

APOLLO

# Q4 & FY 2023 Financial Results

**Apollo Commercial Real Estate Finance, Inc.**

February 6, 2024

Unless otherwise noted, information as of December 31, 2023

It should not be assumed that investments made in the future will be profitable or will equal the performance of the investments shown 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 Distributable Earnings and Distributable Earnings per share. Please refer to page 21 for a definition of "Distributable Earnings" and the reconciliation of the applicable GAAP financial measures to non-GAAP financial measures set forth on page 21.

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## ARI Highlights

**2023 Distributable Earnings<sup>1,a</sup>****\$1.69****Distributable Earnings<sup>1</sup> per Diluted  
Share of Common Stock****Q4'23 Distributable Earnings<sup>1,a</sup>****\$0.36****Distributable Earnings<sup>1</sup> per Diluted  
Share of Common Stock****Strong Dividend Coverage****1.21x****Coverage Ratio<sup>2,b</sup> for Dividend per  
Share of Common Stock****APOLLO**

Commercial Real Estate Finance

**Quarter-End Liquidity****\$278 Million****Cash<sup>c</sup> and Available Leverage on  
Secured Debt Arrangements****Floating Rate Portfolio****99%****Percentage Floating Rate Loans****Weighted Average Remaining  
Term on Corporate Debt<sup>3</sup>****4.0 Years****No Corporate Debt Maturities until 2026**

a) Amount reflects Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt

b) Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt per share to dividend per share for the year ended December 31, 2023

c) Includes loan proceeds held by servicer as of December 31, 2023

See footnotes on page 22

# Summary Results

## Financial Results

- Net income available to common stockholders of **\$46 million**, or **\$0.29** per diluted share of common stock for 2023; Net income available to common stockholders of **\$43 million**, or **\$0.30** per diluted share of common stock for Q4
- Distributable Earnings<sup>1,a</sup> of **\$244 million**, or **\$1.69** per diluted share of common stock for 2023; **\$52 million**, or **\$0.36** per diluted share of common stock for Q4
- Declared common stock dividends of **\$1.40** per share in 2023, which implies a dividend yield<sup>4</sup> of **12.7%**
  - **1.21x** dividend coverage ratio<sup>2,b</sup>

## Investments

- Closed new commitments of **\$536 million** (**\$275 million** funded at close) in Q4:
  - **€250 million** (\$275 million<sup>c</sup> in USD) committed and fully funded to a first mortgage secured by a pan-European portfolio of hostels
  - **£168 million** (\$212 million<sup>c</sup> in USD) committed to a first mortgage secured by a portfolio of pubs across the UK; loan fully funded in January 2024
  - Upsized our existing first mortgage secured by an office redevelopment property in London by **£40 million** (\$49 million<sup>c</sup> in USD) in connection with the execution of a 20-year credit tenant lease for 100% of the property
- Total new commitments closed in 2023 of **\$734 million** (**\$456 million** funded), including **\$174 million** committed and funded in connection with the refinancing of two floating rate first mortgage loans
- Gross add-on fundings<sup>5</sup> of **\$473 million** in 2023; **\$131 million** in Q4

## Repayments

- Total repayments and loans sales of **\$1.2 billion** in 2023:
  - **\$733 million** of full repayments and loan sales across twelve loans (ten first mortgage loans and two subordinate loans)
  - **\$270 million** proceeds from loans secured by office properties, including **\$164 million** of full satisfactions across two first mortgage loans
- Total repayments of **\$205 million** in Q4:
  - **\$90 million** full satisfaction of a first mortgage loan secured by a luxury hotel property in Vail, Colorado
  - **\$115 million** of partial repayments

a) Amount reflects Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt

b) Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt per share to dividend per share for the year ended December 31, 2023

c) Represents USD equivalent based on foreign exchange rates as of date funded or commitment closed

## Summary Results (cont'd)

### Loan Portfolio

- Total loan portfolio of **\$8.4 billion** with w/a unlevered all-in yield<sup>6,a</sup> of **8.7%**
  - **95%** first mortgages
  - **99%** floating rate
- Weighted-average risk rating of **3.0**
- No Specific CECL Allowance recorded in Q4; General CECL Allowance remained generally consistent in Q4

### Capitalization

- Ended the year with total common equity book value of **\$2.1 billion<sup>b</sup>**
- Ended the year with **\$278 million<sup>c</sup>** of total liquidity
- Fully repaid the remaining principal of our Convertible Notes of **\$176 million** at par in Q4
- No corporate debt maturities until May 2026

### Subsequent Events

- Closed a new secured credit facility with Goldman Sachs (UK) with a total capacity of **£164 million** (\$209 million<sup>d</sup> in USD) in connection with fully funding our **£168 million** (\$213 million<sup>d</sup> in USD) commitment to a first mortgage secured by a portfolio of pubs across the UK in January 2024
- Funded **\$64.5 million** in add-on fundings

a) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD

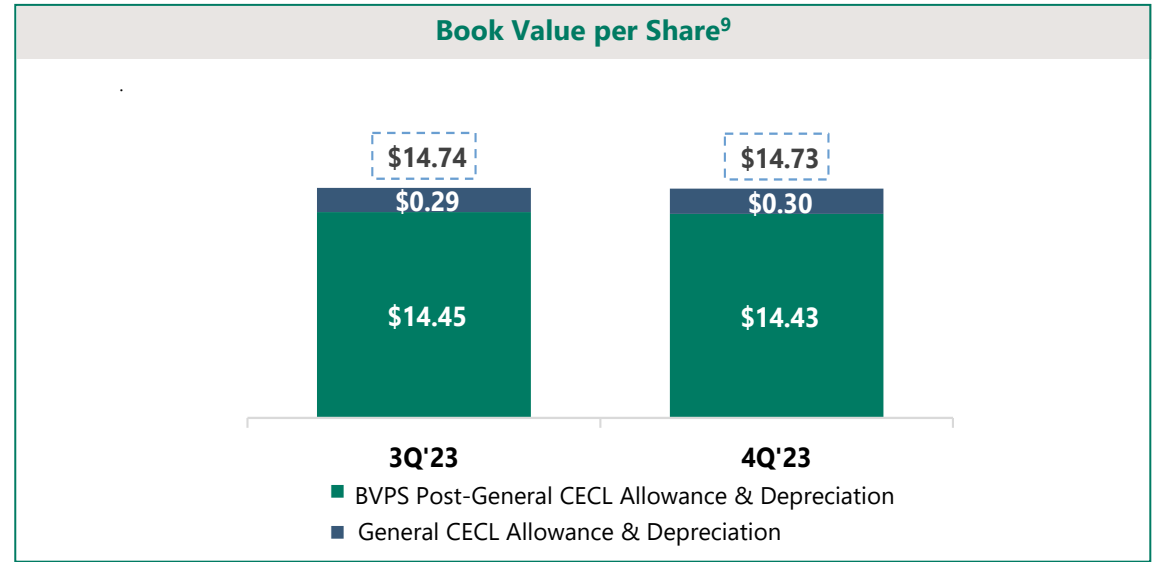
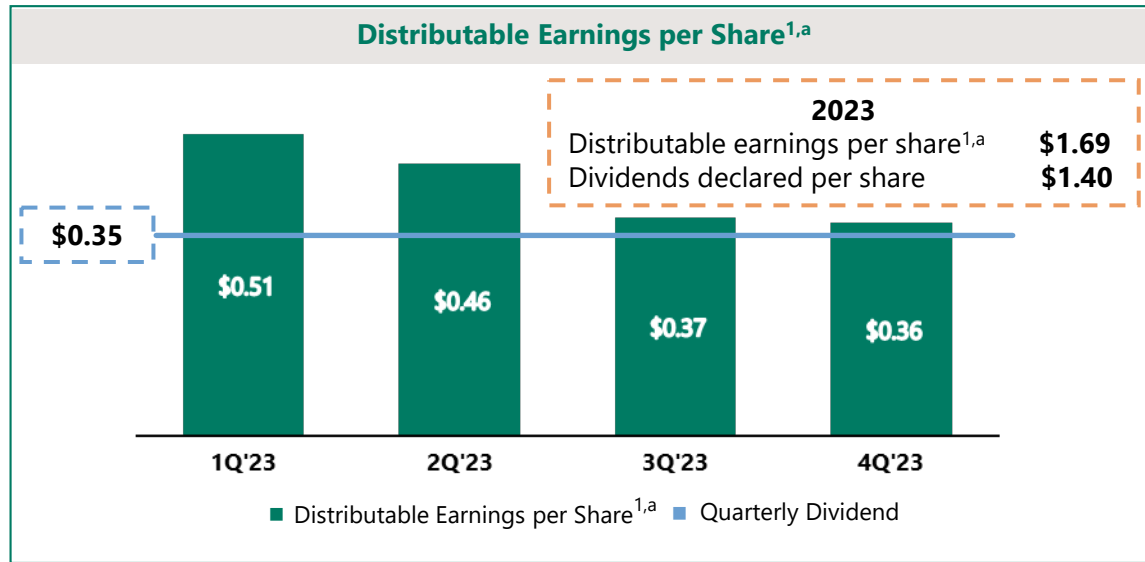
b) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$14.73 multiplied by shares of common stock outstanding

