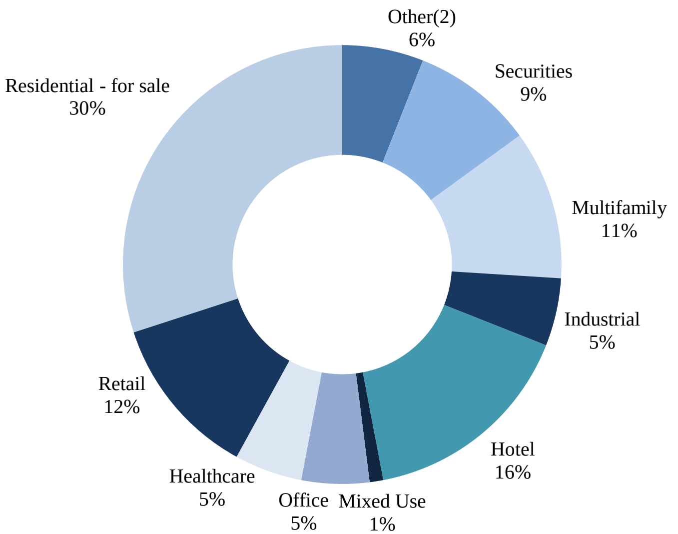
Gross Assets at Amortized Cost Basis



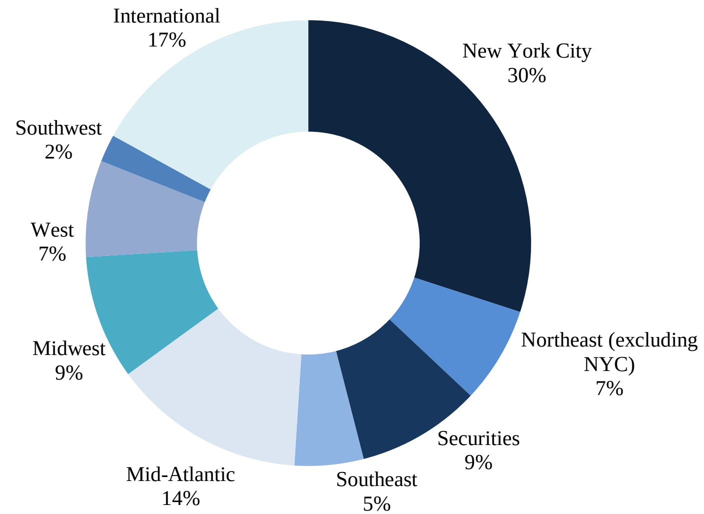
Net Invested Equity at Amortized Cost Basis(1)



Property Type by Net Equity



Geographic Diversification by Net Equity



(1) *Subordinate loans include CMBS, held-to-maturity and are net of participations sold of $114.4 million. ARI presents the participations sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP.*
(2) *Other includes ski resorts and indoor water-park resorts.*

