

APOLLO

# Q1 2023 Financial Results

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

April 2023

Unless otherwise noted, information as of March 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 20.

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ARI Highlights

Strong Distributable Earnings<sup>1,a</sup>

**\$0.51**

Distributable Earnings<sup>1</sup> per Diluted Share of Common Stock

Significant Dividend Coverage

**1.46x**

Coverage Ratio<sup>2</sup> for Dividend per Share of Common Stock

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Commercial Real Estate Finance

Quarter-End Liquidity

**\$357 Million**

Cash<sup>b</sup> and Available Leverage on Secured Debt Arrangements

Well-Positioned for Rising  
Interest Rates

**99%**

Percentage of Portfolio Consisting of Floating Rate Loans

a) Amount reflects Distributable Earnings prior to net realized loss on investments and realized gain on extinguishment of debt  
b) Includes loan proceeds held by servicer  
See footnotes on page 21

# Summary Results

## Financial Results

- Net income available to common stockholders of **\$46 million**, or **\$0.32** per diluted share of common stock
- Distributable Earnings<sup>1,a</sup> of **\$74 million**, or **\$0.51** per diluted share of common stock
- Declared common stock dividends of **\$0.35** per share for Q1 2023, which implies a dividend yield<sup>4</sup> of **15.2%**
- Increased General CECL Allowance by **\$4.4 million**, during the quarter and recognized a **\$4.8 million** realized loss in conjunction with acquisition of hotel located in Atlanta, GA through deed-in-lieu of foreclosure

## Loan Portfolio

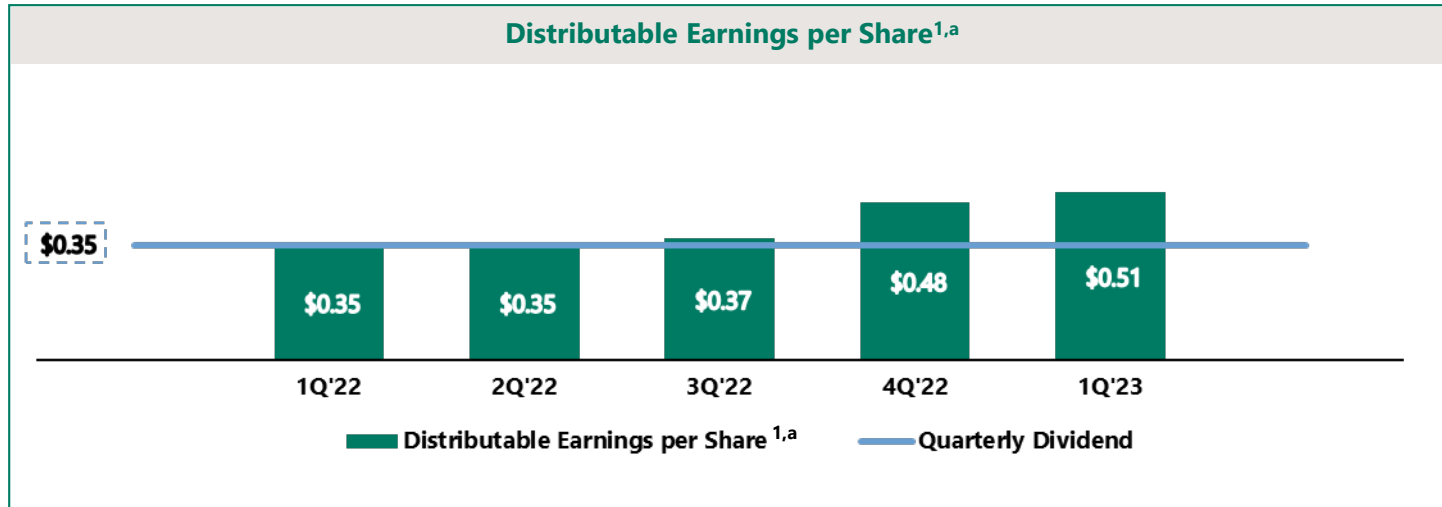
- Total loan portfolio of **\$8.5 billion** with w/a unlevered all-in yield<sup>6,b</sup> of **8.6%**
  - **93%** first mortgages
  - **99%** floating rate
- Weighted-average risk rating of **3.0**
- Funded **\$174 million** in connection with the refinancing of two floating rate first mortgage loans
- Gross add-on fundings<sup>5</sup> of **\$114 million** in Q1
- Received **\$492 million** of proceeds from loan repayments and sales in Q1
  - Includes **\$219 million** of proceeds from loans secured by offices
  - Includes **\$140 million** in connection with the sale of three European commercial mortgage loans and one partial sale of a U.K. commercial mortgage loan

## Capitalization

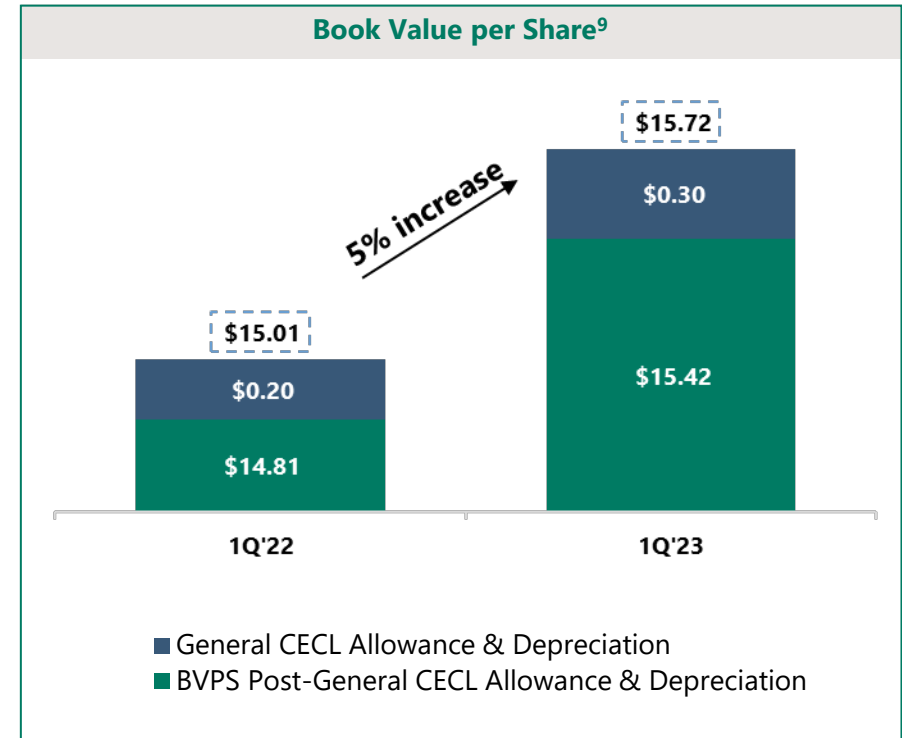
- Added two new secured debt counterparties with a total capacity of **\$470 million**, including one revolving credit facility
- Ended quarter with total common equity book value of **\$2.2 billion<sup>c</sup>**
- Ended quarter with **\$357 million<sup>d</sup>** of total liquidity

a) Amount reflects Distributable Earnings prior to net realized loss on investments and realized gain on extinguishment of debt  
 b) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD  
 c) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$15.72 multiplied by shares of common stock outstanding  
 d) Includes cash, loan proceeds held by servicer, and available leverage on our secured debt arrangements

