

APOLLO

Q2 2023 Financial Results

Apollo Commercial Real Estate Finance, Inc.

July 2023

Unless otherwise noted, information as of June 30, 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^{1,a}

\$0.46

Distributable Earnings¹ per Diluted Share of Common Stock

Significant Dividend Coverage

1.31x

Coverage Ratio² for Dividend per Share of Common Stock

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Commercial Real Estate Finance

Quarter-End Liquidity

\$407 Million

Cash^b and Available Leverage on Secured Debt Arrangements

**Well-Positioned for Continued Tailwinds
from 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

Q2 Financial Results

- Net loss attributable to common stockholders of **(\$86) million**, or **(\$0.62)** per diluted share of common stock
- Distributable Earnings^{1,a} of **\$66 million**, or **\$0.46** per diluted share of common stock
- Declared common stock dividends of **\$0.35** per share for Q2 2023, which implies a dividend yield⁴ of **11.8%**
- Recorded an increase to our Specific CECL allowance of \$141 million in relation to an ultra-luxury residential property in Manhattan, NY;
 - Net \$60 million increase to Specific CECL allowance after recognizing realized loss on investment of \$82 million in relation to the same property

Loan Portfolio

- Total loan portfolio of **\$8.3 billion** with w/a unlevered all-in yield^{6,b} of **8.6%**
 - **94%** first mortgages and **99%** floating rate
- Weighted-average risk rating of **3.1**
- Funded **\$174 million** year-to-date in connection with the refinancing of two floating rate first mortgage loans
- Gross add-on fundings⁵ of **\$245 million** year-to-date, **\$131 million** in Q2
- Received **\$595 million** from loan repayments year-to-date, **\$243 million** in Q2
 - Includes **\$175 million** year-to-date of proceeds from loans secured by offices
- Received **\$140 million** of proceeds from loan sales year-to-date

Capitalization

- Closed a new secured credit facility with Churchill in Q2 with a total capacity of **\$130 million**
- Ended quarter with total common equity book value of **\$2.1 billion^c**
- Ended quarter with **\$407 million^d** of total liquidity
- Repurchased **\$37 million** of October 2023 Convertible Notes at a price of 99.3%

Subsequent Events

- Received **\$20 million** full repayment of a subordinate loan secured by a hotel property in Las Vegas, NV
- Received **\$9 million** of net proceeds from a condo sale related to our loans secured by a residential-for-sale property in Manhattan, NY

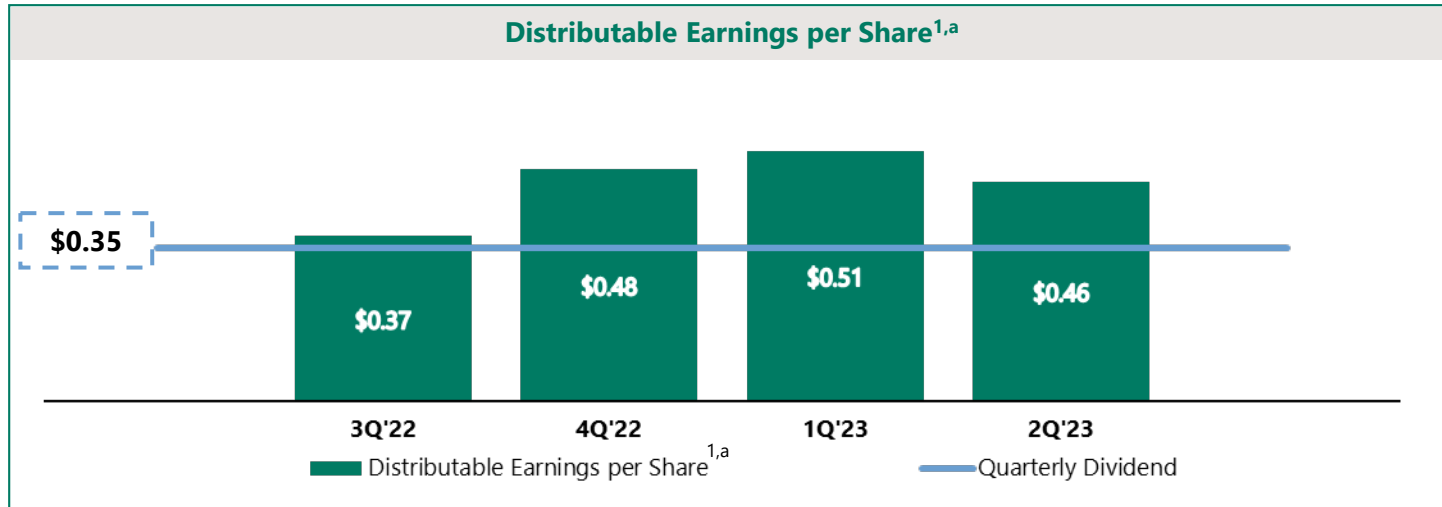
a) Amount reflects Distributable Earnings prior to net realized loss on investments and realized gain on extinguishment of debt