Commercial Real Estate Loan Portfolio – Maturity and Type

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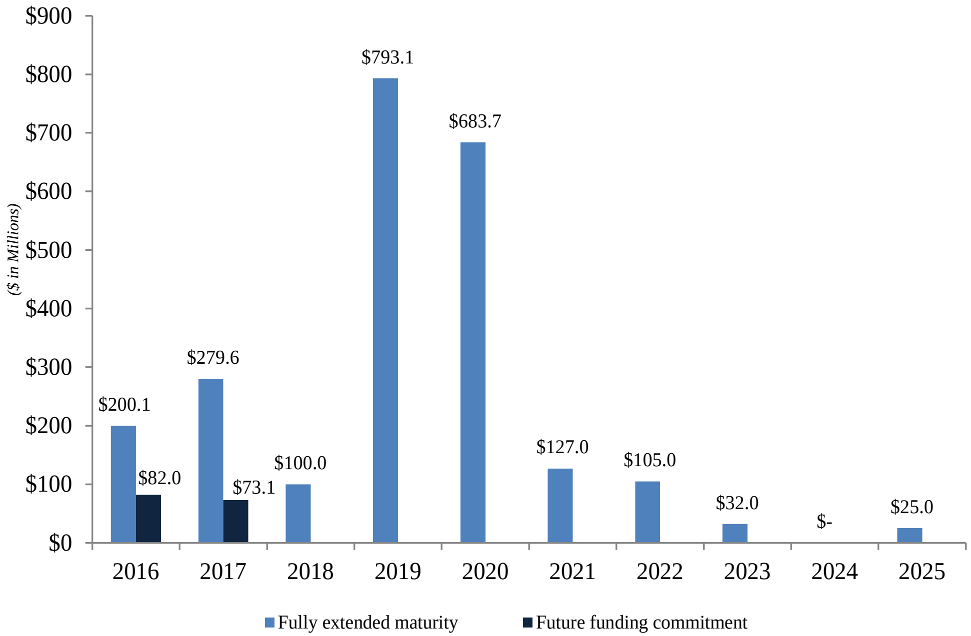
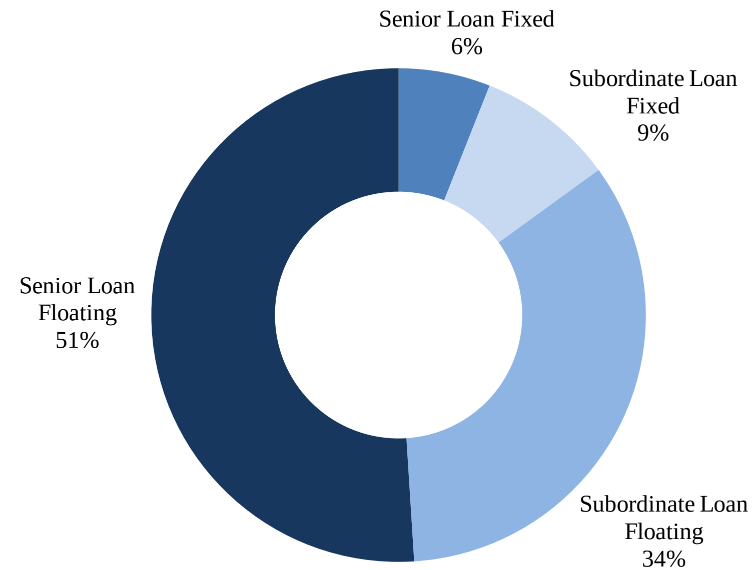
Fully Extended Loan Maturities and Future Fundings (1)(2)(3)(4)



Loan Position and Rate Type(1)(3)