## 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>
(+) Earnings in excess of dividends	\$0.16	-	\$0.16
(-) Net realized loss on investments	(\$0.03)	-	(\$0.03)
(-) Net loss on currency and interest hedges <sup>b</sup>	(\$0.08)	-	(\$0.08)
(-) Change in General CECL Allowance & Depreciation	(\$0.06)	(\$0.06)	-
(-) Vesting and delivery of RSUs	(\$0.12)	-	(\$0.12)
(+) Other <sup>c</sup>	\$0.01	-	\$0.01
<b>Change during period<sup>8</sup></b>	<b>(\$0.12)</b>	<b>(\$0.06)</b>	<b>(\$0.06)</b>
<b>March 31, 2023</b>	<b>\$15.42</b>	<b>(\$0.30)</b>	<b>\$15.72</b>



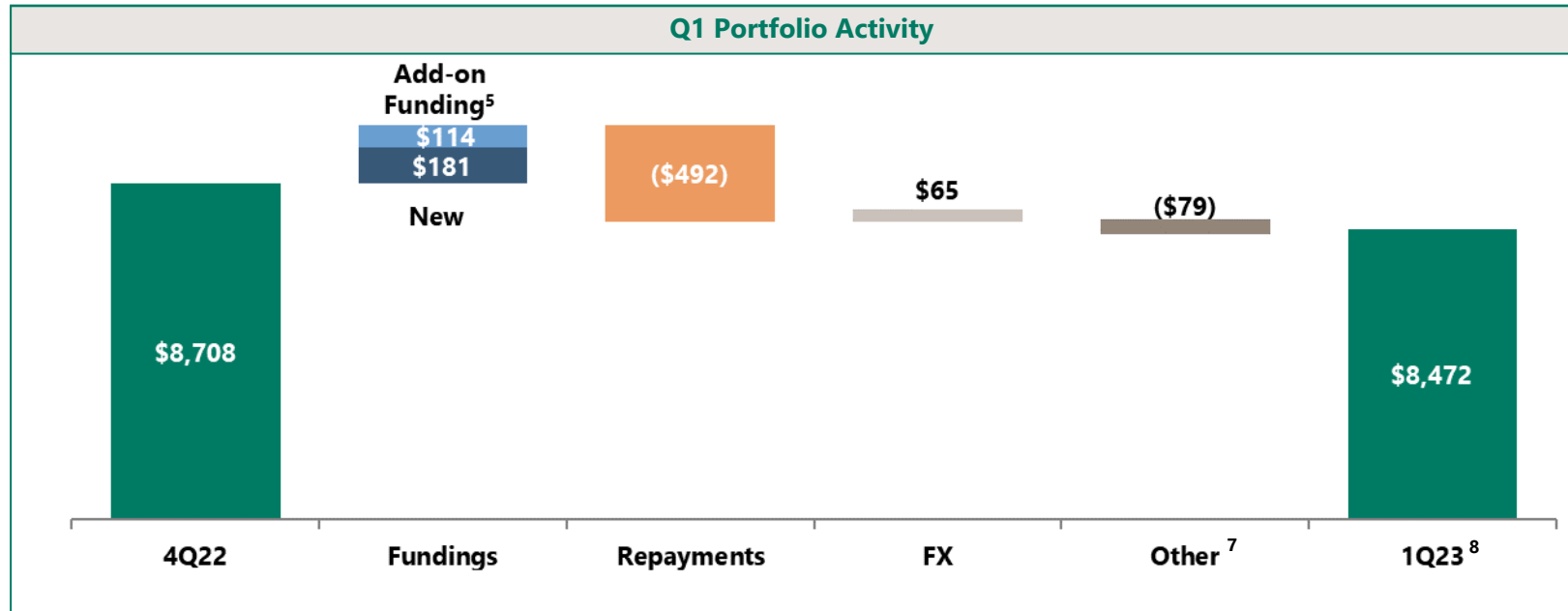
a) Amount reflects Distributable Earnings, prior to net realized losses on investments and realized gain on extinguishment of debt

b) Includes net unrealized loss on forward currency contracts and interest 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 21

