APOLLO

COMMERCIAL REAL ESTATE FINANCE

Investor Presentation

May 2017

Information is as of March 31, 2017 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.

Forward Looking Statements and Other Disclosures

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 may 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; and changes in business conditions and the general economy.

The forward-looking statements are based on management's beliefs, assumptions and expectations of future performance, taking into account all information currently available to ARI. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to ARI. Some of these factors are described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in ARI's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and other periodic reports filed with the Securities and Exchange Commission ("SEC"), which are accessible on the SEC's website at www.sec.gov. If a change occurs, ARI's business, financial condition, liquidity and results of operations may vary materially from those expressed in ARI's forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for management to predict those events or how they may affect ARI. Except as required by law, ARI is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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, which management believes are relevant to assessing the Company's financial performance. Please refer to the footnote on slide 19 for a definition of "Operating Earnings" and the reconciliation of the applicable GAAP financial measure to "Operating Earnings" set forth on slide 26

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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.

Additional Information and Where to Find It

Copies of the documents filed by ARI with the SEC are available free of charge from the website of the SEC at www.sec.gov as well as on ARI's website at www.apolloreit.com.

This document is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

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Mortgage REIT with an Eight-Year Track Record as an Innovative, Creative Global CRE Debt Provider

Experienced Team with Strong Sponsorship

*Full-scale investment platform that has deployed **$14.0 billion** of capital since 2009*

Stable and Diverse Investment Portfolio

***$3.5 billion** portfolio with a **13.6%** fully-levered internal rate of return ("IRR")(1)*

Well Positioned for Rising Interest Rates

*100 bps increase in LIBOR would increase Operating Earnings(2) per diluted share of common stock by approximately **$0.17** on an annual basis(3)*

Attractive and Steady Dividend

***$1.84** annual dividend which generates a **9.7%** dividend yield(4)*

See footnotes on page 19

Agenda

1. **Commercial Real Estate Market Overview**
2. ARI Strategy and Portfolio Overview
3. Financial Overview

Macro Environment Continues to Create Compelling Opportunities

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Positive Market Factors Impacting ARI's Commercial Real Estate Lending Business

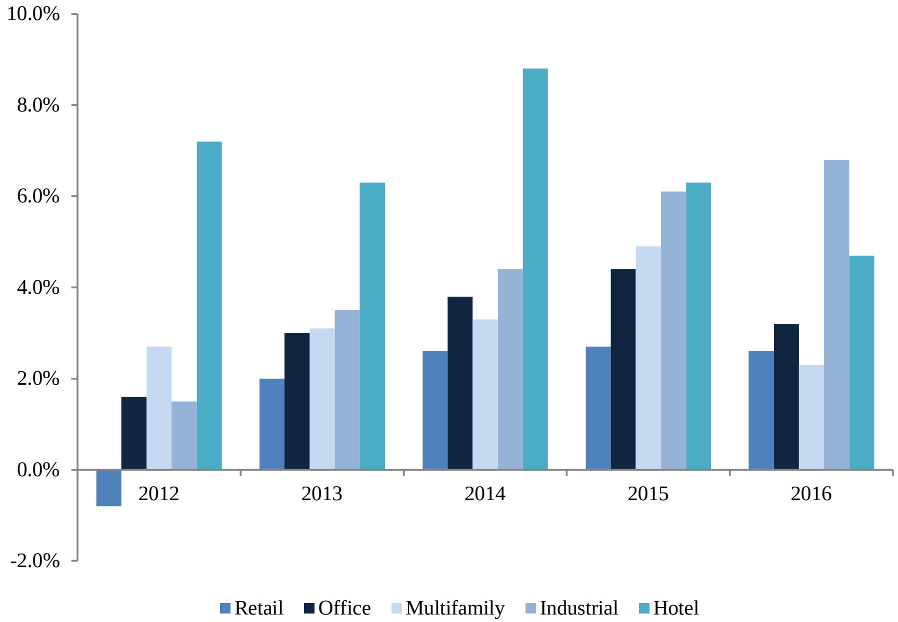
- ✓ **Steady CRE Operating Fundamentals**
- ✓ **Limited New Supply**
- ✓ **Strong Capital Flows into Transitional Assets from Real Estate Private Equity Funds**
- ✓ **Continued Robust U.S. CRE Transaction Volume**
- ✓ **2017 is Peak Year for U.S. CRE Debt Maturities**
- ✓ **Pull Back from Bank and CMBS Lenders Due to Regulatory Restraints**

See footnotes on page 19

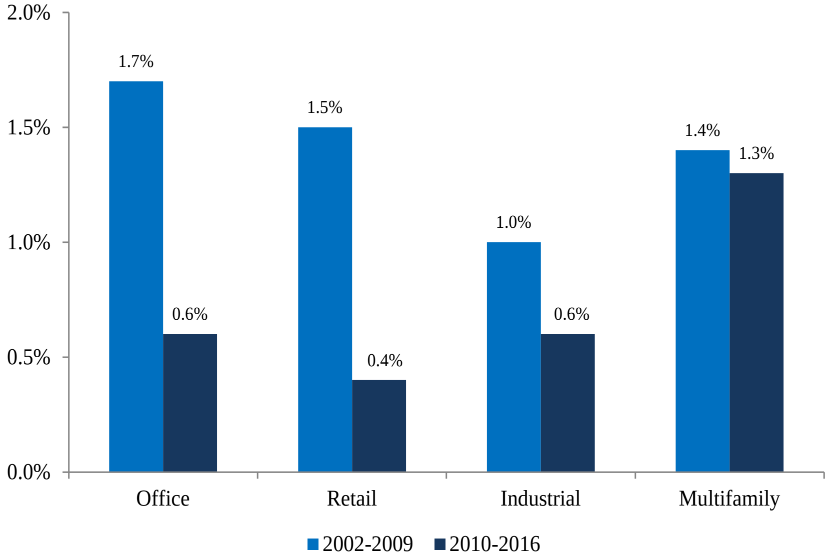
Commercial Real Estate Market Overview

Operating Fundamentals Remain Stable and New Supply Remains Muted

Revenue Growth Across Property Sectors is Steady[5]



New Supply is Below Long Term Averages[6]