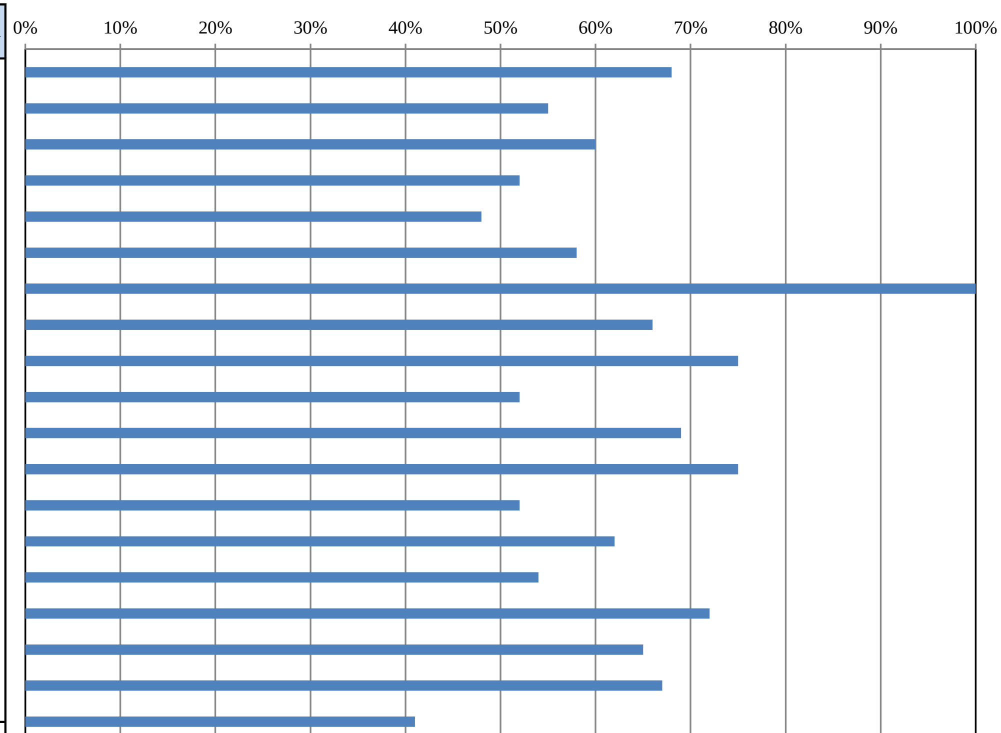
85% Floating Rate/15% Fixed Rate

(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 and are net of participations sold of $114.4 million. ARI presents the participations sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP.
(4) Future funding dates are based upon the Manager's projections and are subject to change.

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

Senior Loans

Description ($ in thousands)	Location	Balance at 6/30/2016	Starting LTV	Ending LTV
First Mortgage - Retail	Florida	$ 220,000	0%	68%
First Mortgage - Retail	Ohio	$ 165,000	0%	55%
First Mortgage - Retail[1]	New York	$ 114,680	0%	60%
First Mortgage - Hotel[2]	New York	$ 105,789	0%	52%
First Mortgage - Destination homes	Various	$ 91,553	0%	48%
First Mortgage - Pre-development loan	New York	$ 67,300	0%	58%
First Mortgage - Multifamily[3]	North Dakota	$ 54,845	0%	100%
First Mortgage - Office	Virginia	$ 54,000	0%	66%
First Mortgage - Destination homes	New York/Hawaii	$ 50,000	0%	75%
First Mortgage - Condominium	Maryland	$ 49,893	0%	52%
First Mortgage - Condo development[4]	Maryland	$ 49,162	0%	69%
First Mortgage - Retail	Florida	$ 45,000	0%	75%
First Mortgage - Office	New York	$ 44,750	0%	52%
First Mortgage - Hotel	St. Thomas	$ 42,000	0%	62%
First Mortgage - Retail	New York	$ 40,600	0%	54%
First Mortgage - Multifamily	New York	$ 34,500	0%	72%
First Mortgage - Hotel	Pennsylvania	$ 34,000	0%	65%
First Mortgage - Office	Massachusetts	$ 28,512	0%	67%
First Mortgage - Condominium[5]	New York	$ 13,789	0%	41%
Total/Weighted Average		$ 1,305,373		62%



(1) This includes three first mortgage loans with outstanding balances of $85,770, $23,000 and $5,910, respectively, secured by cross collateralized retail parcels. LTV is based upon fully committed loan amount of $121,410.
(2) This whole loan includes a first mortgage with an outstanding balance of $100,063 and a mezzanine loan with an outstanding balance of $5,726.
(3) This whole loan includes a first mortgage with an outstanding balance of $49,819 and a mezzanine loan with an outstanding balance of $5,026.
(4) LTV is based upon the fully committed loan amount of $65,100.
(5) Original commitment was $62,400. Current balance reflects original commitment net of proceeds from unit sales..