# Portfolio Activity

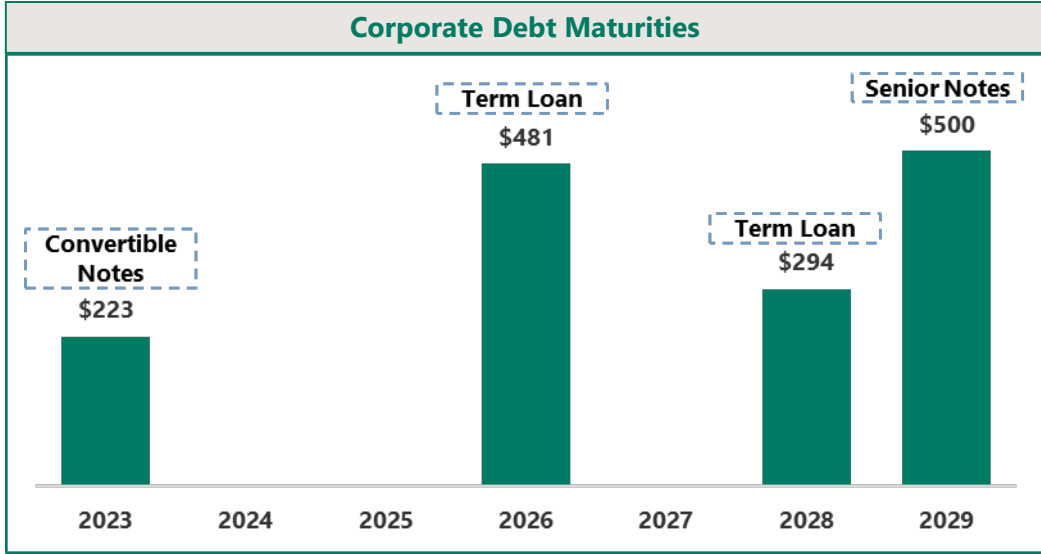
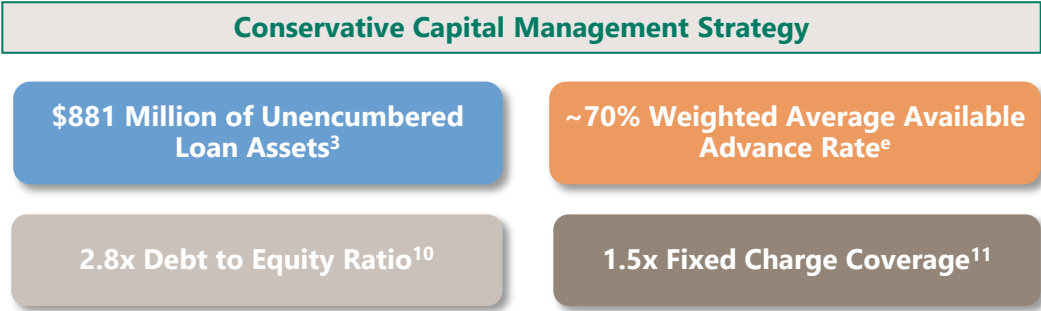
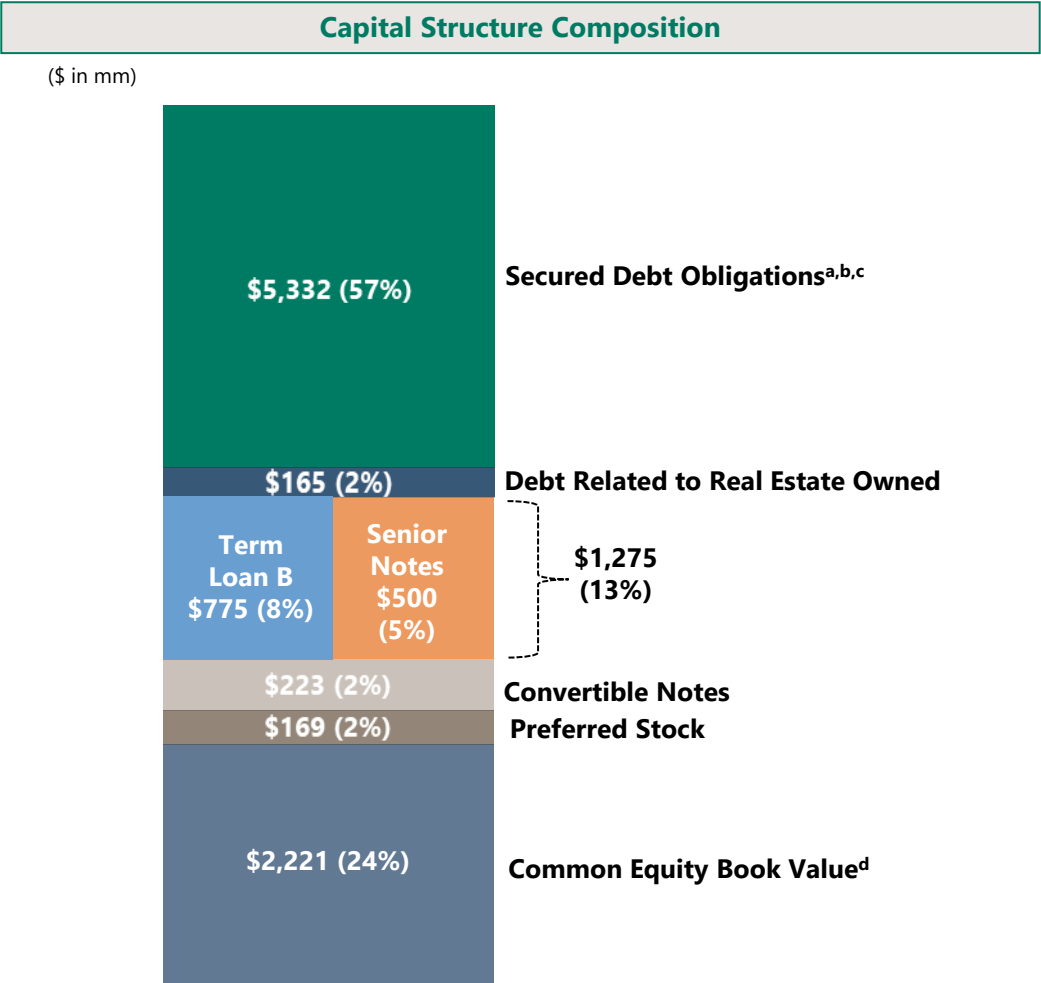


- Funded **\$174 million** in connection with the refinancing of two floating rate first mortgage loans, secured by a portfolio of luxury single-family and condominium vacation homes located across North America, Central America and the Caribbean
  - Unlevered All-In Yield<sup>6</sup> of **12.1%**
  - Loan-to-Value ratio of **28%**
- Total proceeds from Q1 loan repayments and sales of **\$492 million**
  - Full repayments, refinancings, and sales of **\$345 million**
  - Partial repayments and sales of **\$147 million**, including **\$56 million** from loans secured by office properties

Full Loan Repayments			
Property Type	Location	Total Repaid (\$ in millions)	Repayment Type
Office	London, U.K.	\$114 <sup>a</sup>	Payoff
Residential	Various	\$109	Refinancing
Office	Milan, Italy	\$50	Sale
Hotel	Lake Como, Italy	\$47	Sale
Hotel	Dublin, Ireland	\$25	Sale
		<b>\$345</b>	<b>Total</b>

a) Repayment includes ~\$25 million of a subordinate participation sold accounted for as a secured borrowing  
See footnotes on page 21

# Capital Structure Overview



a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.35% / GBP: +1.99% / EUR: +1.54% / SEK: +1.50%

b) Our secured credit facilities do not contain capital markets-based mark-to-market provisions.