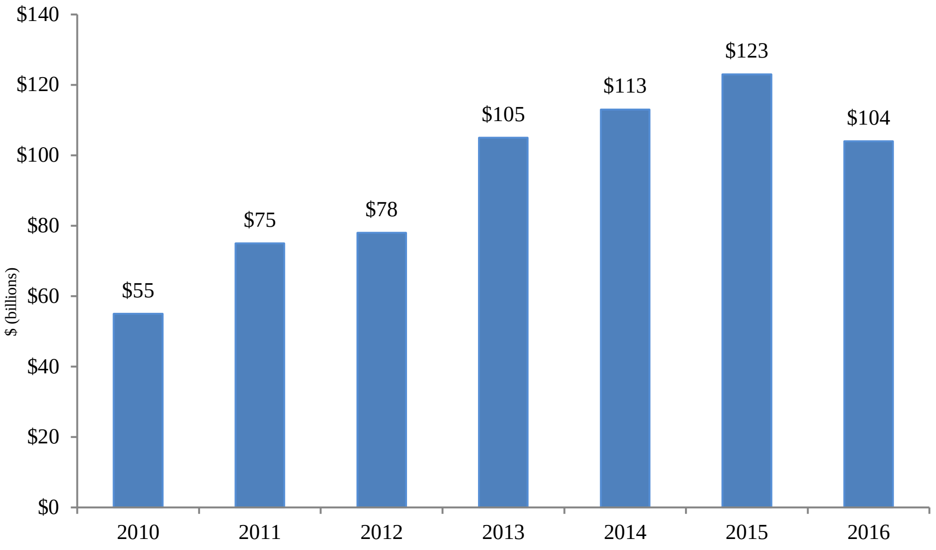


See footnotes on page 19

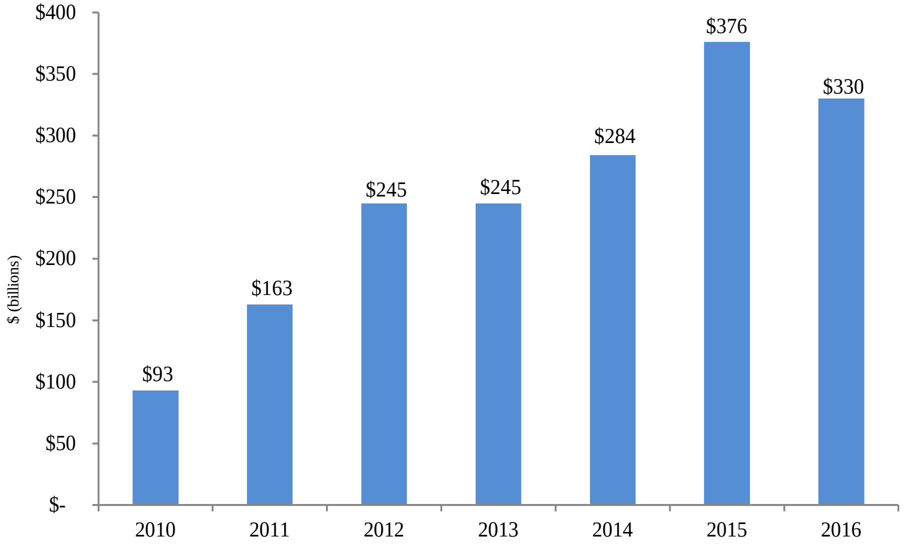
Commercial Real Estate Market Overview

Strong Capital Flows Continue to Fuel Transaction Volume

Fund Raising for Global Real Estate Private Equity[7]



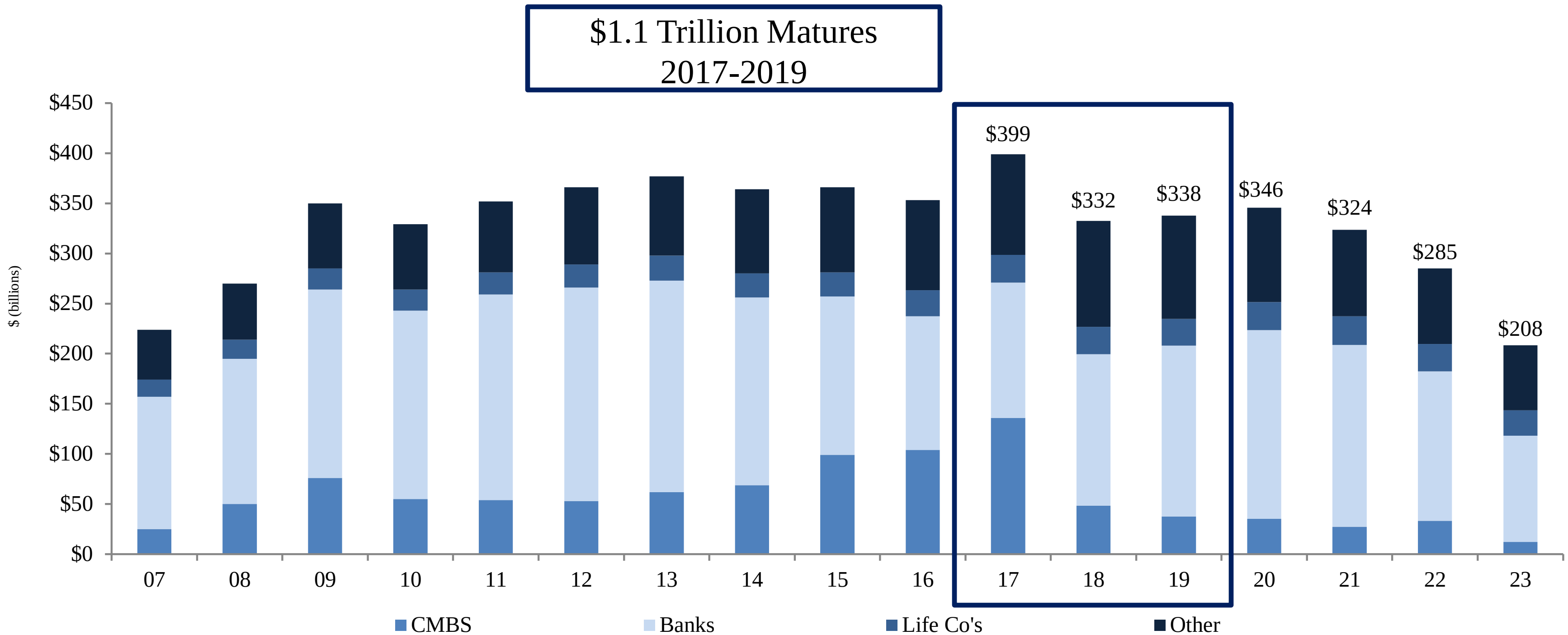
U.S. Sales Volume[8]



See footnotes on page 19

Commercial Real Estate Debt Market Overview

2017 is a Peak Year for U.S. CRE Debt Maturity(9)



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Commercial Real Estate Debt Market Overview