c) Includes cash, loan proceeds held by servicer, and available leverage on our secured debt arrangements as of December 31, 2023

d) Represents USD equivalent based on foreign exchange rates as of date funded or commitment closed

See footnotes on page 22

# Per Share Overview



### Book Value per Share<sup>9</sup> Roll Forward

	BVPS	General CECL Allowance & Depreciation	BVPS excl. General CECL Allowance & Depreciation
<b>December 31, 2022</b>	<b>\$15.54</b>	<b>(\$0.24)</b>	<b>\$15.78</b>
(+) Diluted Distributable Earnings per share <sup>a</sup>	\$1.69	-	\$1.69
(-) Common dividends declared	(\$1.40)	-	(\$1.40)
(-) Net realized loss on investments	(\$0.61)	-	(\$0.61)
(-) Net loss on currency and interest hedges <sup>b</sup>	(\$0.19)	-	(\$0.19)
(-) Change in General CECL Allowance & Depreciation	(\$0.06)	(\$0.06)	-
(-) Change in Specific CECL Allowance	(\$0.42)	-	(\$0.42)
(-) Vesting and delivery of RSUs	(\$0.14)	-	(\$0.14)
(+) Other <sup>c</sup>	\$0.02	-	\$0.02
<b>Change during period<sup>8</sup></b>	<b>(\$1.11)</b>	<b>(\$0.06)</b>	<b>(\$1.05)</b>
<b>December 31, 2023</b>	<b>\$14.43</b>	<b>(\$0.30)</b>	<b>\$14.73</b>

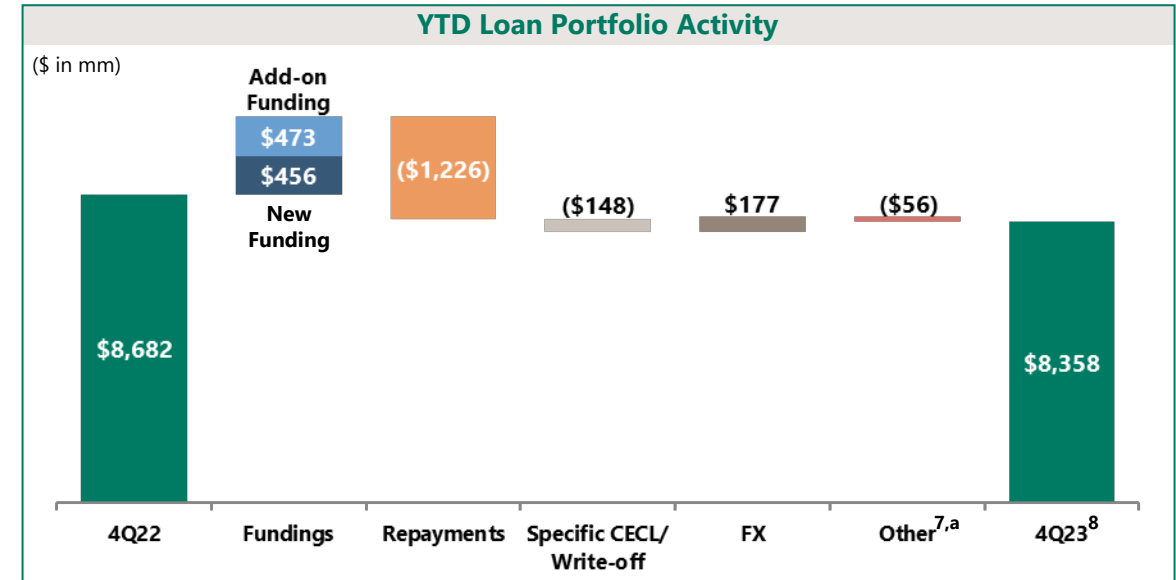
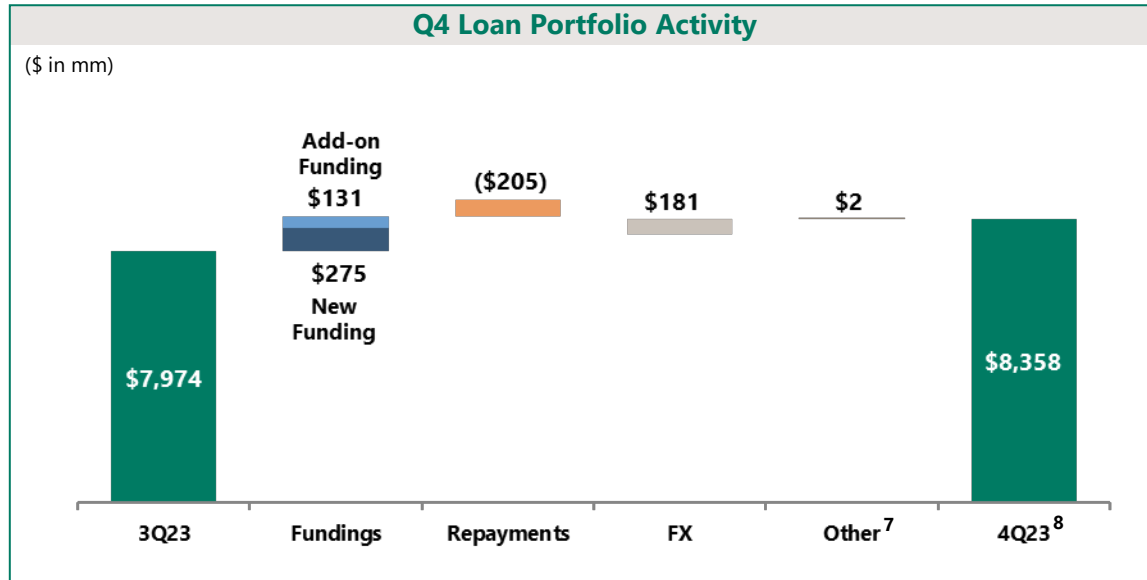
a) Amount reflects Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt

b) Includes net foreign currency gain, net unrealized loss on forward currency contracts and interest rate hedges, and realized gain on forward currency contracts related to principal outside impact of forward points

c) Includes realized gain on extinguishment of convertible notes

See footnotes on page 22

# Portfolio Activity & REO Overview



## Q4 Loan Portfolio Highlights

- **\$275 million** committed and fully funded to a first mortgage secured by a pan-European portfolio of hostels
- **\$90 million** full satisfaction of a first mortgage loan secured by a luxury hotel property in Vail, Colorado

## REO

- **Brooklyn Development:** Continued progress on construction of the Brooklyn Development
- **D.C. Hotel:** 2023 net income from hotel operations significantly exceeded prior year levels
- **Atlanta Hotel:** Sales process continues to move forward