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

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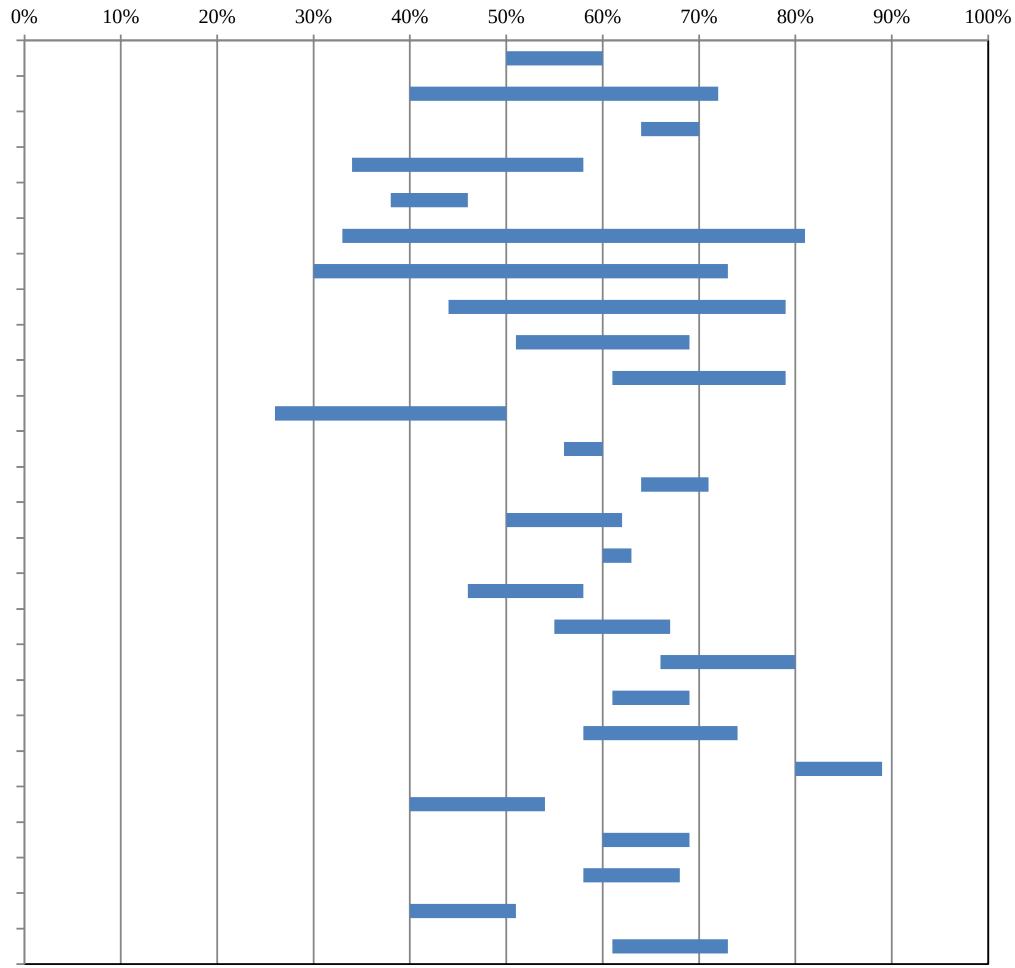
Subordinate Loans

Description ($ in thousands)	Location	Balance at 6/30/2016	Starting LTV	Ending LTV
Subordinate - Condo development[1]	New York	$ 94,190	50%	60%
Subordinate - Pre-development loan[2]	London	$ 73,211	40%	72%
Subordinate - Other[3]	Various	$ 75,000	64%	70%
Subordinate - Hotel[4]	Aruba	$ 63,637	34%	58%
Subordinate - Condo conversion	New York	$ 55,908	38%	46%
Subordinate - Pre-development loan	New York	$ 55,000	33%	81%
Subordinate - Hotel	New York	$ 50,000	30%	43%
Subordinate - Pre-development loan[5]	London	$ 45,776	44%	79%
Subordinate - Healthcare portfolio[6]	UK	$ 45,376	51%	69%
Subordinate - Industrial portfolio	New York	$ 45,000	61%	79%
Subordinate - Condo development[7]	New York	$ 44,908	26%	50%
Subordinate - Healthcare portfolio	Various	$ 39,223	56%	60%
Subordinate - Industrial portfolio	Various	$ 32,000	64%	71%
Subordinate - Condo conversion[8]	New York	$ 31,558	50%	62%
Subordinate - Condo development[1]	New York	$ 30,000	60%	63%
Subordinate - Hotel	Arizona	$ 25,000	46%	58%
Subordinate - Hotel portfolio	Minnesota	$ 24,025	55%	66%
Subordinate - Multifamily[9]	Florida	$ 22,000	66%	80%
Subordinate - Hotel	Washington D.C.	$ 20,000	61%	69%
Subordinate - Hotel	California	$ 20,000	58%	74%
Preferred Equity - Multifamily[9]	Florida	$ 15,500	80%	89%
Subordinate - Other[10]	Montana	$ 15,000	40%	54%
Subordinate - Office	New York	$ 14,000	60%	69%
Subordinate - Office	Missouri	$ 9,491	58%	68%
Subordinate - Office	Michigan	$ 8,721	40%	51%
Subordinate - Mixed-use	North Carolina	$ 6,525	61%	73%
Total/Weighted Average		$ 961,049		67%