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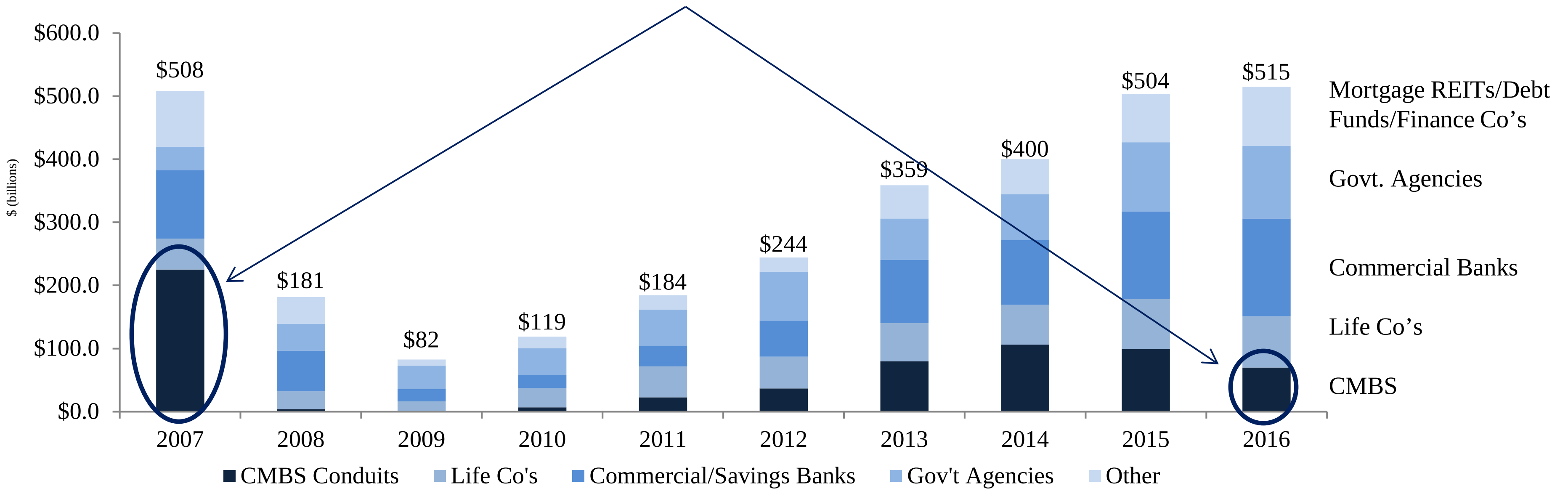
CMBS and Bank Lenders Have Scaled Back on CRE Lending Activity[10]

CMBS < 20% of the Market vs. ~ 50% in 2007



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Agenda

1. Commercial Real Estate Market Overview
2. **ARI Strategy and Portfolio Overview**
3. Financial Overview

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ARI's Direct Origination Platform Offers First Mortgage and Subordinate Loans Across a Broad Spectrum of Property Types

First Mortgage Loans

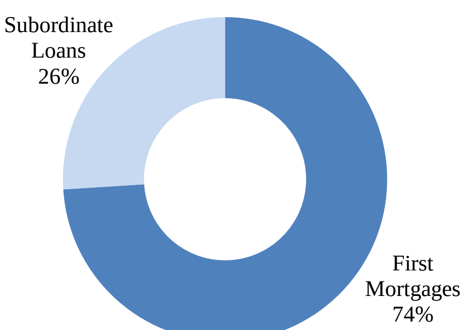
- First mortgages on stabilized, cash-flowing commercial properties or transitional properties
- Loan-to-Value ("LTV") generally from 0% up to ~65%
- Fixed or floating rate
- All commercial property types throughout North America and Europe

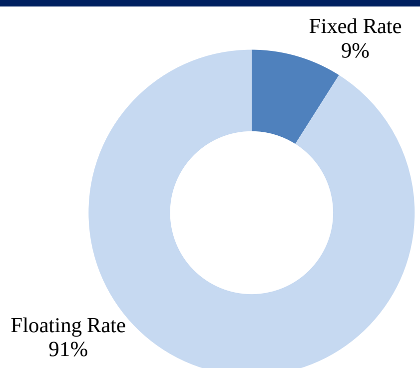
Subordinate Loans

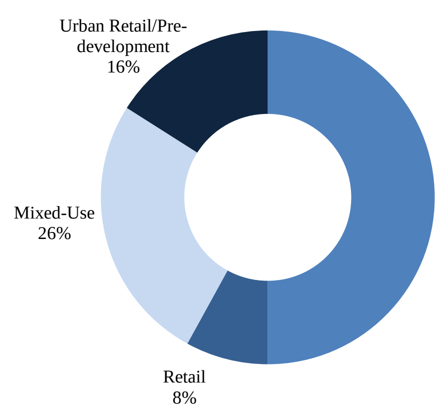
- Subordinate financing (mezzanine loans or preferred equity) on stabilized, cash-flowing commercial properties or transitional properties
- LTV generally from ~50% up to ~75%
- Fixed or floating rate
- All commercial property types throughout North America and Europe

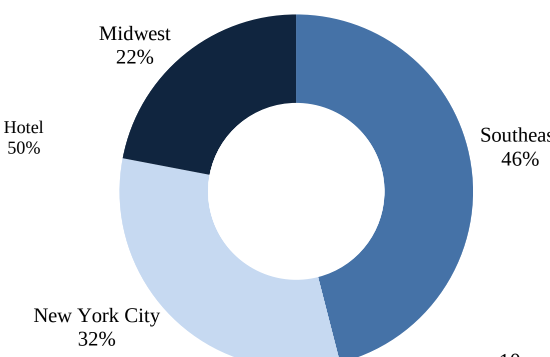
Directly Originate with Borrower or Co-Originate with Senior Lender → **Underwrite and Structure** → **Pro-Actively Asset Manage**

Q1 2017 Loan Origination Summary









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Transaction Economics

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Illustrative First Mortgage Loan

LTV	Illustrative $250mm Capital Stack	Total $
42%	**Repo Facility Advance: $105 Million**	$105 mm
60%	**ARI Investment: $45 Million**	$150 mm
100%	**Borrower's Equity: $100 Million**	$250 mm

L+ 5.5%
Return on Assets

➕ Leverage

L+2.50%	All-in Cost
70%	Advance Rate
3.3x	Leverage Multiple
2.50%	Spread

L+ 12.5%
Gross ROI

— Overhead

1.5%	Management Fee
0.4%	G&A

L+ 10.6%
Imputed Core ROE

Illustrative Subordinate Loan

LTV	Illustrative $250 mm Capital Stack	Total $
50%	**Senior Loan: $125 Million**	$125 mm
65%	**ARI Subordinate Loan: $37 Million**	$162 mm
100%	**Borrower's Equity: $88 Million**	$250 mm

L+ 11.5%
Return on Assets

L+ 11.5%
Gross ROI

— Overhead

1.5%	Management Fee
0.4%	G&A

L+ 9.6%
Imputed Core ROE

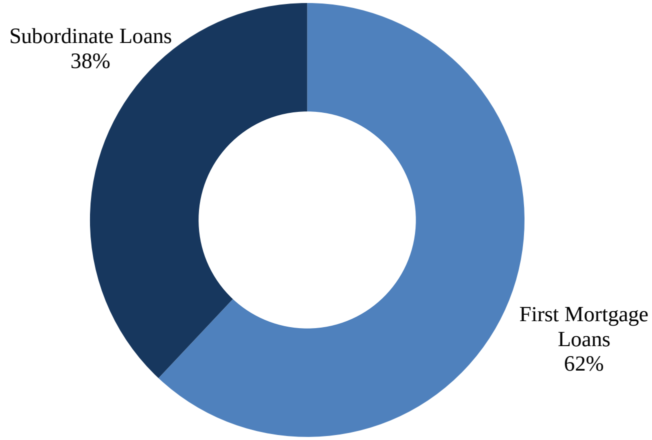
For illustrative purposes only. Past performance is not indicative nor a guarantee of future results. *See footnotes on page 19*