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

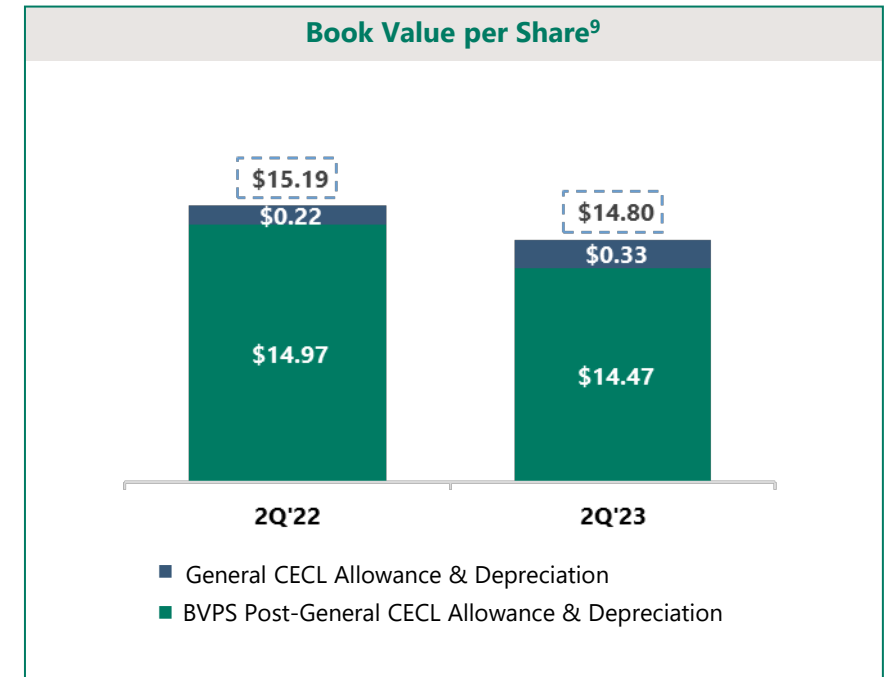
c) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$14.80 multiplied by shares of common stock outstanding

d) Includes cash, loan proceeds held by servicer, and available leverage on our secured debt arrangements

Per Share Overview



Book Value per Share ⁹ Roll Forward			
	BVPS	General CECL Allowance & Depreciation	BVPS excl. General CECL Allowance & Depreciation
December 31, 2022	\$15.54	(\$0.24)	\$15.78
(+) Earnings in excess of dividends	\$0.27	-	\$0.27
(-) Net realized loss on investments	(\$0.61)	-	(\$0.61)
(-) Net loss on currency and interest hedges ^b	(\$0.09)	-	(\$0.09)
(-) Change in General CECL Allowance & Depreciation	(\$0.09)	(\$0.09)	-
(-) Change in Specific CECL Allowance	(\$0.42)	-	(\$0.42)
(-) Vesting and delivery of RSUs	(\$0.14)	-	(\$0.14)
(+) Other ^c	\$0.01	-	\$0.01
Change during period⁸	(\$1.07)	(\$0.09)	(\$0.98)
June 30, 2023	\$14.47	(\$0.33)	\$14.80