(1) *LTV is based upon the fully committed loan amount of $105,000; both loans are secured by the same property. The $30,000 loan is structured as a corporate loan and has additional collateral.*
(2) *Based upon £55.0 million face amount converted to USD based upon the conversion rate on June 30, 2016.*
(3) *Other includes a loan secured by a portfolio of indoor waterpark resorts.*
(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.*
(5) *Based upon £34.4 million face amount plus PIK converted to USD based upon the conversion rate on June 30, 2016.*
(6) *Based upon £19.8 million face amount converted to USD based upon the conversion rate on June 30, 2016, net of participation sold of $26,288.*
(7) *LTV is based upon the fully committed loan amount of $75,000.*
(8) *Based upon the fully committed loan amount of $77,000.*
(9) *Mezzanine loan and preferred equity are secured by the same portfolio of properties.*
(10) *Other includes a loan on a ski resort.*

CMBS Portfolio[1]

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
17311QAE0	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[2]
CMBS – Total	**$ 497,143**	**$ 490,601**	**1.2 Years**	**$ 452,704**	**$ 408,240**	**$ 149,799**

(1) Does not include CMBS, held-to-maturity.
(2) Includes $67.4 million of restricted cash related to the UBS Facility and the DB Facility.

Portfolio Metrics – Quarterly Migration Summary

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
(Investment balances represent amortized cost)					
First Mortgage Loans	$ 1,278,034	$ 1,173,185	$ 994,301	$ 905,681	$ 704,040
Subordinate Loans[1]	960,498	965,900	966,343	926,304	894,926
CMBS	490,601	498,630	504,253	512,107	511,412
Total Investments	$ 2,729,133	$ 2,637,715	$ 2,464,897	$ 2,344,092	$ 2,110,378
(Investment balances represent net equity, at cost)					
First Mortgage Loans	$ 499,029	$ 492,636	$ 502,431	$ 604,148	$ 275,205
Subordinate Loans[1]	921,648	965,900	966,343	896,200	847,968
CMBS	149,799 [4]	143,644 [5]	100,476 [6]	108,330 [6]	107,635 [6]
Net Equity in Investments at Cost	$ 1,570,476	$ 1,602,180	$ 1,569,250	$ 1,608,678	$ 1,230,808
Fully- Levered Weighted Average Underwritten IRR[2]	13.2% [7]	14.5% [7]	13.8% [7]	13.9% [7]	14.6% [7]
Weighted Average Duration	2.7 Years	2.9 Years	3.1 Years	3.3 Years	3.1 Years
Loan Portfolio Weighted Average Ending LTV[3]	64.0%	64.0%	65.0%	61.0%	62.0%
Borrowings Under Repurchase Agreements	$ 1,217,935	$ 1,083,665	$ 925,774	$ 735,437	$ 878,352
Convertible Senior Notes	$ 249,069	$ 248,617	$ 248,173	$ 247,736	$ 247,305
Debt-to-Common Equity	1.5x [8]	1.3x [8]	1.1x [8]	0.9x [8]	1.2x [8]

(1) *Subordinate loans include CMBS, held-to-maturity and are net of participations sold of $114,388. ARI presents the participations sold as both assets and non-recourse liabilities because the participation does not qualify as a sale according to GAAP.*