Loan Portfolio Overview

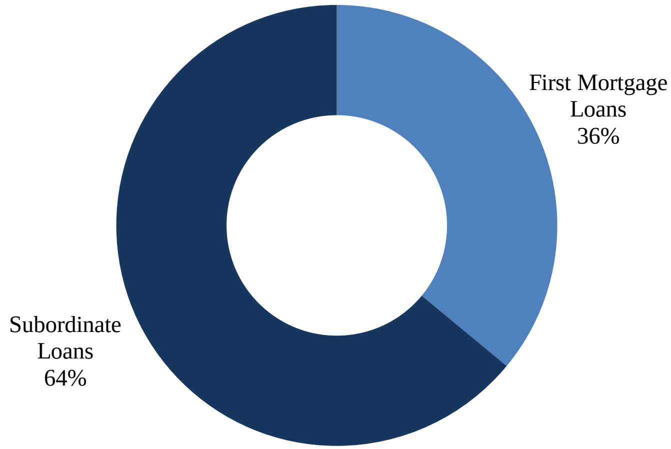
Loan Portfolio Metrics

	March 31, 2017	December 31, 2016
Number of Loans	51	45
Amortized Cost ($000s)	$3,212,519	$2,754,465
Net Equity at Cost ($000s)	$1,970,757	$1,919,001
Unfunded Loan Commitments[11] ($000s)	$121,470	$170,365
Current Weighted Average Underwritten IRR[1]	14.0%	13.1%
Fully-Levered Weighted Average Underwitten IRR[1][12]	14.0%	14.0%
Remaining Weighted Average Life[13]	3.0 Years	2.7 Years
Weighed Average LTV	63%	63%

Loan Portfolio at Amortized Cost[14]



Net Equity Invested at Amortized Cost Basis[14]



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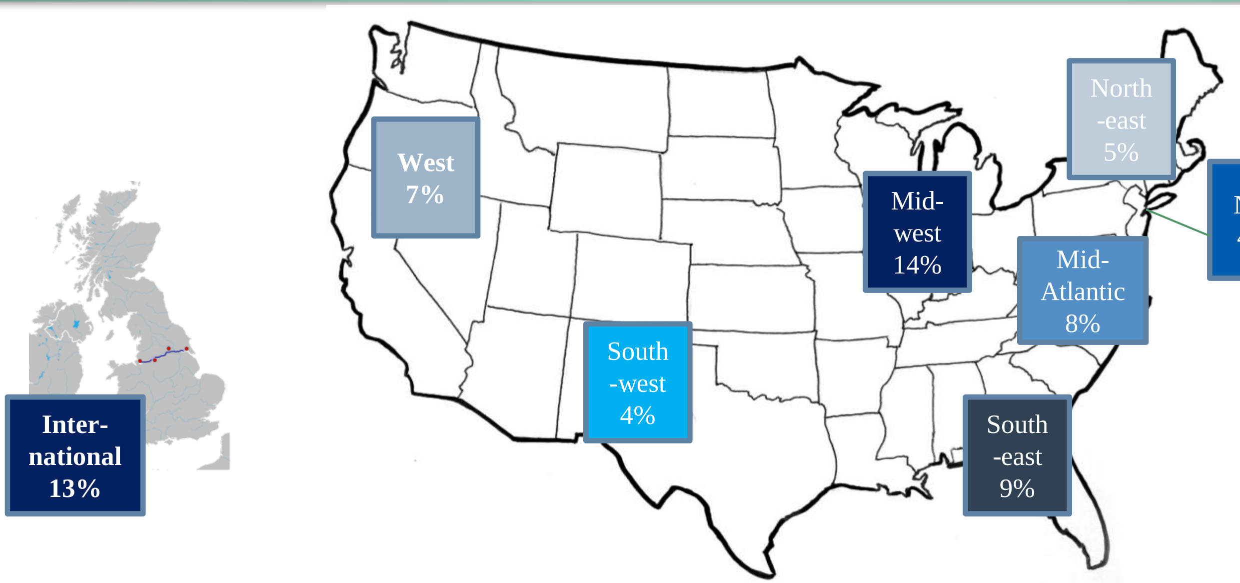
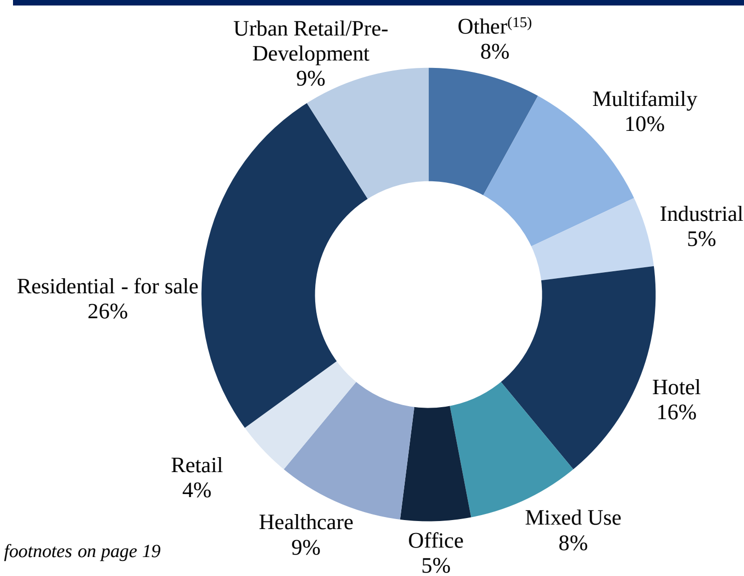
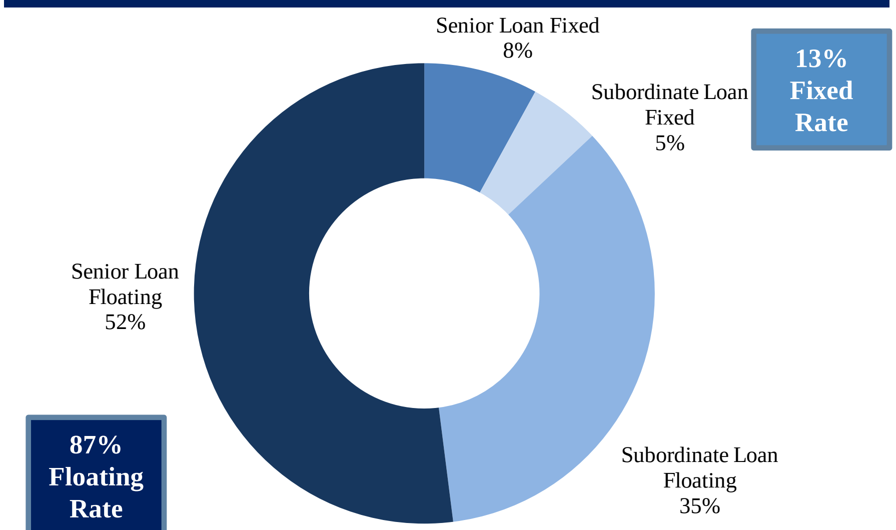
Loan Portfolio Diversification



Property Type by Net Equity[14]



Loan Position and Rate Type[14][16]