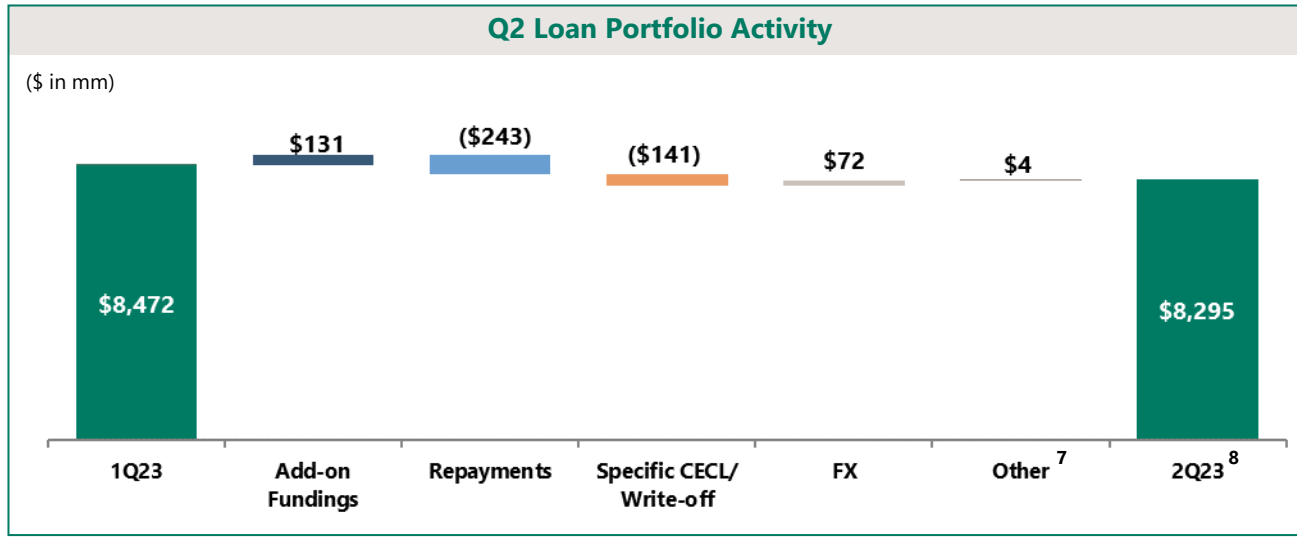
a) Amount reflects Distributable Earnings, prior to net realized losses on investments and realized gain on extinguishment of debt

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 & REO Overview



Fundings

- **\$131 million** in add-on fundings

Repayments

- **\$243 million** in loan proceeds from loan repayments, including a \$60 million full repayment related to a loan secured by a hotel property in Tucson, AZ

CECL / Write-off

- Net increase of **\$60 million** in Specific CECL allowance consisting of additional \$141 million Specific CECL allowance and write-off of \$82M of previously recorded Specific CECL allowance

REO Overview				
(\$ in mm)	Net Assets	Debt ^a	Net Equity	Q2 Net Income
As of June 30, 2023				
<i>REO Held-for-Investment</i>				
D.C. Hotel	\$154	-	\$154	\$6
Brooklyn Development	\$331	(\$161)	\$170	-
Subtotal: REO Held-for-Investment	\$485	(\$161)	\$324	\$6
<i>REO Held-for-Sale</i>				
Atlanta Hotel	\$78	-	\$78	\$1
Subtotal: REO Held-for-Sale	\$78	-	\$78	\$1
Total REO	\$563	(\$161)	\$402	\$7