c) Consists of eight 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 \$15.72 multiplied by shares of common stock outstanding

e) Based on maximum available advance rates across secured debt counterparties

See footnotes on page 21

# Loan Portfolio Overview

**Number of Loans**  
**55**

**Carrying Value**  
**\$8.5 billion**

**W/A Unlevered All-in Yield on Loan Portfolio<sup>6,a</sup>**  
**8.6%**

**W/A Remaining Fully-Extended Term<sup>12,15</sup>**  
**2.8 Years**

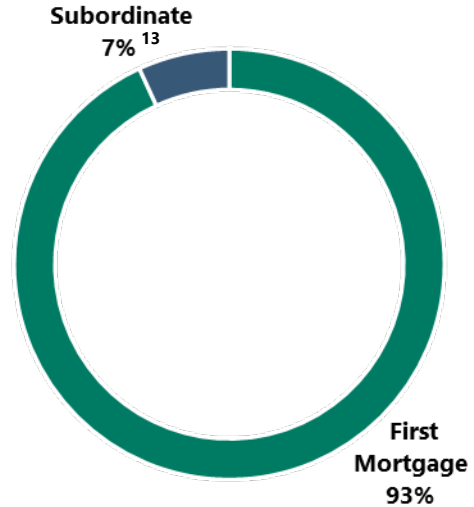
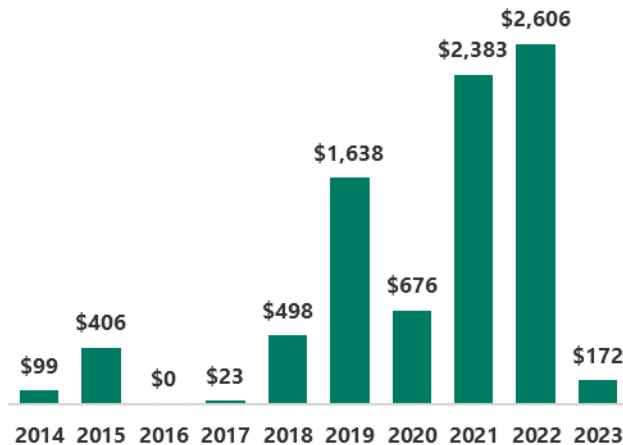
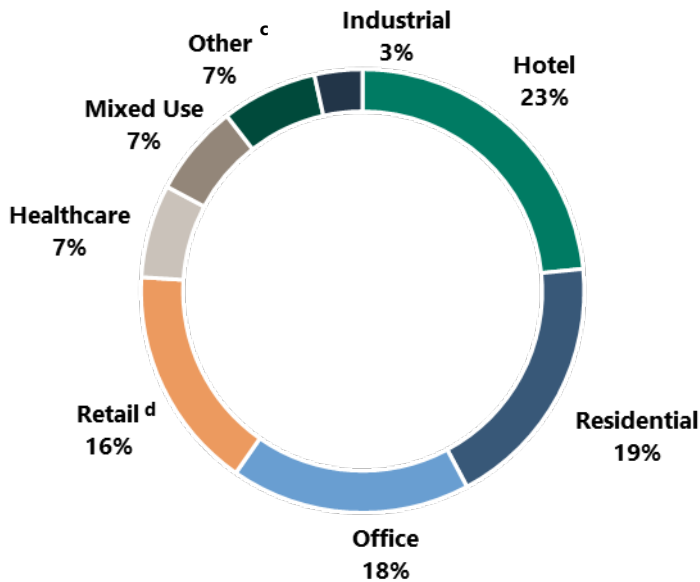
**W/A Portfolio Risk Rating<sup>12</sup>**  
**3.0**

**W/A Portfolio Loan-to-Value<sup>12,b</sup>**  
**58%**

**Collateral Diversification**

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

**Loan Position**

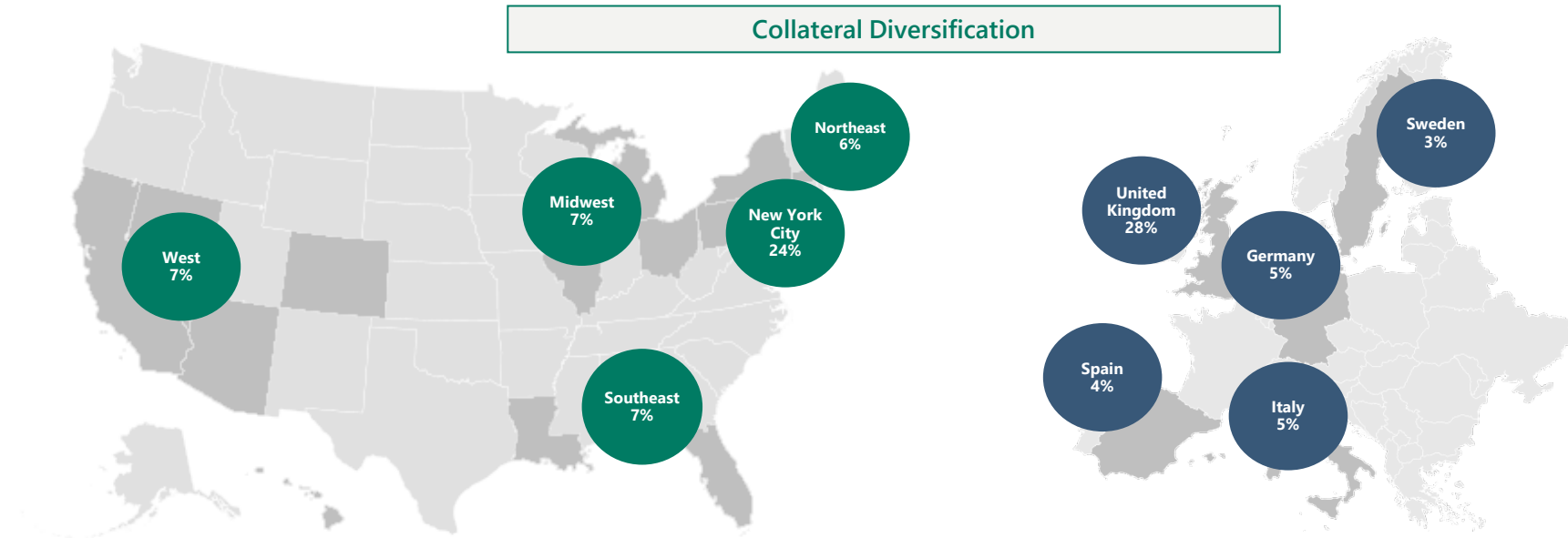


a) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD  
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated; excludes risk-rated 5 loans  
 c) Other property types include: Parking Garages (3%), Caravan Parks (2%), and Urban Predevelopment (1%)  
 d) Retail property types include: Outlet Center (5%), Retail Distribution Warehouse (5%), Urban Retail (3%), and Lifestyle Center (3%)  
 See footnotes on page 21