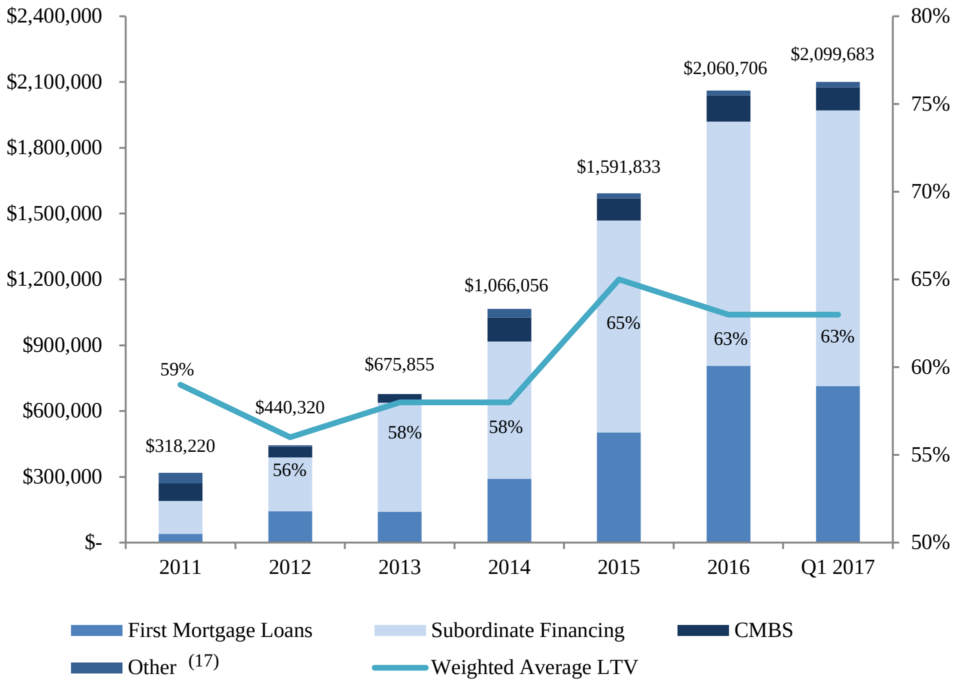


See footnotes on page 19

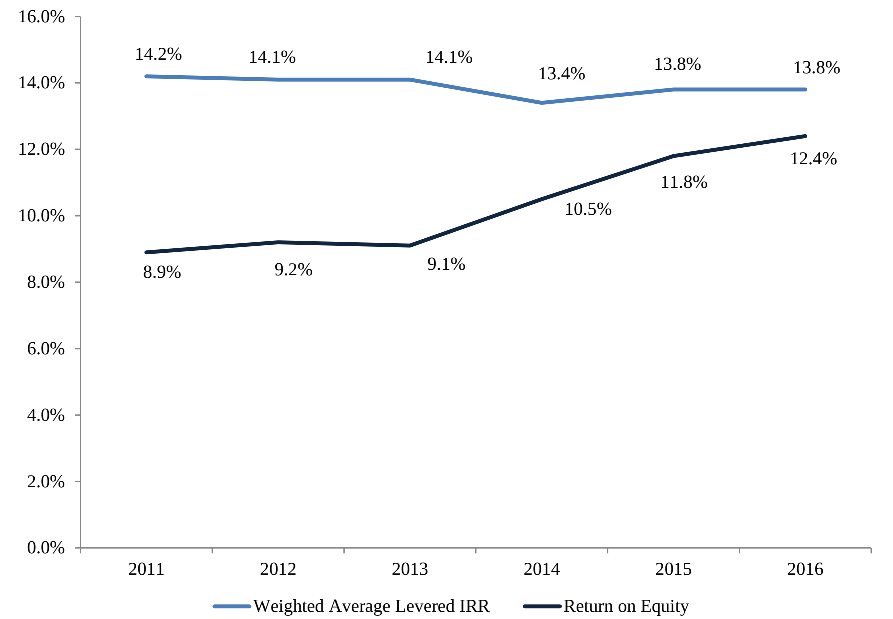
Portfolio Evolution with Consistent Returns

ARI has shifted its portfolio composition to capitalize on market opportunities and generate attractive, risk-adjusted returns, which have remained constant at the corporate and investment level

Net Equity Invested



Weighted Average Levered IRR and Return on Equity (1)(18)



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Agenda

1. Commercial Real Estate Market Overview
2. ARI Strategy Overview
3. **Financial Overview**

Capital Structure

Secured Credit Facilities
$1.5 Billion Outstanding
3.35% W/A Rate

Facility ($000s)	Maximum Size	Outstanding Balance	Maturity[19]	W/A Rate[20]
Loans				
JP Morgan[21]	$ 1,118,000	$ 894,031	March 2020	L+2.27%
Deutsche Bank	355,200	308,730	March 2020	L+2.57%
Goldman Sachs	N/A	39,001	April 2019	L+3.50%
Subtotal	**$ 1,473,200**	**$ 1,241,762**		**L+2.38%**
Securities				
UBS	N/A	$ 100,798	September 2018	2.77%
Deutsche Bank CMBS	N/A	144,675	April 2018	3.59%
Subtotal		**$ 245,473**		**3.25%**
Total Borrowings at March 31, 2017[22]		**$ 1,477,281**		**3.35%**

5.50% Convertible Notes
$249 Million

- Convertible to common stock – conversion ratio of 56.7586 ($17.62 effective conversion price)
- Matures in May 2019

Series A, Series B & Series C Cumulative Redeemable Perpetual Preferred Stock
$458.8 Million

- Series A – publicly sold in July 2012; 8.625% rate, callable August 2017
- Series B – privately placed in September 2015; 8.00% rate, callable September 2020
- Series C – assumed from AMTG transaction in August 2016, originally issued in September 2012; 8.00% rate, callable September 2017

Common Stock
$1.5 Billion

- 91,621,274 shares issued and outstanding at March 31, 2017
- 9.7% dividend yield[4]

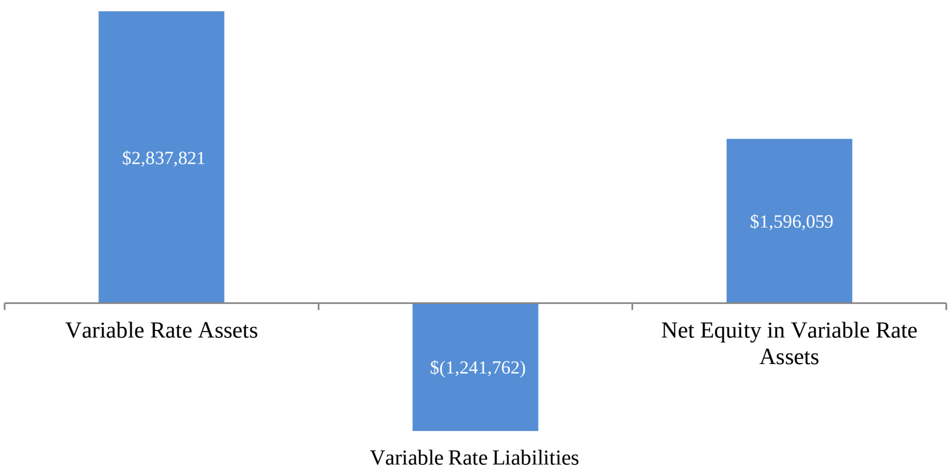
Debt to Common Equity Ratio[23]: 1.2x
Fixed Charge Coverage[24]: 2.3x