(2) *Internal rate of return ("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. The underwritten IRR for the investments shown in the above table reflect the returns underwritten by the Manager, taking into account leverage and 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, 2015 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 or elsewhere in this quarterly report over time.*

(3) *Does not include CMBS..*

(4) *Includes $67.4 million of restricted cash related to the UBS Facility and the DB Facility.*

(5) *Includes $55.8 million of restricted cash related to the UBS Facility.*

(6) *Includes $30.1 million of restricted cash related to the UBS Facility.*

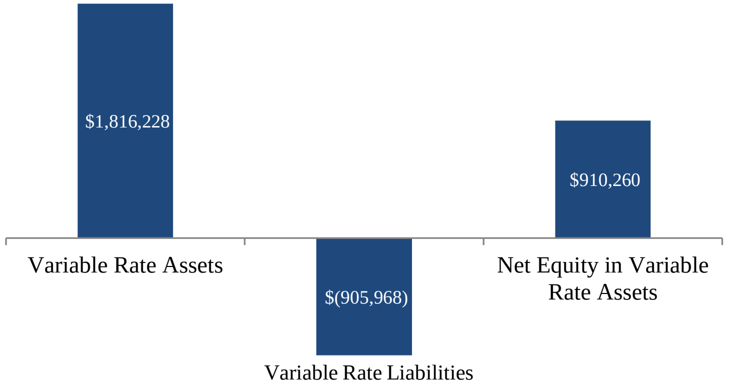
(7) *Represents an underwritten levered weighted average IRR. The Company's ability to achieve the underwritten levered weighted average IRR additionally depends upon the availability under the JPMorgan Facility or any replacement facility with similar terms with regard to its portfolio of first mortgage loans. Without such availability, the levered weighted average underwritten IRR will be lower than the amount shown above.*

(8) *Net of participations sold.*

Financing Overview and Interest Rate Sensitivity

Facility ($000s)	Maximum Facility Size	Borrowings Outstanding	Maturity[1]	Weighted Average Rate[2]
JP Morgan Facility[3]	$ 943,000	$ 774,522	January 2019	L +2.40%
Goldman Sachs Facility	-	43,333	April 2019	L + 3.50%
Subtotal		**817,855**		**L+2.46%**
UBS Facility	-	133,899	September 2018	2.79%
Deutsche Bank Facility	-	274,341	April 2018	3.66%
Subtotal		**408,240**		**3.38%**
Less deferred financing costs		(8,160)		
Total Borrowings at June 30, 2016		**$ 1,217,935**		**3.10%**

Variable Rate Investments & Liabilities ($000s)



ARI anticipates a 0.5% increase in LIBOR results in approximately a $0.07 per diluted share of common stock increase in Operating Earnings annually[4]

(1) *Assumes extension options are exercised.*
(2) *Assumes one-month LIBOR at June 30, 2016 was 0.47%.*
(3) *The debt balance as of June 30, 2016, includes $143 million of borrowings for the first mortgage loans secured by an assemblage of properties in the Design District of Miami that does not count toward the maximum capacity under the JPMorgan Facility.*
(4) *Based upon the Company's portfolio as of June 30, 2016, any such hypothetical impact on interest rates on the Company's variable rate borrowings does not consider the effect of any change in overall economic activity that could occur in a rising interest rate environment. Further, in the event of a change in interest rates of that magnitude, the Company may take actions to further mitigate the Company's exposure to such a change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assumes no changes in the Company's financial structure.*

Financials

Consolidated Balance Sheets

(in thousands—except share and per share data)