## 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>
Hotel	\$177 / 2%	\$146 / 2%	\$609 / 7%	\$359 / 4%	\$63 / 1%	\$442 / 5%	\$8 / 0%	\$184 / 2%	\$1,988 / 23%
Residential	217 / 3%	1,053 / 12%	-	44 / 0%	84 / 3%	72 / 1%	56 / 0%	76 / 1%	1,602 / 19%
Office	378 / 4%	422 / 5%	587 / 7%	-	190 / 2%	-	-	-	1,577 / 18%
Retail	862 / 10%	250 / 3%	-	15 / 0%	99 / 1%	86 / 1%	-	37 / 0%	1,349 / 16%
Healthcare	156 / 2%	-	-	12 / 0%	17 / 0%	5 / 0%	370 / 5%	16 / 0%	576 / 7%
Mixed Use	430 / 5%	140 / 2%	-	-	-	-	-	-	570 / 7%
Industrial	-	-	247 / 3%	-	-	-	-	-	247 / 3%
Other <sup>b</sup>	202 / 2%	-	-	135 / 2%	132 / 2%	-	40 / 0%	84 / 1%	593 / 7%
<b>Total<sup>8,14</sup></b>	<b>\$2,422 / 28%</b>	<b>\$2,011 / 24%</b>	<b>\$1,443 / 17%</b>	<b>\$565 / 7%</b>	<b>\$585 / 7%</b>	<b>\$605 / 7%</b>	<b>\$474 / 6%</b>	<b>\$397 / 4%</b>	<b>\$8,502 / 100%</b>
General CECL Reserve									(\$30)
<b>Carrying value, net<sup>8</sup></b>									<b>\$8,472</b>



a) Other geographies include Southwest (3%), Mid-Atlantic (1%), and Other (<1%)

b) Other property types include Parking Garages (3%), Caravan Parks (2%) and Urban Predevelopment (1%)

Note: Map does not show locations where percentages are 2% or lower

See footnotes on page 21

# Office Loan Portfolio Overview

**Number of Loans <sup>a</sup>**  
**9 Loans**

**First Mortgage**  
**99%**

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

**Carrying Value <sup>c</sup>**  
**\$1.4 Billion**

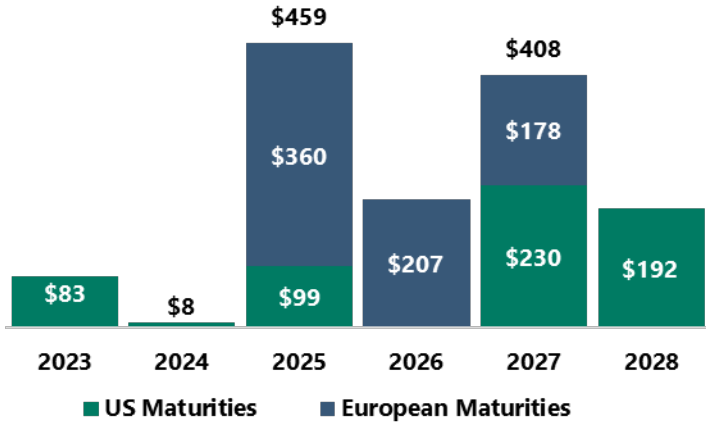
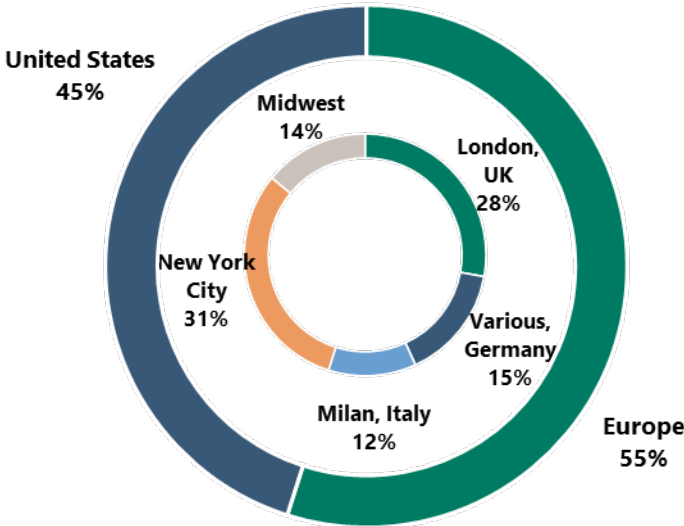
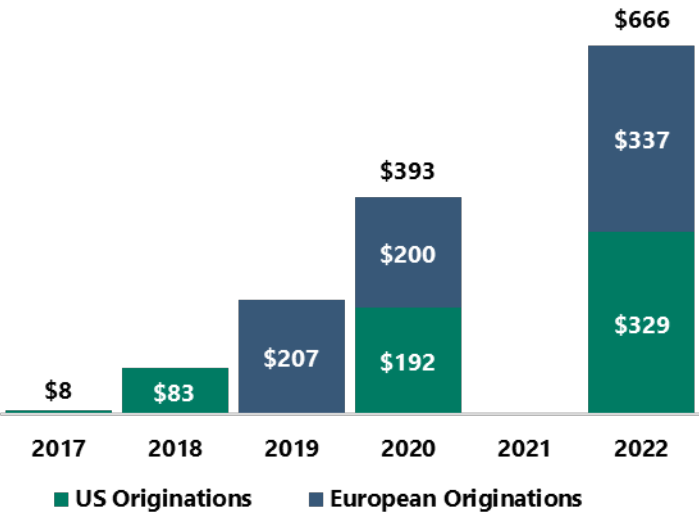
**Loans with 3<sup>rd</sup> Party Subordinate Debt**  
**3 Loans**

**Location**

**Floating Rate**  
**99%**

**W/A Loan-to-Value <sup>12,b</sup>**  
**50%**

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

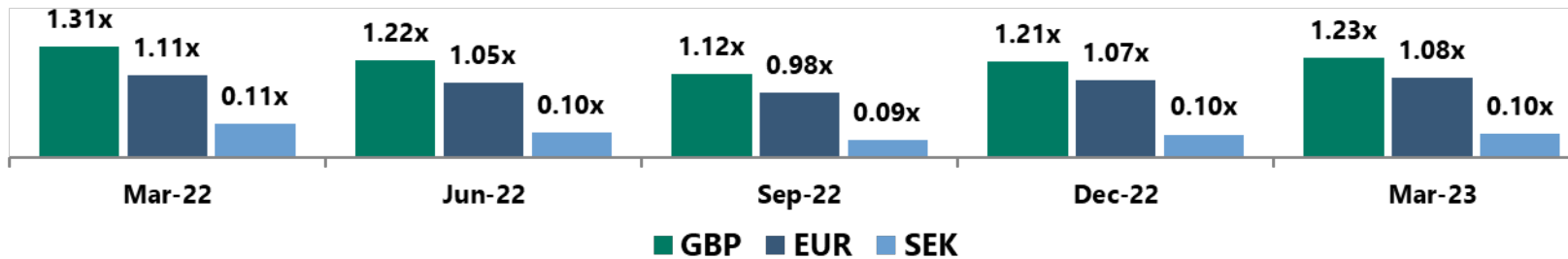


a) Excludes one loan which consists of office, industrial and retail property types  
b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated  
c) Gross of General CECL Allowance  
See footnotes on page 21

# Mitigating Foreign Exchange Risk

ARI is well-positioned for fluctuating foreign exchange rates due to several risk mitigating steps we have taken to structure and fund our non-US loan portfolio and associated secured financing facilities