See footnotes on page 19

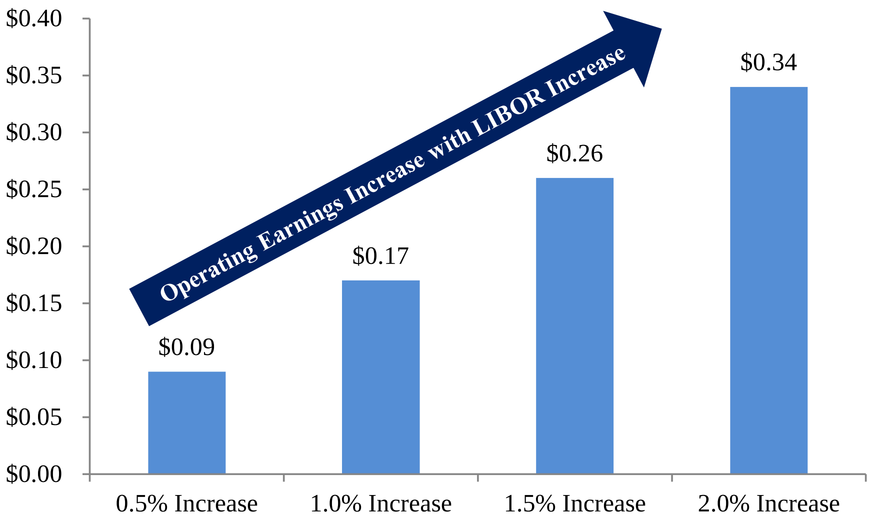
Interest Rate Sensitivity

ARI's Portfolio Income and Operating Earnings are Positively Correlated to an Increase in LIBOR

Variable Rate Investments and Liabilities ($000s)



Operating Earnings Sensitivity to LIBOR[2][3]



See footnotes on page 19

Investment Highlights

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Eight-Year Track Record as an Innovative, Creative Global CRE Debt Provider

"First-Call" Relationship with Real Estate Owners and Operators, Senior Lenders and Brokers

Stable and Diverse $3.5 Billion Investment Portfolio With ~ 13.6% Levered IRR(1)

Demonstrated Ability to Access Attractively Priced Capital

Well Positioned for Rising Interest Rates

9.7% Dividend Yield(4)

See footnotes on page 19

Footnotes

(1) 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 presentation. 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, 2016 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 presentation over time.

(2) 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, other than realized gains/(losses) related to interest income; (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 26 for a reconciliation of GAAP net income and GAAP net income per share to Operating Earnings and Operating Earnings per Share. Operating Earnings may also be adjusted to exclude certain other non-cash items, as determined by the Manager and approved by a majority of the Company's independent directors.

(3) Based upon the Company's portfolio as of March 31, 2017, 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.

(4) Based upon the $1.84 annual dividend per share of common stock and the closing stock price on May 2, 2017.

(5) Source: Wells Fargo and CoStar Realty Information, Inc.

(6) Source: Reis.

(7) Source: Prequin.

(8) Source: Real Capital Analytics.

(9) Source: Trepp.

(10) Source: MBA Origination Survey.

(11) Unfunded loan commitments are for loans that were previously closed but have yet to be funded.

(12) 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.

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

(14) Subordinate loans include CMBS, held-to-maturity and are net of participations sold of $84.6 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.

(15) Other includes ski resorts, a data center and water park resorts.

(16) Based upon face amount of loans; does not include CMBS, but does include CMBS, held-to-maturity.

(17) Other includes a repurchase agreement investment secured by collateralized debt obligation or CDO bonds and equity investment in Bremer Kreditbank AG ("BKB Bank").

(18) Return on common equity is calculated as Operating Earnings (see definition in footnote 2) for the period as a percentage of average stockholders' equity for the period.

(19) Assumes extension options are exercised.

(20) Assumes one-month LIBOR at March 31, 2017 was 0.98%.

(21) The debt balance as of March 31, 2017, 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.

(22) Total balance less $9,954 in deferred financing costs.

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

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

Appendix

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

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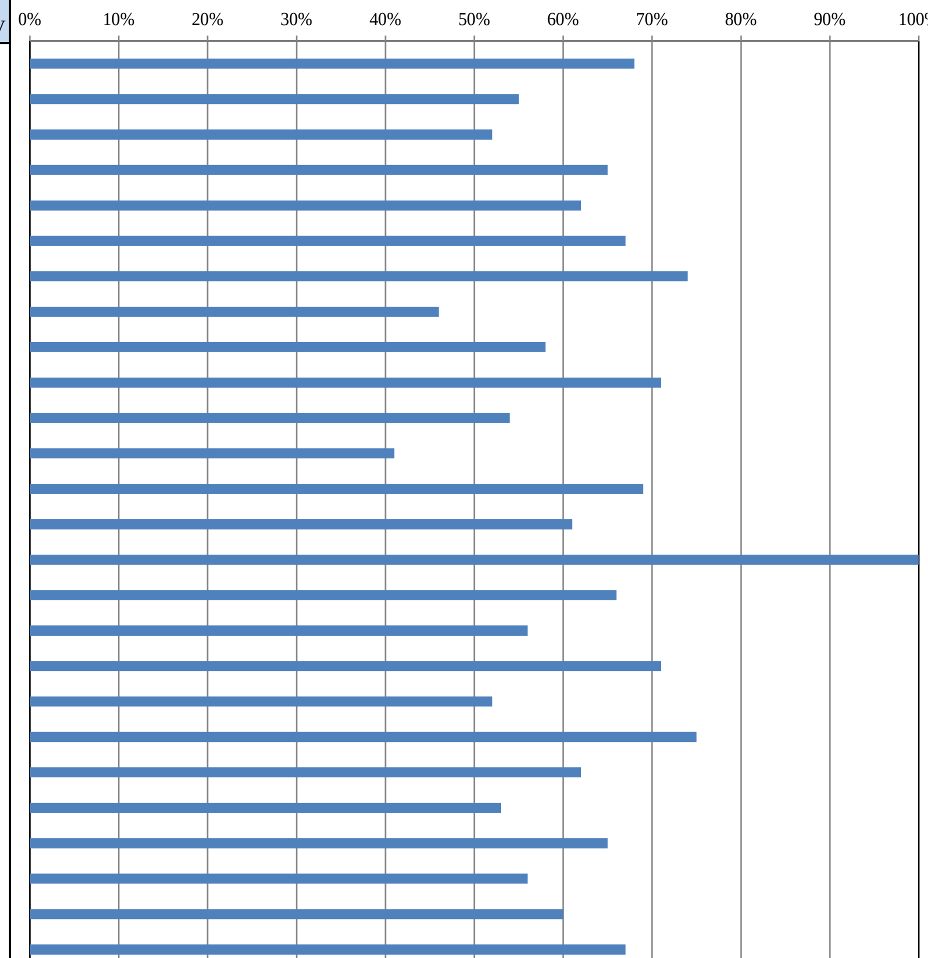
Senior Loans