## REO Overview

(\$ in mm)	Net Assets	Debt <sup>b</sup>	Net Equity
<b>As of December 31, 2023</b>			
<i>REO Held-for-Investment</i>			
Brooklyn Development	\$375	(\$162)	\$213
D.C. Hotel	152	-	152
<b>Subtotal: REO Held-for-Investment</b>	<b>\$527</b>	<b>(\$162)</b>	<b>\$366</b>
<i>REO Held-for-Sale</i>			
Atlanta Hotel	\$75	-	\$75
<b>Subtotal: REO Held-for-Sale</b>	<b>\$75</b>	<b>-</b>	<b>\$75</b>
<b>Total REO</b>	<b>\$603</b>	<b>(\$162)</b>	<b>\$441</b>

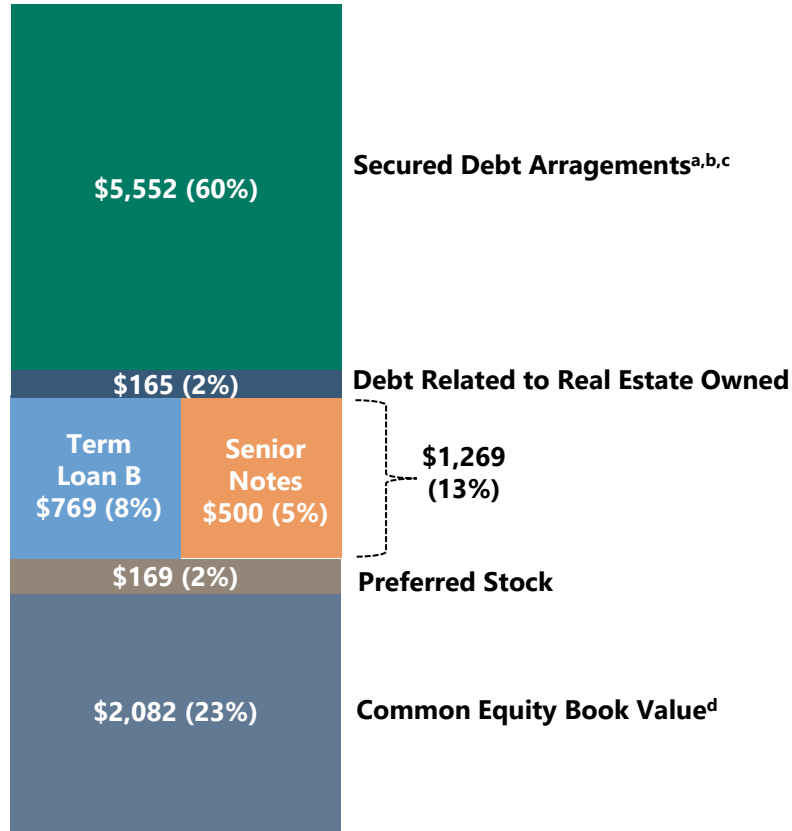
a) Includes \$75 million transfer to real estate owned related to the deed-in-lieu of foreclosure of our Atlanta Hotel on March 31, 2023

b) Debt related to real estate owned represents construction financing on our Brooklyn Development, and excludes borrowings on our revolving credit facility for which certain of our real estate assets are pledged as collateral. The construction financing includes a maximum commitment of \$388 million and is presented net of \$3 million in deferred financing costs.

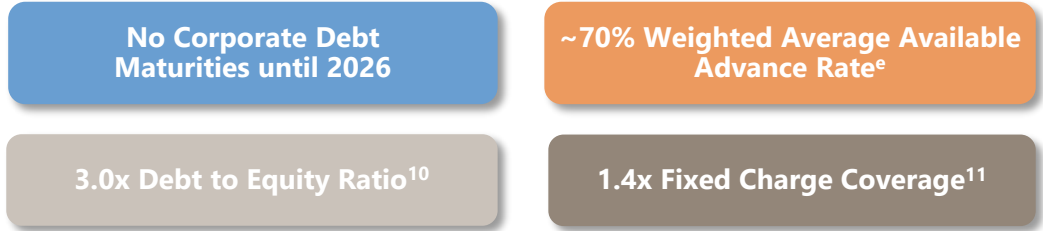
# Capital Structure Overview

## Capital Structure Composition

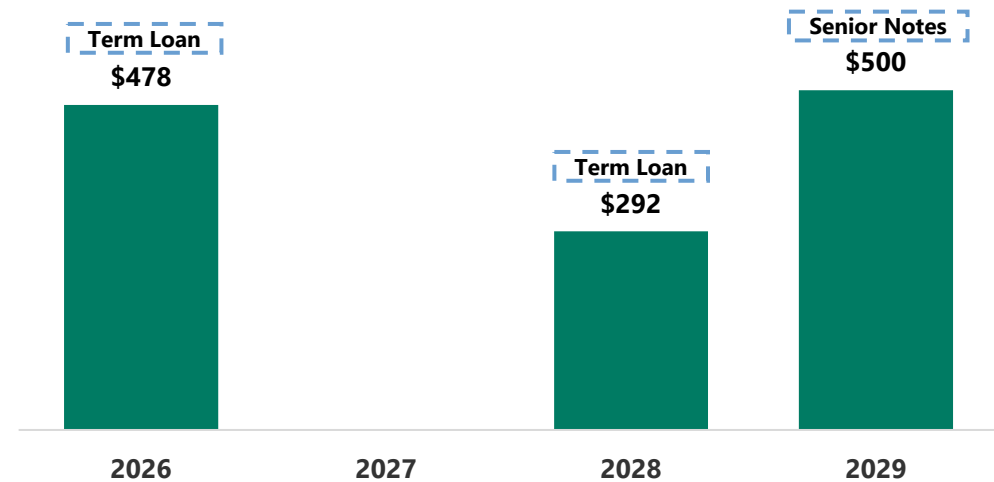
(\$ in mm)



## Conservative Capital Management Strategy



## Corporate Debt Maturities

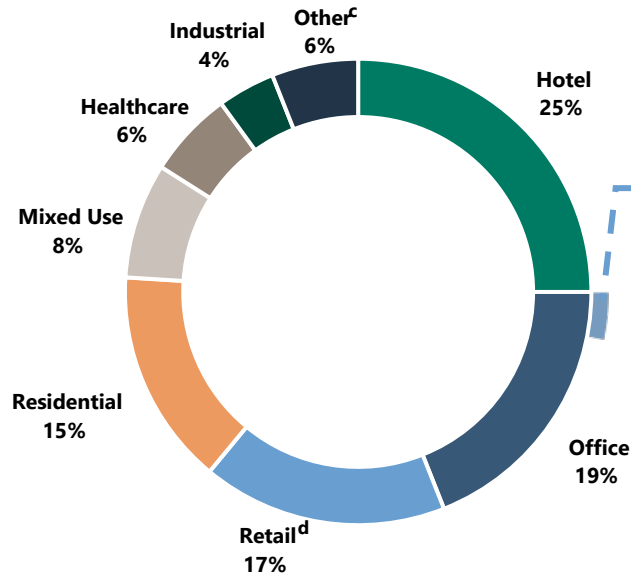


a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.49% / GBP: +2.21% / EUR: +1.68% / SEK: +1.50%  
 b) Our secured credit facilities do not contain capital markets-based mark-to-market provisions  
 c) Consists of nine secured credit facility counterparties, one revolving credit facility and one private securitization  
 d) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$14.73 multiplied by shares of common stock outstanding  
 e) Based on maximum available advance rates across secured debt counterparties  
 See footnotes on page 22