	June 30, 2016	December 31, 2015
Assets:	(unaudited)	
Cash	$ 38,631	$ 67,415
Restricted cash	67,438	30,127
Securities, at estimated fair value	452,704	493,149
Securities, held-to-maturity	151,726	153,193
Commercial mortgage loans, held for investment	1,278,034	994,301
Subordinate loans, held for investment	923,159	931,351
Investment in unconsolidated joint venture	23,571	22,583
Derivative assets	15,342	3,327
Interest receivable	19,185	16,908
Other assets	9,297	236
Total Assets	$ 2,979,087	$ 2,712,590
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements (net of deferred financing costs of $8,160 in 2016 and $7,353 in 2015, respectively)	$ 1,217,935	$ 918,421
Convertible senior notes, net	249,069	248,173
Participations sold	114,387	118,201
Accounts payable and accrued expenses	24,504	9,246
Payable to related party	5,242	5,297
Dividends payable	36,427	37,828
Total Liabilities	1,647,564	1,337,166
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized:		
Series A Preferred stock, 3,450,000 shares issued and outstanding ($86,250 aggregate liquidation preference) in 2016 and 2015	35	35
Series B Preferred stock, 8,000,000 shares issued and outstanding ($200,000 aggregate liquidation preference) in 2016 and 2015	80	80
Common stock, $0.01 par value, 450,000,000 shares authorized 67,402,311 and 67,195,252 shares issued and outstanding in 2016 and 2015, respectively	674	672
Additional paid-in-capital	1,411,420	1,410,138
Retained earnings (accumulated deficit)	(77,939)	(32,328)
Accumulated other comprehensive loss	(2,747)	(3,173)
Total Stockholders' Equity	1,331,523	1,375,424
Total Liabilities and Stockholders' Equity	$ 2,979,087	$ 2,712,590

Consolidated Statements of Operations

	Three months ended		Six months ended	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Net interest income:		(unaudited)		
Interest income from securities	$ 7,607	$ 8,265	$ 15,656	$ 16,553
Interest income from securities, held to maturity	2,826	3,349	5,722	6,394
Interest income from commercial mortgage loans	24,140	11,968	45,267	22,061
Interest income from subordinate loans	28,067	21,152	57,442	39,762
Interest expense	(15,722)	(11,917)	(30,364)	(23,399)
Net interest income	**46,918**	**32,817**	**93,723**	**61,371**
Operating expenses:				
General and administrative expenses (includes $1,938 and $3,606 of equity-based compensation in 2016 and $821 and $1,939 in 2015, respectively)	(4,922)	(2,059)	(13,104)	(4,414)
Management fees to related party	(5,242)	(3,887)	(10,471)	(7,228)
Total operating expenses	**(10,164)**	**(5,946)**	**(23,575)**	**(11,642)**
Income from unconsolidated joint venture	59	384	127	384
Other income	22	6	25	16
Provision for loan losses	(15,000)	-	(15,000)	-
Realized loss on sale of securities	-	-	-	(443)
Unrealized gain/(loss) on securities	(11,728)	(2,273)	(26,802)	1,136
Foreign currency loss	(13,082)	2,867	(17,557)	5,588
Gain/(loss) on derivative instruments (includes unrealized gains/(losses) of $13,408 and $12,026 in 2016 and $(3,197) and $(6,241) in 2015)	13,313	(3,197)	18,015	(6,241)
Net income	**$ 10,338**	**$ 24,658**	**$ 28,956**	**$ 50,169**
Preferred dividends	(5,860)	(1,860)	(11,675)	(3,720)
Net income available to common stockholders	**$ 4,478**	**$ 22,798**	**$ 17,281**	**$ 46,449**
Basic and diluted net income per share of common stock	$ 0.06	$ 0.39	$ 0.24	$ 0.85
Basic weighted average shares of common stock outstanding	67,402,311	58,429,155	67,393,751	54,020,978
Diluted weighted average shares of common stock outstanding	68,374,557	59,022,217	68,351,137	54,621,401
Dividend declared per share of common stock	$ 0.46	$ 0.44	$ 0.92	$ 0.88