Description ($ in thousands)	Location	Balance at 03/31/2017	Starting LTV	Ending LTV
First Mortgage - Urban Retail/Pre-development	Florida	$ 220,000	0%	68%
First Mortgage - Retail Center	Ohio	$ 165,000	0%	55%
First Mortgage - Hotel[1]	New York	$ 153,480	0%	52%
First Mortgage - Mixed-use[2]	Illinois	$ 130,059	0%	65%
First Mortgage - Urban Retail/Pre-development[3]	New York	$ 127,180	0%	62%
First Mortgage - Office	New York	$ 105,000	0%	67%
First Mortgage - Hotel	New York	$ 105,000	0%	74%
First Mortgage - Destination homes	Various	$ 87,220	0%	46%
First Mortgage - Datacenter	Virginia	$ 80,000	0%	58%
First Mortgage - Hotel	Georgia	$ 72,200	0%	71%
First Mortgage - Urban Retail/Pre-development	New York	$ 60,300	0%	54%
First Mortgage - Hotel	Florida	$ 60,000	0%	41%
First Mortgage - Destination homes	New York/Hawaii	$ 59,500	0%	69%
First Mortgage - Hotel	Missouri	$ 57,000	0%	61%
First Mortgage - Multifamily[4]	North Dakota	$ 54,706	0%	100%
First Mortgage - Office	Virginia	$ 54,000	0%	66%
First Mortgage - Urban Retail/Pre-development	California	$ 52,672	0%	56%
First Mortgage - Condominium	Maryland	$ 49,045	0%	71%
First Mortgage - Office	New York	$ 46,161	0%	52%
First Mortgage - Retail Center	Florida	$ 45,000	0%	75%
First Mortgage - Hotel	St. Thomas	$ 42,000	0%	62%
First Mortgage - Urban Retail/Pre-development	New York	$ 41,181	0%	53%
First Mortgage - Hotel	Pennsylvania	$ 34,000	0%	65%
First Mortgage - Hotel	Florida	$ 34,000	0%	56%
First Mortgage - Retail Center	Florida	$ 30,750	0%	60%
First Mortgage - Office	Massachusetts	$ 29,026	0%	67%
Total/Weighted Average		$ 1,994,480		62%



(1) This whole loan includes a first mortgage with an outstanding balance of $138,406 and a mezzanine loan with an outstanding balance of $15,074.
(2) LTV is based upon the fully committed loan amount of $133,000.
(3) This includes four first mortgage loans secured by cross collateralized retail parcels. LTV is based upon fully committed loan amount.
(4) This whole loan includes a first mortgage loan with an outstanding balance of $49,706 and a mezzanine loan with an outstanding balance of $5,000.

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

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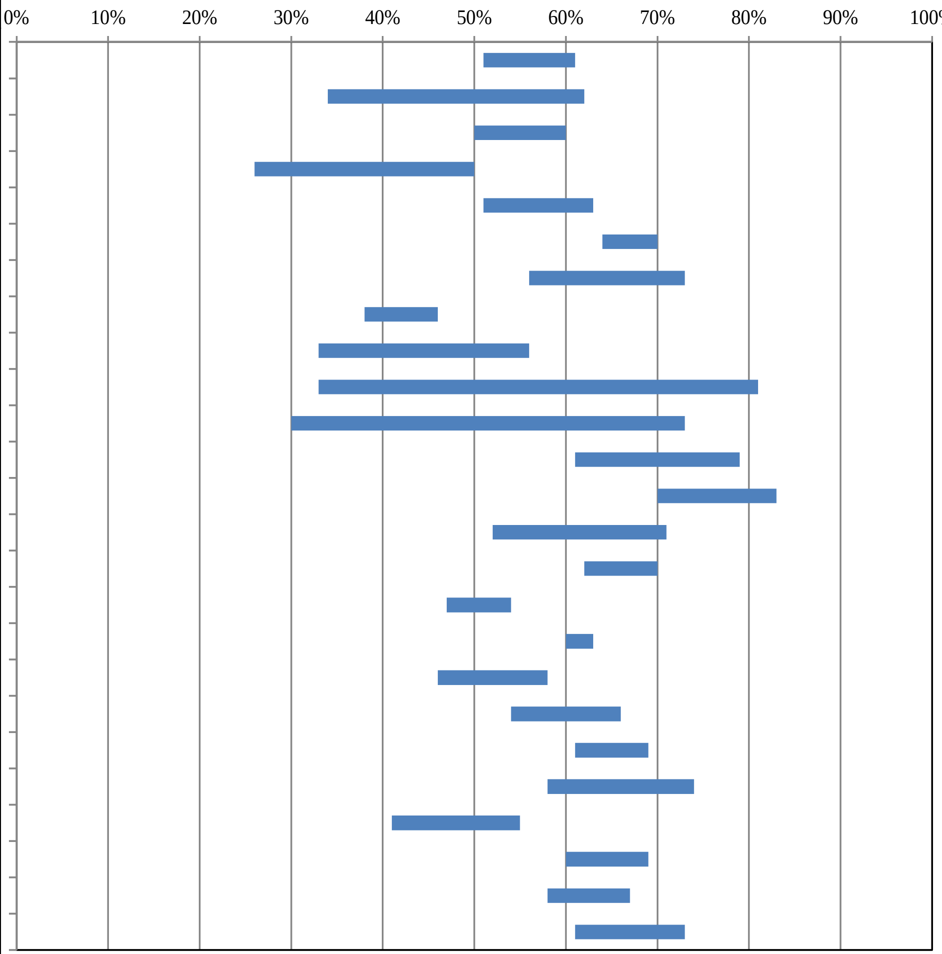
Subordinate Loans

Description ($ in thousands)	Location		Balance at 03/31/2017	Starting LTV	Ending LTV
Subordinate - Healthcare portfolio	Various	$	130,000	51%	61%
Subordinate - Pre-development loan[(1)]	London	$	125,500	34%	62%
Subordinate - Condo development[(2)]	New York	$	102,400	50%	60%
Subordinate - Condo development	New York	$	77,066	26%	50%
Subordinate - Condo conversion	New York	$	77,000	51%	63%
Subordinate - Other[(3)]	Various	$	75,000	64%	70%
Subordinate - Mixed-use	New York	$	75,000	56%	73%
Subordinate - Condo conversion	New York	$	61,595	38%	46%
Subordinate - Hotel[(4)]	Aruba	$	61,133	33%	56%
Subordinate - Multifamily	New York	$	55,000	33%	81%
Subordinate - Hotel	New York	$	50,000	30%	73%
Subordinate - Industrial portfolio	New York	$	45,000	61%	79%
Subordinate - Mixed-use	Ohio	$	42,500	70%	83%
Subordinate - Healthcare portfolio	UK	$	42,294	52%	71%
Subordinate - Industrial portfolio	Various	$	32,000	62%	70%
Preferred Equity - Condo development	New York	$	30,706	47%	54%
Subordinate - Condo development[(2)]	New York	$	30,000	60%	63%
Subordinate - Hotel	Arizona	$	25,000	46%	58%
Subordinate - Hotel portfolio	Minnesota	$	23,774	54%	66%
Subordinate - Hotel	Washington D.C.	$	20,000	61%	69%
Subordinate - Hotel	California	$	20,000	58%	74%
Subordinate - Other[(5)]	Montana	$	15,000	41%	55%
Subordinate - Office	New York	$	14,000	60%	69%
Subordinate - Office	Missouri	$	9,373	58%	67%
Subordinate - Mixed-use	North Carolina	$	6,525	61%	73%
Total/Weighted Average		$	1,245,866		63%



(1) Based upon £100.0 million face amount converted to USD based upon the conversion rate on March 31, 2017.
(2) 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
(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) Other includes a loan on a ski resort.