## Foreign Exchange Rate Change (Local/USD)



## % FX Change YoY

GBP: (6%)

EUR: (2%)

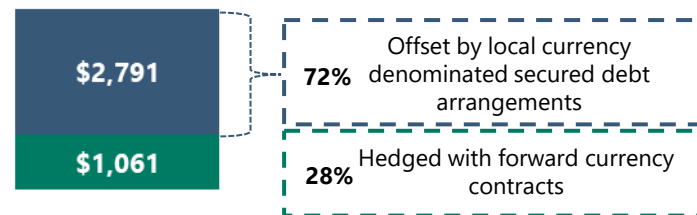
SEK: (10%)

## Mitigating Foreign Exchange Risk

- Secured debt arrangements are structured in local currency thereby reducing FX exposure to our net equity on foreign loans. As of March 31, 2023, the percentage of net equity to total foreign denominated carrying value was 28%, or \$1.1 billion
  - 72% weighted average advance on total foreign loan portfolio
  - 74%<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 a \$5.6 million realized gain in Q1 2023

## Foreign Loan Capital Stack

(\$ in mm) **\$3,852**



■ Net Equity ■ Secured Debt

## Q1 Change in Unrealized Gain (Loss) on Net Equity

Currency	As of March 31, 2023		Q1 2023 Net	
	Carrying Value <sup>b</sup>	Secured Debt	Net Equity	Unrealized Gain <sup>c</sup>
GBP	\$2,414	(\$1,735)	\$680	\$14
EUR	\$1,191	(\$857)	\$334	\$3
SEK	\$246	(\$199)	\$47	\$0
<b>Total</b>	<b>\$3,852</b>	<b>(\$2,791)</b>	<b>\$1,061</b>	<b>\$18</b>
<b>Change in unrealized gain (loss) on forward contracts<sup>d</sup></b>				<b>(\$13)</b>

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

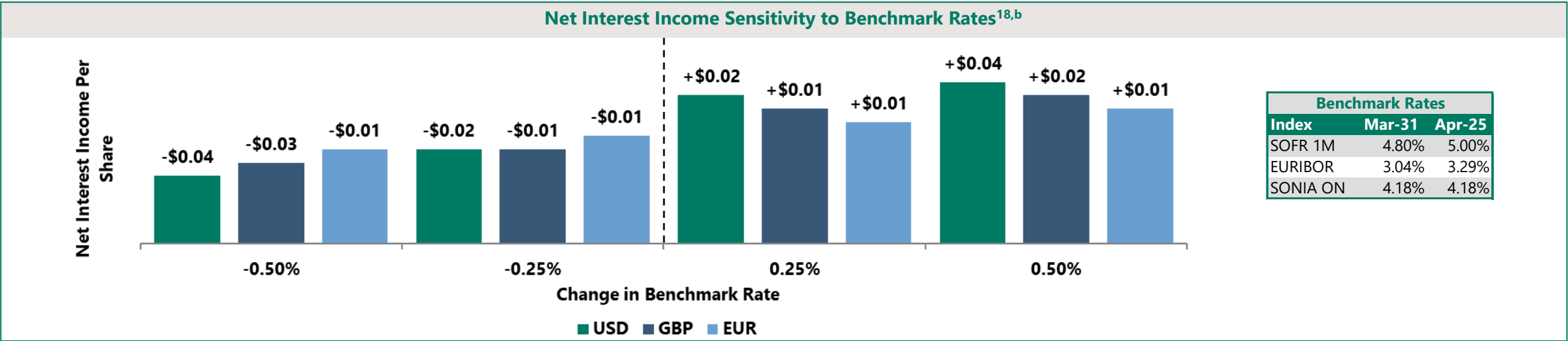
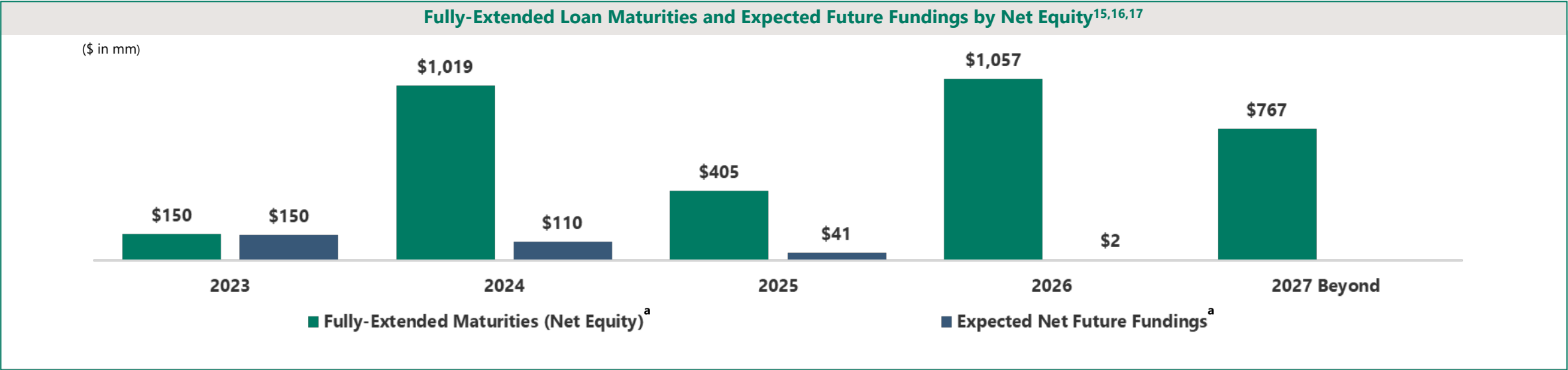
b) Carrying value includes all commercial mortgage and subordinate loans denominated in foreign currencies with or without secured debt financing

c) Represents change in unrealized gain on foreign loans of \$65 million net of unrealized losses of (\$47) million on respective foreign secured debt arrangements for the quarter ended March 31, 2023

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

See footnotes on page 21

# 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 March 31, 2023 (USD LIBOR 1 month: 4.86%, SOFR 1 month: 4.80%, EURIBOR 3.04% and SONIA ON: 4.18% adjusted for compounding)