Washington D.C. Hotel

- Hotel continues to outperform pre-COVID based on net cash flows

Brooklyn Development

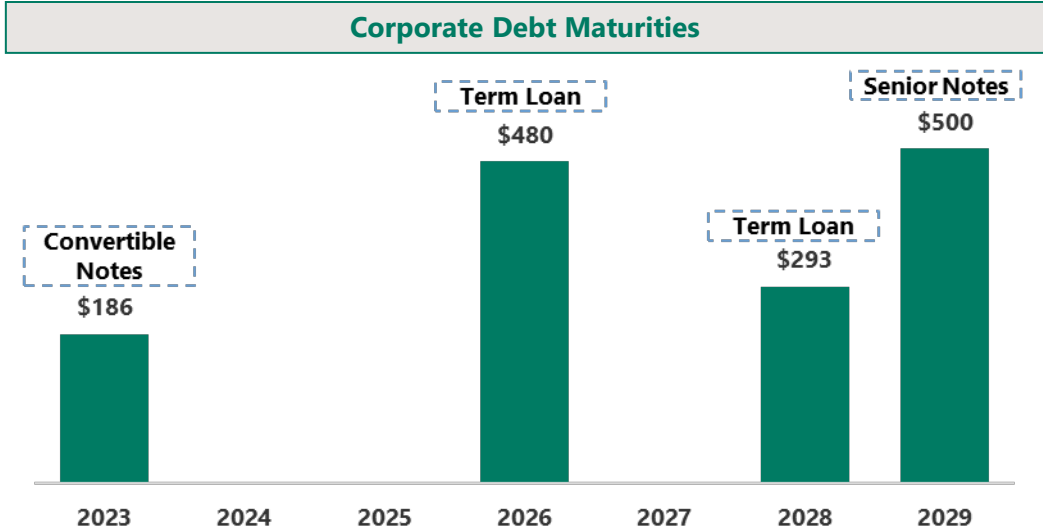
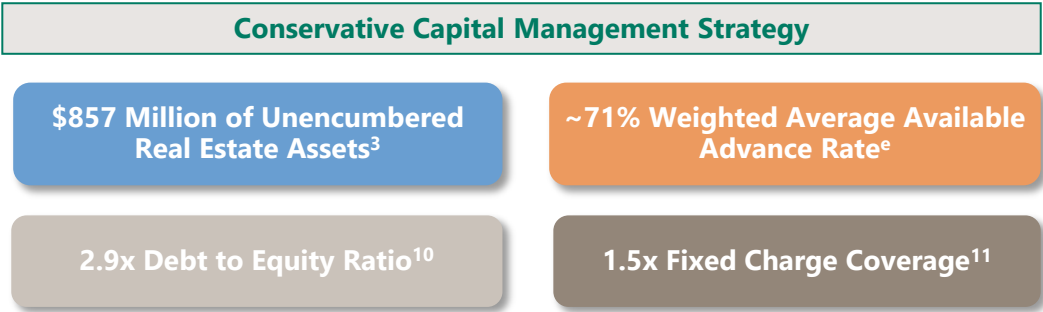
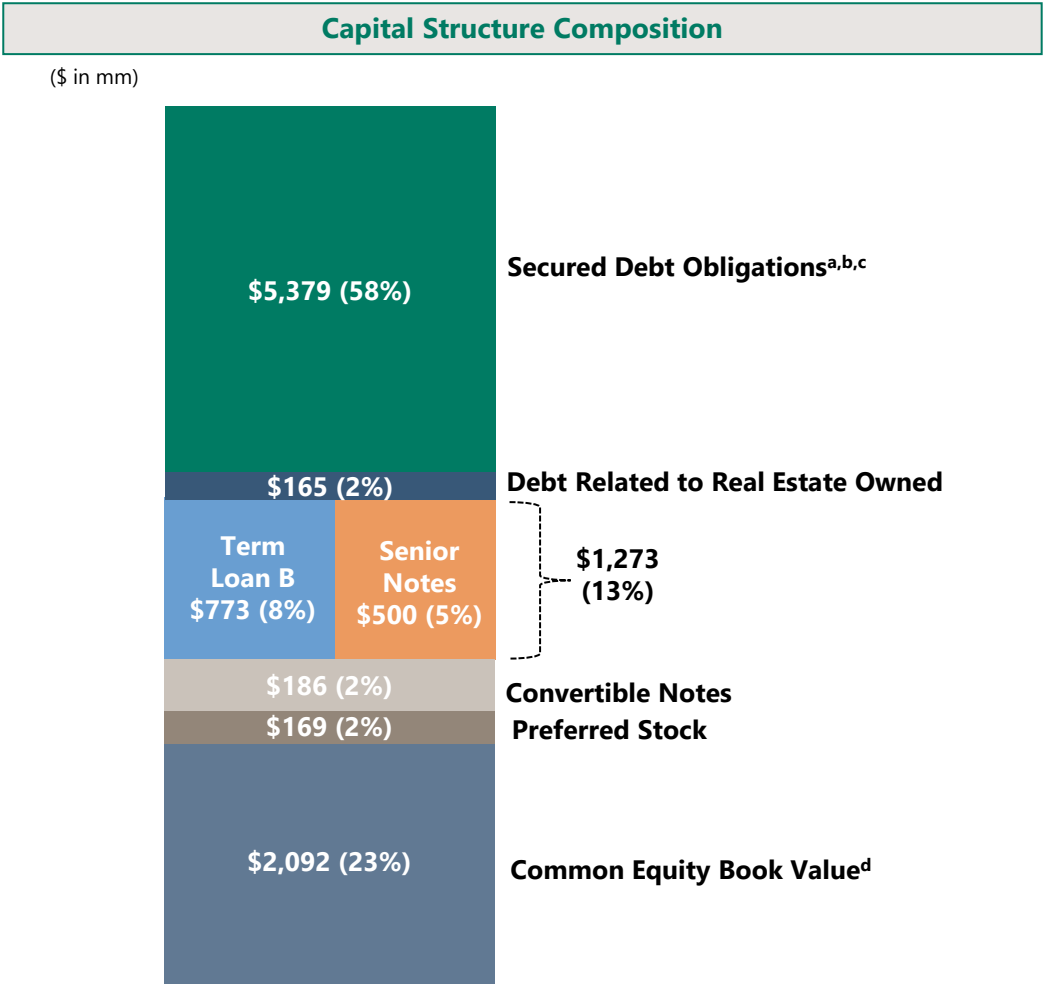
- Continue to develop multifamily tower with retail component in Brooklyn, NY