CMBS Portfolio[1]

CUSIP	Description
14986DAJ9	CD 2006-CD3 AJ
17311QBN9	CGCMT 2007-C6 AJ
17313KAK7	CGCMT 2008-C7 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

	Face	Amortized Cost	Remaining Weighted Average Life with Extensions (years)	Estimated Fair Value	Debt	Net Equity at Cost[2]
CMBS – Total	**$ 304,768**	**$ 296,159**	**2.4 Years**	**$ 261,841**	**$ 245,473**	**$ 105,388**

(1) Does not include CMBS, held-to-maturity.
(2) Includes $54.7 million of restricted cash related to the UBS Facility and the DB CMBS Facility.

Consolidated Balance Sheet

APOLLO
COMMERCIAL REAL ESTATE FINANCE

(in thousands—except share and per share data)	March 31, 2017	December 31, 2016
Assets:		
Cash	$ 142,905	$ 200,996
Restricted cash	54,702	62,457
Securities, at estimated fair value	261,841	331,076
Securities, held-to-maturity	145,780	146,352
Commercial mortgage loans, held for investment	1,955,816	1,641,856
Subordinate loans, held for investment	1,195,570	1,051,236
Investment in unconsolidated joint venture	23,538	22,103
Derivative assets, net	3,009	5,906
Interest receivable	22,297	19,281
Other assets	3,107	1,714
Total Assets	$ 3,808,565	$ 3,482,977
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements (net of deferred financing costs of $9,954 in 2017 and $6,763 in 2016, respectively)	$ 1,477,281	$ 1,139,803
Convertible senior notes, net	250,468	249,994
Participations sold	84,647	84,979
Accounts payable and accrued expenses	8,652	17,681
Payable to related party	7,432	7,015
Dividends payable	51,109	51,278
Total Liabilities	1,879,589	1,550,750
Commitments and Contingencies (See Note 14)		
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
Series C Preferred stock, 6,900,000 shares issued and outstanding ($172,500 aggregate liquidation preference) in 2016	69	69
Common stock, $0.01 par value, 450,000,000 shares authorized 91,621,274 and 91,422,676 shares issued and outstanding in 2017 and 2016, respectively	916	914
Additional paid-in-capital	1,984,471	1,983,010
Retained earnings (accumulated deficit)	(53,035)	(48,070)
Accumulated other comprehensive loss	(3,560)	(3,811)
Total Stockholders' Equity	1,928,976	1,932,227
Total Liabilities and Stockholders' Equity	$ 3,808,565	$ 3,482,977

Consolidated Statement of Operations

	Three months ended March 31, 2017	Three months ended March 31, 2016
Net interest income:		
Interest income from securities	$ 3,256	$ 8,049
Interest income from securities, held to maturity	2,798	2,896
Interest income from commercial mortgage loans	34,398	21,127
Interest income from subordinate loans	34,390	29,375
Interest expense	(17,030)	(14,642)
Net interest income	**57,812**	**46,805**
Operating expenses:		
General and administrative expenses (includes $3,791 of equity-based compensation in 2017 and $1,668 in 2016, respectively)	(5,758)	(8,185)
Management fees to related party	(7,432)	(5,229)
Total operating expenses	**(13,190)**	**(13,414)**
Income/(loss) from unconsolidated joint venture	458	68
Other income	108	2
Realized loss on sale of assets	(1,042)	-
Unrealized gain/(loss) on securities	2,852	(15,074)
Foreign currency gain/(loss)	3,172	(4,474)
Gain/(loss) on derivative instruments (includes unrealized gains/(losses) of ($2,889) and ($1,380) in 2017 and 2016, respectively)	(3,045)	4,703
Net income	**$ 47,125**	**$ 18,616**
Preferred dividends	(9,310)	(5,815)
Net income available to common stockholders	**$ 37,815**	**$ 12,801**
Basic and diluted net income per share of common stock	$ 0.41	$ 0.18
Basic weighted average shares of common stock outstanding	91,612,447	67,385,191
Diluted weighted average shares of common stock outstanding	92,998,250	68,327,718
Dividend declared per share of common stock	$ 0.46	$ 0.46

Reconciliation of Net Income to Operating Earnings

	Three Months Ended							
	March 31, 2017		Earnings Per Share (Diluted)		March 31, 2016		Earnings Per Share (Diluted)	
Operating Earnings:								
Net income available to common stockholders	**$**	**37,815**	**$**	**0.41**	**$**	**12,801**	**$**	**0.18**
Adjustments:								
Equity-based compensation expense		3,791		0.04		1,668		0.03
Unrealized (gain)/loss on securities		(2,852)		(0.03)		15,074		0.22
Unrealized (gain)/loss on derivative instruments		3,045		0.03		(4,703)		(0.07)
Foreign currency (gain)/loss, net		(3,326)		(0.04)		4,474		0.07
Amortization of convertible senior notes related to equity reclassification		608		0.01		573		0.01
Income from unconsolidated joint venture		(458)		(0.01)		(68)		-
Total adjustments:		808		-		17,018		0.26
Operating Earnings	**$**	**38,623**	**$**	**0.41**	**$**	**29,819**	**$**	**0.44**
Basic weighted average shares of common stock outstanding				91,612,447				67,385,191
Diluted weighted average shares of common stock outstanding				92,998,250				68,327,718

In order to evaluate the effective yield of the portfolio, the Company uses Operating Earnings to reflect the net investment income of the Company's portfolio as adjusted to include the net interest expense related to the Company's derivative instruments. Operating Earnings allows the Company to isolate the net interest expense associated with the Company's swaps in order to monitor and project the Company's full cost of borrowings. The Company also believes that investors use Operating Earnings or a comparable supplemental performance measure to evaluate and compare the performance of the Company and its peers and, as such, the Company believes that the disclosure of Operating Earnings is useful to its investors.

A significant limitation associated with Operating Earnings as a measure of the Company's financial performance over any period is that it excludes net realized and unrealized gains (losses) from investments. In addition, the Company's presentation of Operating Earnings may not be comparable to similarly-titled measures of other companies, who may use different calculations. As a result, Operating Earnings should not be considered as a substitute for the Company's GAAP net income as a measure of its financial performance or any measure of its liquidity under GAAP.

Beginning with the quarter ended September 30, 2016, the Company has slightly modified its definition of Operating Earnings to include realized gains/(losses) on currency swaps related to interest income on investments denominated in a currency other than U.S. dollars. The Company believes that including the effects of realized gains/(losses) on currency swaps related to interest income more accurately reflects the Company's investment income for a particular period and will allow investors to more easily compare its operating results over various periods. The effects of such unrealized gains/(losses) in prior periods were not material to the Company's financial results. The Company intends to apply this modified definition for Operating Earnings for all future periods.