See footnotes on page 21

## Senior Loan Portfolio (1 of 3)

(\$ in mm) Hotel	Origination Date	Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>15</sup>	Location
Loan 1	10/2019	\$340	\$27		Y	08/2024	Various, Spain
Loan 2	11/2021	217	15		Y	11/2026	Various, UK/Ireland
Loan 3	05/2022	179	25		Y	06/2027	Napa Valley, CA
Loan 4	11/2021	162	3			12/2026	St. Thomas, USVI
Loan 5	07/2021	160	19			08/2026	Various, US
Loan 6	09/2015	146	-			06/2024	Manhattan, NY
Loan 7	04/2018	142	-			04/2024	Honolulu, HI
Loan 8	08/2019	130	-			08/2024	Puglia, Italy
Loan 9	10/2021	100	-			11/2026	New Orleans, LA
Loan 10	06/2022	99	-			06/2025	Rome, Italy
Loan 11	11/2018	90	-			12/2023	Vail, CO
Loan 12	12/2019	60	-			01/2025	Tucson, AZ
Loan 13	05/2019	52	-			06/2024	Chicago, IL
Loan 14	12/2015	42	-			08/2024	St. Thomas, USVI
Loan 15	02/2018	27	-			11/2024	Pittsburgh, PA
Subtotal - Hotel		\$1,946	\$89				
Office							
Loan 16	03/2022	\$230	36		Y	04/2027	Manhattan, NY
Loan 17	06/2019	207	9			08/2026	Berlin, Germany
Loan 18	02/2020	200	-			02/2025	London, UK
Loan 19	01/2020	192	58		Y	03/2028	Long Island City, NY
Loan 20	02/2022	178	389	Y		02/2027	London, UK
Loan 21	02/2022	159	-			06/2025	Milan, Italy
Loan 22	11/2022	99	-			01/2025	Chicago, IL
Loan 23	03/2018	83	-		Y	07/2023	Chicago, IL
Subtotal - Office		\$1,348	\$492				

## 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>15</sup>	Location
Loan 24	04/2022	\$462	\$37			04/2027	Various, UK
Loan 25	10/2021	400	-			10/2026	Various, UK
Loan 26	08/2019	250	-		Y	09/2025	Manhattan, NY
Loan 27	05/2022	139	-			06/2027	Various, US
Loan 28 <sup>19</sup>	11/2014	99	-			09/2023	Cincinnati, OH
Subtotal - Retail		\$1,350	\$37				
Residential							
Loan 29	08/2022	\$250	-			09/2024	Manhattan, NY
Loan 30	12/2021	217	16			12/2026	Various, UK
Loan 31	03/2023	172	-			03/2026	Various, US
Loan 32 <sup>a</sup>	12/2018	136	-		Y	09/2023	Manhattan, NY
Loan 33	05/2022	89	4			06/2027	Manhattan, NY
Loan 34	05/2021	82	-		Y	05/2026	Cleveland, OH
Loan 35	12/2021	77	15			01/2027	Manhattan, NY
Loan 36	12/2019	56	7		Y	11/2025	Boston, MA
Loan 37	12/2021	28	-		Y	01/2026	Hallandale Beach, FL
Subtotal - Residential		\$1,107	\$42				
Mixed Use							
Loan 38	12/2019	\$294	\$97	Y	Y	06/2025	London, UK
Loan 39	03/2022	140	36		Y	03/2027	Brooklyn, NY
Loan 40	06/2022	93	40	Y	Y	06/2026	London, UK
Loan 41	12/2019	43	-			09/2023	London, UK
Subtotal - Mixed Use		\$570	\$173				

a) Loan matured in January 2023. Extension to September 2023 is approved and in the process of execution.  
See footnotes on page 21

## 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>15</sup>	Location
Loan 42	03/2022	\$369	-			03/2027	Various, MA
Loan 43	10/2019	156	-			10/2024	Various, UK
<b>Subtotal - Healthcare</b>		<b>\$525</b>	<b>-</b>				
<b>Other</b>							
Loan 44 - Parking Garages	05/2021	\$270	\$5			05/2026	Various, US
Loan 45 - Industrial	03/2021	247	-			05/2026	Various, Sweden
Loan 46 - Portfolio <sup>a</sup>	06/2021	221	22			06/2026	Various, Germany
Loan 47 - Caravan Parks	02/2021	203	-			02/2028	Various, UK
Loan 48 - Urban Predevelopment	12/2022	119	13			01/2026	Miami, FL
<b>Subtotal - Other <sup>8</sup></b>		<b>\$1,060</b>	<b>\$40</b>				
<b>Subtotal/W.A. - First Mortgage <sup>8,12</sup></b>		<b>\$7,906</b>	<b>\$873</b>			<b>2.9 Years</b>	

a) Includes portfolio of office, industrial, and retail property types  
See footnotes on page 21

# Subordinate Loan Portfolio

(\$ in mm)	Origination Date	Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>15</sup>	Location
<b>Residential</b>							
Loan 49 <sup>20</sup>	05/2020	\$284	-		Y	09/2024	Manhattan, NY
Loan 50 <sup>20</sup>	06/2015	194	-		Y	09/2024	Manhattan, NY
Loan 51 <sup>19,20</sup>	11/2017	15	-		Y	09/2024	Manhattan, NY
<b>Subtotal - Residential</b>		<b>\$493</b>	<b>-</b>				
<b>Other</b>							
Loan 52 - Healthcare <sup>a</sup>	07/2019	\$51	-		Y	06/2024	Various, US
Loan 53 - Hotel	06/2015	24	-			07/2025	Phoenix, AZ
Loan 54 - Hotel	06/2018	20	-			06/2023	Las Vegas, NV
Loan 55 - Office	08/2017	8	-			09/2024	Troy, MI
<b>Subtotal - Other</b>		<b>\$103</b>	<b>-</b>				
<b>Total/W.A. - Subordinate <sup>8,12</sup></b>		<b>\$596</b>	<b>-</b>			<b>1.4 Years</b>	
<b>Total/W.A. - Portfolio <sup>8,12,14</sup></b>		<b>\$8,502</b>	<b>\$873</b>			<b>2.8 Years</b>	
<b>General CECL Reserve</b>		<b>(\$30)</b>					
<b>Total Carrying value, net <sup>8</sup></b>		<b>\$8,472</b>					

a) In the form of a single-asset, single-borrower CMBS  
See footnotes on page 21