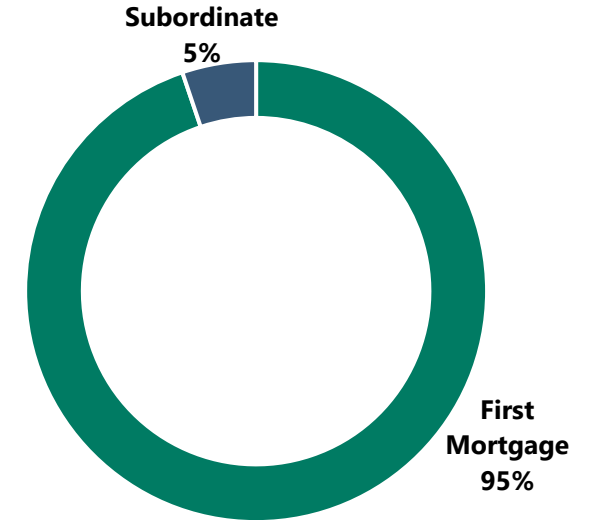
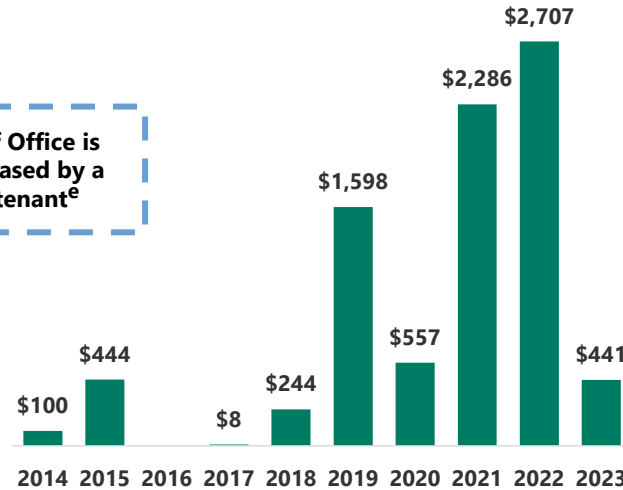


# Loan Portfolio Overview

<b>Number of Loans</b> <b>50</b>	<b>Carrying Value</b> <b>\$8.4 billion</b>	<b>W/A Unlevered All-in Yield on Loan Portfolio<sup>6,12,a</sup></b> <b>8.7%</b>
<b>W/A Remaining Fully-Extended Term<sup>12,14</sup></b> <b>2.3 Years</b>	<b>W/A Portfolio Risk Rating<sup>12</sup></b> <b>3.0</b>	<b>W/A Portfolio Loan-to-Value<sup>12,b</sup></b> <b>57%</b>
<b>Collateral Diversification<sup>12</sup></b>	<b>Origination Vintage<sup>12</sup></b>	<b>Loan Position<sup>12</sup></b>



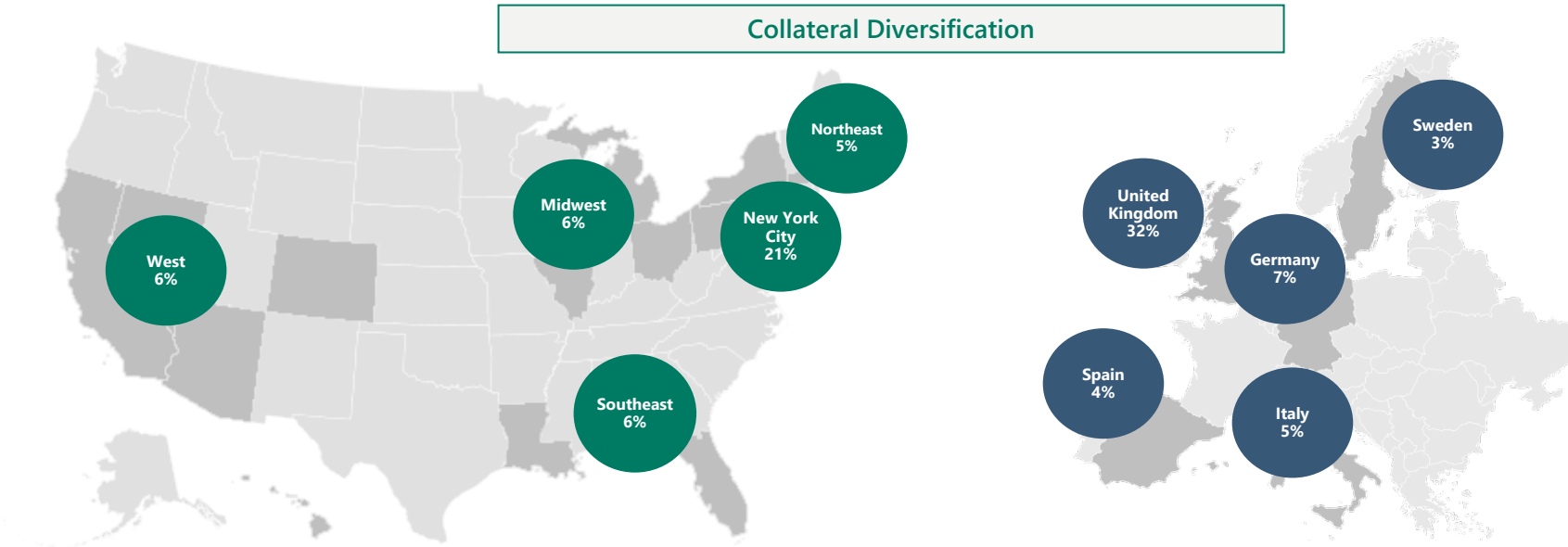
19% of Office is fully leased by a credit tenant<sup>e</sup>



a) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD  
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated; excludes risk-rated 5 loans  
 c) Other property types include Parking Garages (2%), Caravan Parks (2%) and Urban Predevelopment (2%)  
 d) Retail property types include: Outlet Center (6%), Retail Distribution Warehouse (5%), Urban Retail (3%), and Lifestyle Center (3%)  
 e) Includes a £220 million (\$280 million in USD) first mortgage secured by an office redevelopment property in London; property is 100% leased by a credit tenant for a 20-year term  
 See footnotes on page 22

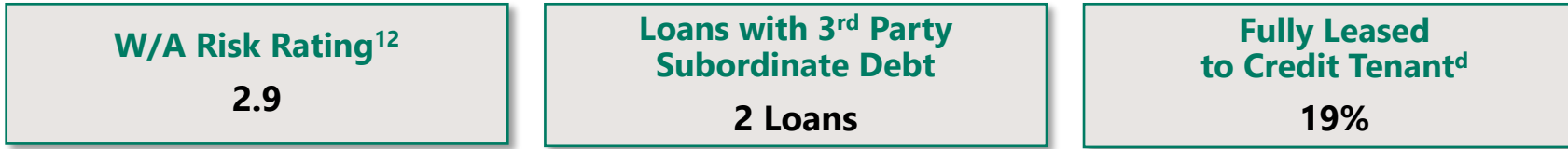
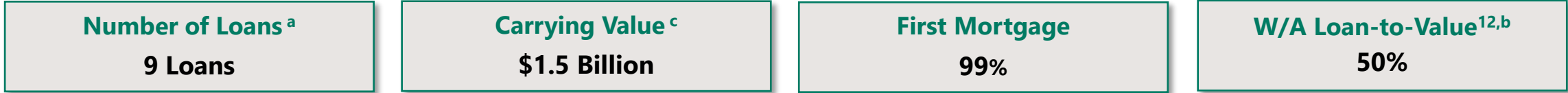
# Loan Portfolio Overview (cont'd)