Reconciliation of Operating Earnings to Net Income

	Three Months Ended			
	June 30, 2016	Earnings Per Share (Diluted)	June 30, 2015	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$ 4,478**	**$ 0.06**	**$22,798**	**$ 0.39**
Adjustments:				
Equity-based compensation expense	1,938	0.03	821	0.01
Unrealized loss on securities	11,728	0.17	2,273	0.04
Provision for loan losses	15,000	0.22	-	-
(Gain)/loss on derivative instruments	(13,313)	(0.19)	3,197	0.06
Foreign currency (gain)/loss	13,082	0.19	(2,867)	(0.05)
Amortization of convertible senior notes related to equity reclassification	582	0.01	547	0.01
Income from unconsolidated joint venture	(59)	-	(384)	(0.01)
Total adjustments:	28,958	0.43	3,587	0.06
Operating Earnings	**$ 33,435**	**$ 0.49**	**$ 26,385**	**$ 0.45**
Basic weighted average shares of common stock outstanding		67,402,311		58,429,155
Diluted weighted average shares of common stock outstanding		68,374,557		59,022,217

	Six Months Ended			
	June 30, 2016	Earnings Per Share (Diluted)	June 30, 2015	Earnings Per Share (Diluted)
Operating Earnings:				
Net income available to common stockholders	**$ 17,281**	**$ 0.24**	**$ 46,449**	**$ 0.85**
Adjustments:				
Equity-based compensation expense	3,606	0.06	1,939	0.04
Unrealized (gain)/loss on securities	26,802	0.39	(1,136)	(0.02)
Provision for loan losses	15,000	0.22	-	-
(Gain)/loss on derivative instruments	(18,015)	(0.26)	6,241	0.11
Foreign currency (gain)/loss	17,557	0.26	(5,588)	(0.10)
Amortization of convertible senior notes related to equity reclassification	1,154	0.02	1,087	0.02
Income from unconsolidated joint venture	(127)	-	(384)	(0.01)
Total adjustments:	45,977	0.69	2,159	0.04
Operating Earnings	**$ 63,258**	**$ 0.93**	**$ 48,608**	**$ 0.89**
Basic weighted average shares of common stock outstanding		67,393,751		54,020,978
Diluted weighted average shares of common stock outstanding		68,351,137		54,621,401

Financial Metrics – Quarterly Migration Summary

APOLLO
COMMERCIAL REAL ESTATE FINANCE

Financial Metrics ($ in thousands, except per share data)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net Interest Income	$ 46,918	$ 46,805	$ 43,241	$ 38,691	$ 32,817
Management Fee	5,242	5,229	5,294	4,097	3,887
General and Administrative Costs	1,659	1,444	1,693	1,343	1,238
AMTG Transaction Expenses	1,325	5,075	-	-	-
Non-Cash Stock Based Compensation	1,938	1,668	1,286	756	821
Net Income Available to Common Stockholders	$ 4,478	$ 12,801	$ 21,378	$ 23,543	$ 22,798
GAAP Diluted EPS	$ 0.06	$ 0.18	$ 0.32	$ 0.39	$ 0.39
Operating Earnings(1)	$ 33,435	$ 29,819	$ 32,352	$ 31,742	$ 26,385
Operating Diluted EPS(1)	$ 0.49	$ 0.44	$ 0.48	$ 0.53	$ 0.45
Distributions Declared to Common Stockholders	$ 0.46	$ 0.46	$ 0.46	$ 0.44	$ 0.44
GAAP Book Value per Share of Common Stock	$ 15.51	$ 15.89	$ 16.21	$ 16.35	$ 16.41
Total Stockholders' Equity	$ 1,331,523	$ 1,357,050	$ 1,375,424	$ 1,384,395	$ 1,044,844
Diluted weighted average shares of common stock outstanding	68,374,557	68,327,718	67,754,673	59,934,008	59,022,217
Return on Common Equity Based on Operating Earnings(2)	12.6%	11.1%	11.8%	12.8%	11.0%

(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 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 available to common stockholders, (iii) unrealized income from unconsolidated joint ventures, (iv) foreign currency gains/losses, (v) the non-cash amortization expense related to the reclassification of a portion of the convertible senior notes to stockholders' equity in accordance with GAAP; and (vi) provision for loan losses. 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.*