## Appendix

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

# Consolidated Balance Sheets

<i>(in thousands - except share data)</i>	March 31, 2023	December 31, 2022
<b>Assets:</b>		
Cash and cash equivalents	\$331,533	\$222,030
Commercial mortgage loans, net <sup>a,c</sup>	7,879,205	8,121,109
Subordinate loans and other lending assets, net <sup>b,c</sup>	592,863	560,881
Real estate owned, held for investment, net	539,300	302,688
Assets related to real estate owned, held for sale	-	162,397
Derivative assets, net	88,905	128,640
Other assets	76,423	70,607
<b>Total Assets</b>	<b>\$9,508,229</b>	<b>\$9,568,352</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Secured debt arrangements, net	\$5,316,853	\$5,296,825
Senior secured term loan, net	762,706	763,813
Senior secured notes, net	495,040	494,844
Convertible senior notes, net	222,467	229,361
Accounts payable, accrued expenses and other liabilities <sup>d</sup>	193,457	227,360
Debt related to real estate owned, held for investment, net	160,611	160,294
Participations sold	-	25,130
Payable to related party	9,534	9,728
Liabilities related to real estate owned, held for sale	-	6,493
<b>Total Liabilities</b>	<b>\$7,160,668</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, 141,266,039 and 140,595,995 shares issued and outstanding in 2023 and 2022, respectively	1,413	1,406
Additional paid-in-capital	2,714,555	2,716,907
Accumulated deficit	(368,475)	(363,877)
<b>Total Stockholders' Equity</b>	<b>\$2,347,561</b>	<b>\$2,354,504</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$9,508,229</b>	<b>\$9,568,352</b>

a) Includes \$7,426,992 and \$7,482,658 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

b) Includes \$194,323 and \$191,608 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

c) Net of \$163,767 and \$159,724 CECL Allowances in 2023 and 2022, respectively, comprised of \$133,500 and \$133,500 Specific CECL Allowance and \$30,267 and \$26,224 General CECL Allowance, respectively.

d) Includes \$4,695 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.

See footnotes on page 21

# Consolidated Statement of Operations

(in thousands - except share and per share data)

	Three months Ended March 31,	
	2023	2022
<b>Net interest income:</b>		
Interest income from commercial mortgage loans	\$166,147	\$84,424
Interest income from subordinate loans and other lending assets	9,707	15,835
Interest expense	(104,868)	(45,118)
<b>Net interest income</b>	<b>\$70,986</b>	<b>\$55,141</b>
Revenue from real estate owned operations	16,131	9,040
<b>Total net revenue</b>	<b>\$87,117</b>	<b>\$64,181</b>
<b>Operating expenses:</b>		
General and administrative expenses (includes equity-based compensation of \$4,358 and \$4,698 in 2023 and 2022, respectively)	(\$7,015)	(7,187)
Management fees to related party	(9,517)	(9,354)
Operating expenses related to real estate owned	(14,006)	(9,652)
Depreciation and amortization on real estate owned	(3,986)	(704)
<b>Total operating expenses</b>	<b>(\$34,524)</b>	<b>(\$26,897)</b>
Other income	\$732	—
Net realized loss on investments	(4,624)	—
Realized gain on extinguishment of debt	213	—
Increase in current expected credit loss allowance, net	(4,390)	(18,611)
Foreign currency translation gain (loss)	18,634	(32,518)
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of (\$35,851) and \$18,142 in 2023 and 2022, respectively)	(14,135)	22,762
Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of (\$4,813) and \$6,321 in 2023 and 2022, respectively)	(107)	6,321
<b>Net income</b>	<b>\$48,916</b>	<b>\$15,238</b>
Preferred dividends	(3,068)	(3,068)
<b>Net income available to common stockholders</b>	<b>\$45,848</b>	<b>\$12,170</b>
<b>Net income per basic share of common stock</b>	<b>\$0.32</b>	<b>\$0.08</b>
<b>Net income per diluted share of common stock</b>	<b>\$0.32</b>	<b>\$0.08</b>
Basic weighted-average shares of common stock outstanding	141,072,471	140,353,386
Diluted weighted-average shares of common stock outstanding	155,483,979	140,353,386
<b>Dividend declared per share of common stock</b>	<b>\$0.35</b>	<b>\$0.35</b>

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

<i>(in thousands - except share and per share data)</i>		Three Months Ended March 31,	
		2023	2022
<b>Distributable Earnings<sup>1</sup>:</b>			
<b>Net income available to common stockholders:</b>		<b>\$45,848</b>	<b>\$12,170</b>
Adjustments:			
Equity-based compensation expense		4,358	4,698
Loss (gain) on foreign currency forwards		14,135	(22,762)
Foreign currency (gain) loss, net		(18,634)	32,518
Unrealized loss (gain) on interest rate cap		4,813	(6,321)
Realized gains relating to interest income on foreign currency hedges, net		4,733	3,684
Realized gains relating to forward points on foreign currency hedges, net		5,602	6,229
Depreciation and amortization on real estate owned		3,986	704
Increase in current expected credit loss allowance, net		4,390	18,611
Realized gain on extinguishment of debt		(213)	-
Net realized loss on investments		4,624	-
<b>Total adjustments</b>		<b>\$27,794</b>	<b>\$37,361</b>
<b>Distributable Earnings<sup>1</sup> prior to net realized loss on investments and realized gain on extinguishment of debt</b>		<b>\$73,642</b>	<b>\$49,531</b>
Net realized loss on investments		(4,624)	-
Realized gain on extinguishment of debt		213	-
<b>Distributable Earnings<sup>1</sup></b>		<b>\$69,231</b>	<b>\$49,531</b>
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>			
Weighted-average diluted shares – GAAP		155,483,979	140,353,386
Potential shares issued under conversion of the Convertible Notes		(11,189,949)	-
Weighted-average unvested RSUs		-	2,571,417
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>		<b>144,294,030</b>	<b>142,924,803</b>
<b>Diluted Distributable Earnings<sup>1</sup> per share prior to net realized loss on investments and realized gain on extinguishment of debt</b>		<b>\$0.51</b>	<b>\$0.35</b>
<b>Diluted Distributable Earnings<sup>1</sup> per share of common stock</b>		<b>\$0.48</b>	<b>\$0.35</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 20 for a reconciliation of GAAP net income to Distributable Earnings.
2. Distributable Earnings prior to net realized loss on investments and realized gain on extinguishment of debt per share to dividend per share for the quarter ended March 31, 2023. We believe it is useful to our investors to present Distributable Earnings prior to net realized losses on investments and realized 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 realized 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 loan assets with no asset-specific financing. Pursuant to our Term Loan B agreement, we are required to maintain a ratio of total unencumbered assets to total pari-passu indebtedness of at least 2.50:1. Unencumbered assets are comprised of unencumbered loan assets, cash, other assets and residual equity interests in entities where we hold assets financed under repurchase obligations.
4. Reflects closing share price on April 25, 2023.
5. Quarterly add-on fundings represent fundings committed prior to the quarter ended March 31, 2023.
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 transfer to real estate owned, and changes in current expected credit loss allowance, 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.
12. Based on loan amortized cost.
13. Includes one subordinate risk retention interest in a securitization vehicle.
14. Gross of \$30 million of General CECL Allowance.
15. Assumes exercise of all extension options. There is no assurance that all or any extension options will be exercised.
16. 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.
17. Excludes risk-rated 5 loans.
18. 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 and GBP benchmark rates only.
19. Amortized cost for these loans is net of the recorded Specific CECL Allowances and impairments.
20. Loans are secured by the same property.