(\$ in mm)	United Kingdom	New York City	Other Europe	Southeast	Midwest	West	Northeast	Other <sup>a</sup>	Total <sup>8</sup>
Property Type									
Hotel	\$192 / 2%	\$146 / 2%	\$863 / 10%	\$368 / 4%	\$57 / 1%	\$334 / 4%	\$9 / 0%	\$160 / 2%	\$2,129 / 25%
Office	456 / 5%	455 / 5%	494 / 6%	-	188 / 2%	-	-	-	1,593 / 19%
Retail	892 / 11%	250 / 3%	36 / 0%	14 / 0%	100 / 1%	80 / 1%	-	35 / 0%	1,408 / 17%
Residential	228 / 3%	748 / 9%	-	15 / 0%	83 / 1%	71 / 1%	29 / 0%	74 / 1%	1,247 / 15%
Mixed Use	541 / 6%	138 / 2%	-	-	-	-	-	-	679 / 8%
Healthcare	160 / 2%	-	-	-	-	-	352 / 4%	-	512 / 6%
Industrial	-	-	293 / 4%	-	-	-	-	-	293 / 4%
Other <sup>b</sup>	204 / 2%	-	-	138 / 2%	94 / 1%	-	29 / 0%	58 / 1%	523 / 6%
<b>Total<sup>8,13</sup></b>	<b>\$2,675 / 32%</b>	<b>\$1,737 / 21%</b>	<b>\$1,686 / 20%</b>	<b>\$535 / 6%</b>	<b>\$522 / 6%</b>	<b>\$485 / 6%</b>	<b>\$418 / 5%</b>	<b>\$327 / 4%</b>	<b>\$8,385 / 100%</b>
General CECL Reserve									(\$26)
<b>Carrying value, net<sup>8</sup></b>									<b>\$8,358</b>

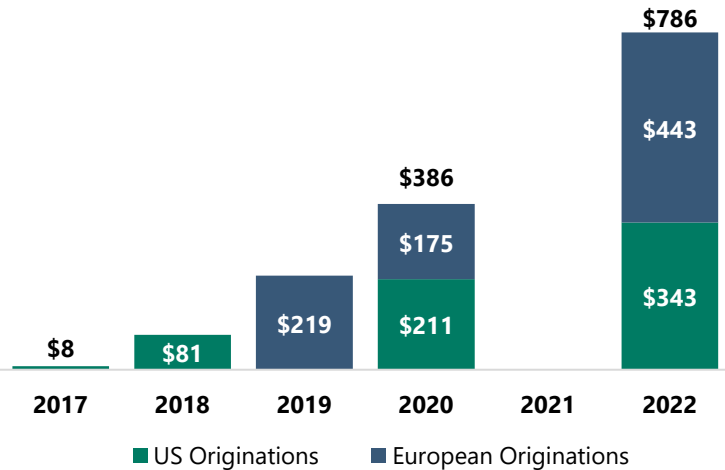


a) Other geographies include Southwest (2%), Mid-Atlantic (1%), and Other (1%)  
 b) Other property types include Parking Garages (2%), Caravan Parks (2%) and Urban Predevelopment (2%)  
 Note: Map does not show locations where percentages are 2% or lower  
 See footnotes on page 22

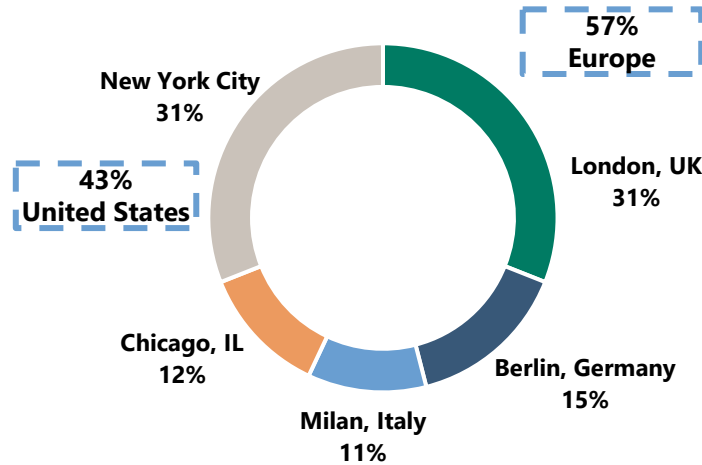
# Office Loan Portfolio Overview



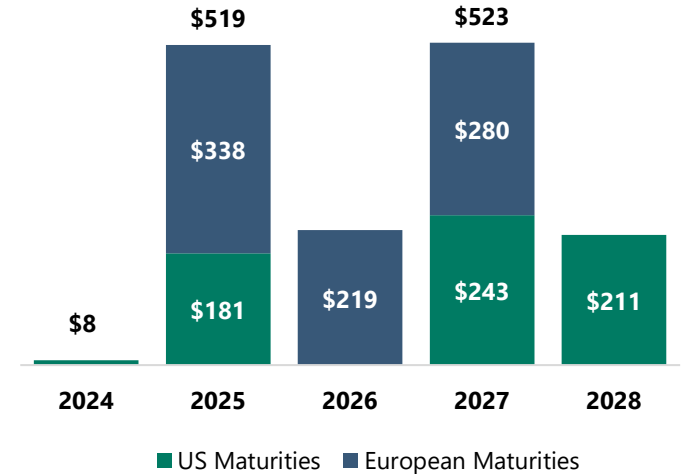
**Origination Vintage <sup>12</sup>**



**Location**



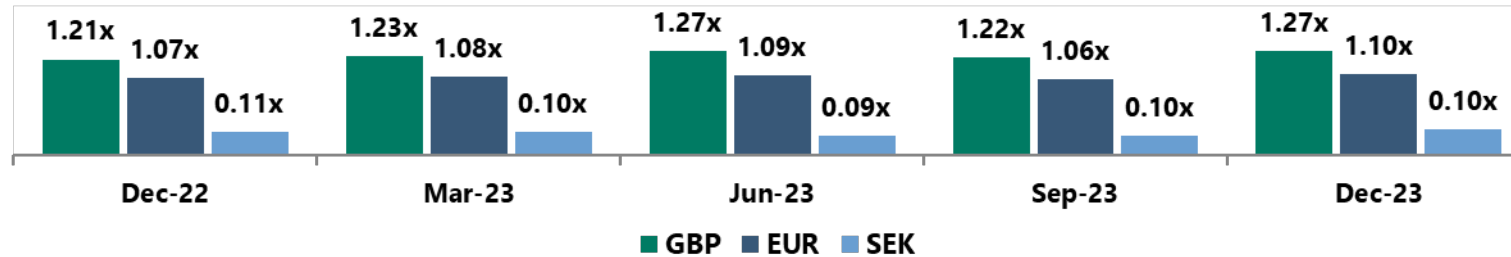
**Fully Extended Maturities <sup>12,14</sup>**



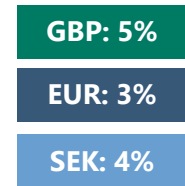
a) Excludes one loan which consists of office, industrial and retail property types located in various cities across Germany  
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated  
 c) Gross of General CECL Allowance  
 d) Portfolio includes a £220 million (\$280 million in USD) first mortgage secured by an office redevelopment property in London; property is 100% leased by a credit tenant for a 20-year term  
 See footnotes on page 22

# Mitigating Foreign Exchange Risk

## Foreign Exchange Rate Change (Local/USD)



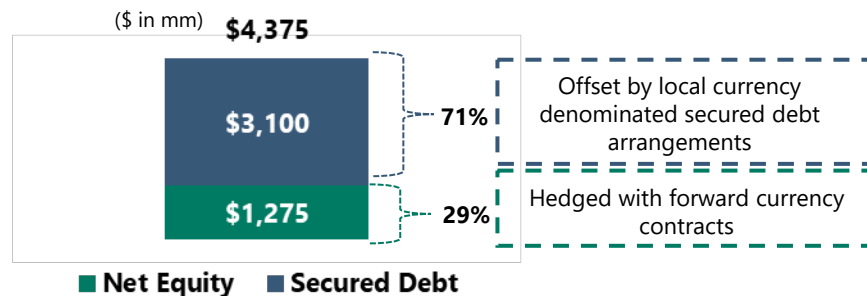
## % FX Change YoY



## Mitigating Foreign Exchange Risk

- As of December 31, 2023 the percentage of net equity to total foreign denominated carrying value was 29%, or \$1.3 billion
  - 71% weighted average advance on total foreign loan portfolio
  - 72%<sup>a</sup> weighted average advance on foreign loans with secured debt financing
- Net equity and net interest income of foreign loans are economically hedged through forward currency contracts
  - Forward point impact on forward currency contracts resulted in an \$8.4 million realized gain in 2023

