

NOTICE OF SETTLEMENT METHOD
APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.
5.50% CONVERTIBLE SENIOR NOTES DUE 2019

December 14, 2018

TO: The Holders of Apollo Commercial Real Estate Finance, Inc. (the "**Company**") 5.50% Convertible Senior Notes due 2019 (CUSIP No. 03762U AA3) (the "**Notes**").

NOTICE IS HEREBY GIVEN pursuant to Section 12.02(a)(i) of the First Supplemental Indenture, dated as of March 17, 2014 (the "**Supplemental Indenture**"), between the Company and Wells Fargo Bank, National Association, as trustee (the "**Trustee**") to the Indenture, dated as of March 17, 2014, between the Company and the Trustee, the Company hereby notifies the Holders, through the Conversion Agent, that the Company has elected Physical Settlement as the Settlement Method with respect to any and all conversions of Notes whose Conversion Date occurs on or after December 15, 2018. This election applies only to the Notes and does not apply to any other outstanding series of the Company's convertible senior notes.

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Supplemental Indenture. If you have any questions, please contact Hilary Ginsberg at the Company, telephone 212-822-0767.

No representation is made as to the correctness or accuracy of the CUSIP number listed in this notice or on the Notes. They are included solely for the convenience of the Holders.