## Foreign Loan Capital Stack



## Change in Unrealized Gain (Loss) on Net Equity

Currency	As of December 31, 2023			Q4 2023 Net	YTD 2023 Net
	Carrying Value <sup>b</sup>	Secured Debt	Net Equity	Unrealized Gain (Loss) <sup>c</sup>	Unrealized Gain (Loss) <sup>c</sup>
GBP	\$2,662	(\$1,841)	\$821	\$35	\$39
EUR	\$1,466	(\$1,061)	\$405	\$15	\$10
SEK	\$246	(\$198)	\$48	\$3	\$1
<b>Total</b>	<b>\$4,375</b>	<b>(\$3,100)</b>	<b>\$1,275</b>	<b>\$53</b>	<b>\$49</b>
<b>Change in unrealized gain (loss) on forward contracts<sup>d</sup></b>				<b>(\$51)</b>	<b>(\$44)</b>

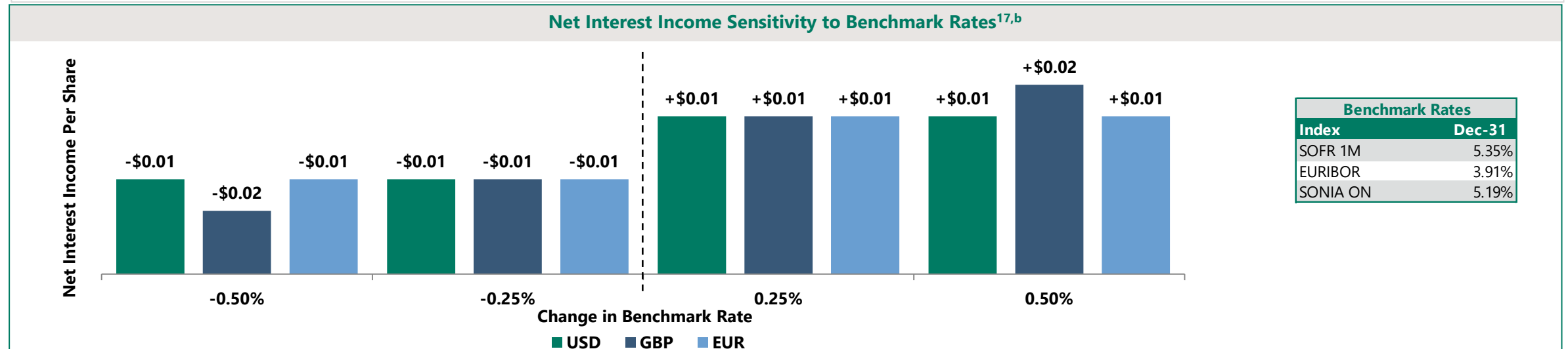
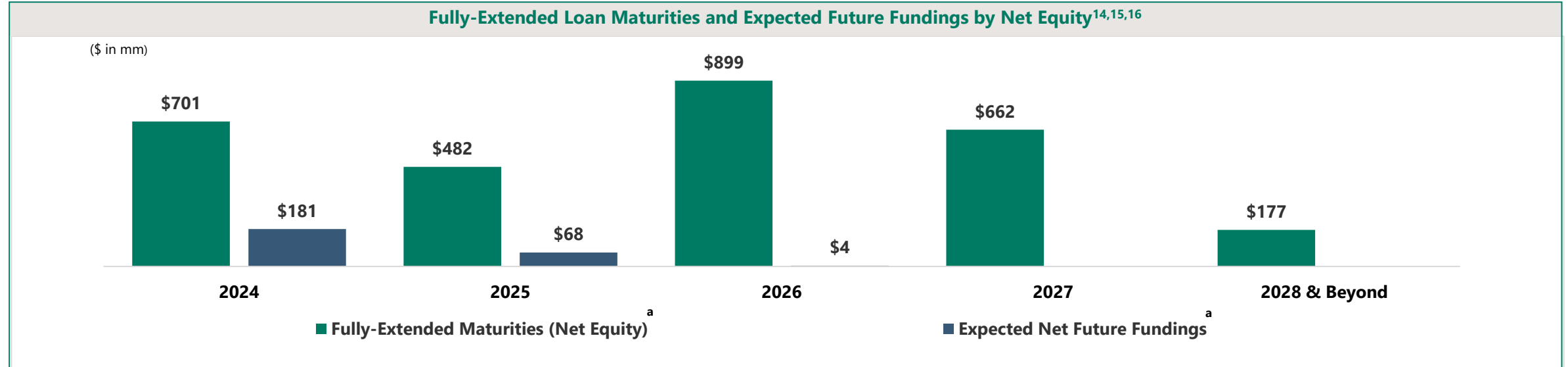
a) Weighted average advance based on carrying value of first mortgage loans with secured debt financing

b) Carrying value includes all commercial mortgage and subordinate loans denominated in foreign currencies with or without secured debt financing

c) Represents the net change in unrealized gains (losses) on foreign loans of \$181 million and respective foreign secured debt arrangements of (\$128) million for the quarter ended December 31, 2023. The net change in unrealized gains (losses) on foreign loans of \$176 million and respective foreign secured debt arrangements of (\$126) million for the year ended December 31, 2023

d) Represents net change in unrealized gain (loss) on forward contracts for the quarter and year ended December 31, 2023, respectively, excluding gains (losses) on forward currency contracts economically hedging foreign currency interest

# Loan Maturities and Future Funding Profile



Note: Assumes future financing, in certain cases, against mortgages that are not currently financed. There is no assurance such future financing against mortgages that are not currently financed will occur

a) Net of expected secured credit facility advances

b) Reflects incremental increases in respective benchmark rates as of December 31, 2023 (SOFR 1 month: 5.35%, EURIBOR 3.91% and SONIA ON: 5.19% adjusted for compounding)

See footnotes on page 22

## Senior Loan Portfolio (1 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Hotel	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity <sup>14</sup>	Location
Loan 1	10/2019	\$348	\$24		Y	08/2024	Various, Spain
Loan 2	12/2023	273	-			12/2028	Various, Europe
Loan 3	11/2021	227	13		Y	11/2026	Various, UK/Ireland
Loan 4	05/2022	186	18		Y	06/2027	Napa Valley, CA
Loan 5	07/2021	177	2			08/2026	Various, US
Loan 6	11/2021	164	-			12/2026	St. Thomas, USVI
Loan 7	09/2015	146	-			06/2024	Manhattan, NY
Loan 8	04/2018	136	-			04/2024	Honolulu, HI
Loan 9	08/2019	132	-			08/2024	Puglia, Italy
Loan 10	10/2021	100	-			11/2026	New Orleans, LA
Loan 11	06/2022	100	-			06/2025	Rome, Italy
Loan 12	05/2019	46	-			12/2025	Chicago, IL
Loan 13	12/2015	42	-			08/2024	St. Thomas, USVI
Loan 14	02/2018	27	-			11/2024	Pittsburgh, PA
<b>Subtotal - Hotel</b>		<b>\$2,104</b>	<b>\$57</b>				
<b>Office</b>							
Loan 15 <sup>a</sup>	02/2022	\$280	\$355	Y		02/2027	London, UK
Loan 16	03/2022	243	22		Y	04/2027	Manhattan, NY
Loan 17	06/2019	219	1			08/2026	Berlin, Germany
Loan 18	01/2020	211	41		Y	03/2028	Long Island City, NY
Loan 19	02/2020	176	5			02/2025	London, UK
Loan 20	02/2022	163	-			06/2025	Milan, Italy
Loan 21	11/2022	100	-			01/2025	Chicago, IL
Loan 22	03/2018	81	-		Y	07/2025	Chicago, IL
<b>Subtotal - Office</b>		<b>\$1,473</b>	<b>\$424</b>				

a) Loan is secured by an office redevelopment property which is 100% leased by a credit tenant for a 20-year term

See footnotes on page 22

## Senior Loan Portfolio (2 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Retail	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity <sup>14</sup>	Location
Loan 23	04/2022	\$478	\$37			04/2027	Various, UK
Loan 24	10/2021	414	-			10/2026	Various, UK
Loan 25	08/2019	250	-		Y	09/2025	Manhattan, NY
Loan 26	05/2022	129	-			06/2027	Various, US
Loan 27 <sup>18</sup>	11/2014	100	-			09/2024	Cincinnati, OH
<b>Subtotal - Retail</b>		<b>\$1,371</b>	<b>\$37</b>				
<b>Residential</b>							
Loan 28	12/2021	\$228	\$12			12/2026	Various, UK
Loan 29 <sup>19</sup>	08/2022	191	-			09/2024	Manhattan, NY
Loan 30	03/2023	168	-			04/2026	Various, US
Loan 31	05/2022	92	2			06/2027	Manhattan, NY
Loan 32	05/2021	81	-			05/2026	Cleveland, OH
Loan 33	12/2021	55	2			01/2027	Manhattan, NY
Loan 34	12/2019	29	3			11/2025	Boston, MA
<b>Subtotal - Residential</b>		<b>\$844</b>	<b>\$19</b>				
<b>Mixed Use</b>							
Loan 35	12/2019	\$369	\$37	Y	Y	08/2025	London, UK
Loan 36	03/2022	138	39		Y	03/2027	Brooklyn, NY
Loan 37	06/2022	128	12	Y	Y	06/2026	London, UK
Loan 38	12/2019	45	-			03/2024	London, UK
<b>Subtotal - Mixed Use</b>		<b>\$680</b>	<b>\$88</b>				

## Senior Loan Portfolio (3 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Healthcare	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity <sup>14</sup>	Location
Loan 39	03/2022	\$352	-			03/2027	Various, MA
Loan 40	10/2019	160	-			10/2024	Various, UK
<b>Subtotal - Healthcare</b>		<b>\$512</b>	<b>-</b>				
<b>Other</b>							
Loan 41 - Industrial	03/2021	\$247	-			05/2026	Various, Sweden
Loan 42 - Caravan Parks	02/2021	204	-			02/2028	Various, UK
Loan 43 - Portfolio <sup>a</sup>	06/2021	195	20			06/2026	Various, Germany
Loan 44 - Parking Garages	05/2021	193	5			05/2026	Various, US
Loan 45 - Urban Predevelopment	12/2022	127	6			01/2026	Miami, FL
Loan 46 - Other	12/2023	-	213			01/2029	Various, UK
<b>Subtotal - Other</b>		<b>\$966</b>	<b>\$244</b>				
<b>Subtotal/W.A. - First Mortgage<sup>8,12</sup></b>		<b>\$7,950</b>	<b>\$869</b>			<b>2.4 Years</b>	

a) Includes portfolio of office, industrial, and retail property types  
See footnotes on page 22



## Subordinate Loan Portfolio

(\$ in mm)	Origination Date	Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>14</sup>	Location
Loan 47 - Residential <sup>19</sup>	06/2015	\$233	-			09/2024	Manhattan, NY
Loan 48 - Residential <sup>18,19</sup>	05/2020	170	-			09/2024	Manhattan, NY
Loan 49 - Hotel	06/2015	23	-			07/2025	Phoenix, AZ
Loan 50 - Office	08/2017	8	-			09/2024	Troy, MI
<b>Total</b>		<b>\$434</b>	<b>-</b>				
<b>Total/W.A. - Subordinate<sup>8,12</sup></b>		<b>\$434</b>	<b>-</b>			<b>0.7 Years</b>	
<b>Total/W.A. - Portfolio</b>		<b>\$8,385</b>	<b>\$869</b>			<b>2.3 Years</b>	
<b>General CECL Reserve</b>		<b>(\$26)</b>					
<b>Total Carrying Value, Net<sup>8</sup></b>		<b>\$8,358</b>					

## Appendix

- Consolidated Balance Sheets
- Consolidated Statement of Operations
- Reconciliation of GAAP Net Income to Distributable Earnings

# Consolidated Balance Sheets

(\$ in thousands - except share data)

	December 31, 2023	December 31, 2022
<b>Assets:</b>		
Cash and cash equivalents	\$225,438	\$222,030
Commercial mortgage loans, net <sup>a,d</sup>	7,925,359	8,121,109
Subordinate loans and other lending assets, net <sup>b,d</sup>	432,734	560,881
Real estate owned, held for investment, net <sup>c</sup> (net of \$10,404 accumulated depreciation in 2023)	519,498	302,688
Other assets	85,623	70,607
Assets related to real estate owned, held for sale	78,653	162,397
Derivative assets, net	29,425	128,640
<b>Total Assets</b>	<b>\$9,296,730</b>	<b>\$9,568,352</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Secured debt arrangements, net	\$5,538,476	\$5,296,825
Senior secured term loans, net	759,150	763,813
Senior secured notes, net	495,637	494,844
Convertible senior notes, net	-	229,361
Accounts payable, accrued expenses and other liabilities <sup>e</sup>	120,334	227,360
Debt related to real estate owned, held for investment, net	161,562	160,294
Participations sold	-	25,130
Payable to related party	9,553	9,728
Liabilities related to real estate owned, held for sale	3,285	6,493
<b>Total Liabilities</b>	<b>\$7,087,997</b>	<b>\$7,213,848</b>
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, Series B-1, 6,770,393 shares issued and outstanding (\$169,260 liquidation preference) in 2023 and 2022	\$68	\$68
Common stock, \$0.01 par value, 450,000,000 shares authorized, 141,358,605 and 140,595,995 shares issued and outstanding in 2023 and 2022, respectively	1,414	1,406
Additional paid-in-capital	2,727,488	2,716,907
Accumulated deficit	(520,237)	(363,877)
<b>Total Stockholders' Equity</b>	<b>\$2,208,733</b>	<b>\$2,354,504</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$9,296,730</b>	<b>\$9,568,352</b>

a) Includes \$7,705,491 and \$7,482,658 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

b) Includes \$232,991 and \$191,608 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

c) Includes \$154,048 pledged as collateral under secured debt arrangements in 2023.

d) Net of \$219,482 and \$159,724 CECL Allowance in 2023 and 2022, respectively, comprised of \$193,000 and \$133,500 Specific CECL Allowance and \$26,482 and \$26,224 General CECL Allowance, respectively.

e) Includes \$4,017 and \$4,347 of General CECL Allowance related to unfunded commitments on commercial mortgage loans, subordinate loans and other lending assets, net in 2023 and 2022, respectively.

# Consolidated Statement of Operations

(\$ in thousands - except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>Net interest income:</b>				
Interest income from commercial mortgage loans	\$180,290	\$151,882	\$701,002	\$456,513
Interest income from subordinate loans and other lending assets	864	11,871	17,280	55,590
Interest expense	(123,147)	(94,582)	(466,110)	(270,525)
<b>Net interest income</b>	<b>\$58,007</b>	<b>\$69,171</b>	<b>\$252,172</b>	<b>\$241,578</b>
Revenue from real estate owned operations	26,146	19,964	92,419	62,062
<b>Total net revenue</b>	<b>\$84,153</b>	<b>\$89,135</b>	<b>\$344,591</b>	<b>\$303,640</b>
<b>Operating expenses:</b>				
General and administrative expenses (includes equity-based compensation of \$4,352 and \$17,444 in 2023 and \$4,518 and \$18,252 in 2022, respectively)	(7,370)	(8,161)	(29,520)	(29,662)
Management fees to related party	(9,553)	(9,714)	(37,978)	(38,419)
Operating expenses related to real estate owned	(19,842)	(16,274)	(72,759)	(52,368)
Depreciation and amortization on real estate owned	(1,040)	-	(8,248)	(704)
<b>Total operating expenses</b>	<b>(\$37,805)</b>	<b>(\$34,149)</b>	<b>(\$148,505)</b>	<b>(\$121,153)</b>
Other income, net	\$79	\$2,142	\$4,616	\$2,494
Net realized gain (loss) on investments	-	(24,894)	(86,604)	18,683
Gain on extinguishment of debt	-	-	495	-
Decrease (increase) in current expected credit loss allowance, net	778	(20,274)	(59,428)	17,623
Foreign currency translation gain (loss)	56,004	93,740	52,031	(116,399)
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of \$(63,725) and \$(91,434) in 2023 and \$(117,464) and \$104,159 in 2022, respectively)	(56,452)	(110,246)	(48,213)	146,981
Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of \$(887) and \$(10,098) in 2023 and \$(3,116) and \$7,692 in 2022, respectively)	(292)	560	(414)	13,363
<b>Net Income before taxes</b>	<b>\$46,465</b>	<b>(\$3,986)</b>	<b>\$58,569</b>	<b>\$265,232</b>
Income Tax Provision	75	-	(442)	-
<b>Net income</b>	<b>\$46,540</b>	<b>(\$3,986)</b>	<b>\$58,127</b>	<b>\$265,232</b>
Preferred dividends	(3,068)	(3,068)	(12,272)	(12,272)
<b>Net income available to common stockholders</b>	<b>\$43,472</b>	<b>(\$7,054)</b>	<b>\$45,855</b>	<b>\$252,960</b>
<b>Net income per basic share of common stock</b>	<b>\$0.30</b>	<b>(\$0.06)</b>	<b>\$0.29</b>	<b>\$1.77</b>
<b>Net income per diluted share of common stock</b>	<b>\$0.30</b>	<b>(\$0.06)</b>	<b>\$0.29</b>	<b>\$1.68</b>
Basic weighted-average shares of common stock outstanding	141,357,118	140,595,955	141,281,286	140,534,635
Diluted weighted-average shares of common stock outstanding	141,357,118	140,595,955	141,281,286	165,504,660
<b>Dividend declared per share of common stock</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$1.40</b>	<b>\$1.40</b>

# Reconciliation of GAAP Net Income to Distributable Earnings<sup>1</sup>

(\$ in thousands - except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>Distributable Earnings<sup>1</sup>:</b>				
<b>Net income available to common stockholders:</b>	<b>\$43,472</b>	<b>(\$7,054)</b>	<b>\$45,855</b>	<b>\$252,960</b>
Adjustments:				
Equity-based compensation expense	4,352	4,518	17,444	18,252
Loss (gain) on foreign currency forwards	56,452	110,246	48,213	(146,981)
Foreign currency loss (gain), net	(56,004)	(93,740)	(52,031)	116,399
Unrealized loss (gain) on interest rate cap	887	3,116	10,098	(7,692)
Realized gains relating to interest income on foreign currency hedges, net	2,214	6,060	11,882	14,080
Realized gains (losses) relating to forward points on foreign currency hedges, net	(64)	1,028	8,397	9,195
Depreciation and amortization on real estate owned	1,040	-	8,248	704
Increase (decrease) in current expected credit loss allowance, net	(778)	20,274	59,428	(17,623)
Gain on extinguishment of debt	-	-	(495)	-
Net realized (gain) loss on investments	-	24,894	86,604	(18,683)
<b>Total adjustments</b>	<b>8,099</b>	<b>76,396</b>	<b>197,788</b>	<b>(32,349)</b>
<b>Distributable Earnings<sup>1</sup> prior to net realized loss on investments and gain on extinguishment of debt</b>	<b>\$51,571</b>	<b>\$69,342</b>	<b>\$243,643</b>	<b>\$220,611</b>
Gain on extinguishment of debt	-	-	495	-
Net realized gain (loss) on investments	-	(24,894)	(86,604)	18,683
<b>Distributable Earnings<sup>1</sup></b>	<b>\$51,571</b>	<b>\$44,448</b>	<b>\$157,534</b>	<b>\$239,294</b>
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>				
Weighted-average diluted shares – GAAP	141,357,118	140,595,955	141,281,286	165,504,660
Potential shares issued under conversion of the Convertible Notes	-	-	-	(22,314,191)
Weighted-average unvested RSUs	2,831,411	2,581,473	2,932,284	-
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>	<b>144,188,529</b>	<b>143,177,428</b>	<b>144,213,570</b>	<b>143,190,469</b>
<b>Diluted Distributable Earnings<sup>1</sup> per share prior to net realized loss on investments and gain on extinguishment of debt</b>	<b>\$0.36</b>	<b>\$0.48</b>	<b>\$1.69</b>	<b>\$1.54</b>
<b>Diluted Distributable Earnings<sup>1</sup> per share of common stock</b>	<b>\$0.36</b>	<b>\$0.31</b>	<b>\$1.09</b>	<b>\$1.67</b>

# Footnotes

1. Distributable Earnings is a non-GAAP financial measure that we define 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 (including depreciation and amortization on real estate owned) included in net income available to common stockholders, (iii) unrealized income from unconsolidated joint ventures, (iv) foreign currency gains (losses), other than (a) realized gains/(losses) related to interest income, and (b) forward point gains/(losses) realized on our foreign currency hedges, (v) the non-cash amortization expense related to the reclassification of a portion of our convertible senior notes to stockholders' equity in accordance with GAAP, and (vi) provision for loan losses and impairments. Please see page 21 for a reconciliation of GAAP net income to Distributable Earnings.
2. Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt per share to dividend per share for the year ended December 31, 2023. We believe it is useful to our investors to present Distributable Earnings prior to net realized losses on investments and gain on extinguishment of debt to reflect our operating results because (i) our operating results are primarily comprised of earning interest income on our investments net of borrowing and administrative costs, which comprise our ongoing operations and (ii) it has been a useful factor related to our dividend per share because it is one of the considerations when a dividend is determined. We believe that our investors use Distributable Earnings and Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt, or a comparable supplemental performance measure, to evaluate and compare the performance of our company and our peers.
3. Represents weighted average remaining term of our Term Loans and Senior Secured Notes based on outstanding principal as of December 31, 2023.
4. Reflects closing share price on February 5, 2024.
5. Quarterly and annual add-on fundings represent fundings committed prior to the quarter ended December 31, 2023 and prior to January 1, 2023, respectively.
6. Weighted Average Unlevered All-in Yield on the loan portfolio is based on the applicable benchmark rates as of period end on the floating rate loans and includes accrual of origination, extension, and exit fees. For non-US deals, yield excludes incremental forward points impact from currency hedging.
7. Other includes changes in General CECL Allowance, cost recovery interests, and the accretion of loan costs and fees.
8. Amounts and percentages may not foot due to rounding.
9. Book value per share of common stock is common stockholders' equity divided by shares of common stock outstanding.
10. Represents total debt, less cash and loan proceeds held by servicer divided by total stockholders' equity, adjusted to add back the General CECL Allowance in line with our covenants.
11. Fixed charge coverage is EBITDA divided by interest expense and preferred stock dividends for the quarter ended December 31, 2023.
12. Based on loan amortized cost.
13. Gross of \$26 million of General CECL Allowance.
14. Assumes exercise of all extension options. There is no assurance that all or any extension options will be exercised.
15. Future funding dates and amounts are based upon the Manager's estimates, which are derived from the best information available to the Manager at the time. There is no assurance that the payments will occur in accordance with these estimates or at all, which could affect our operating results.
16. Excludes risk-rated 5 loans.
17. Any such hypothetical impact on interest rates on our 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, we may take actions to further mitigate our 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 our financial structure. There is no assurance that there will be no changes in our financial structure. The analysis incorporates movements in USD, GBP and EUR benchmark rates only.
18. Amortized cost for these loans is net of the recorded Specific CECL Allowances.
19. Loans are secured by the same property.