Atlanta Hotel

- Reflagged Hotel and brought in new management

a) Debt related to real estate owned is net of \$4 million in deferred financing costs; Maximum financing commitment of \$388 million related to Brooklyn Development
See footnotes on page 21

Capital Structure Overview



a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.45% / GBP: +1.99% / EUR: +1.65% / 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

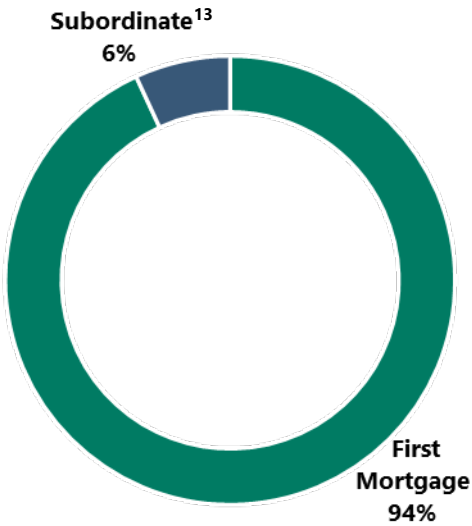
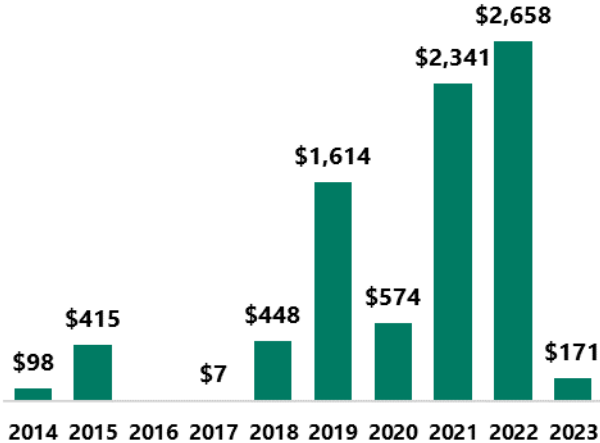
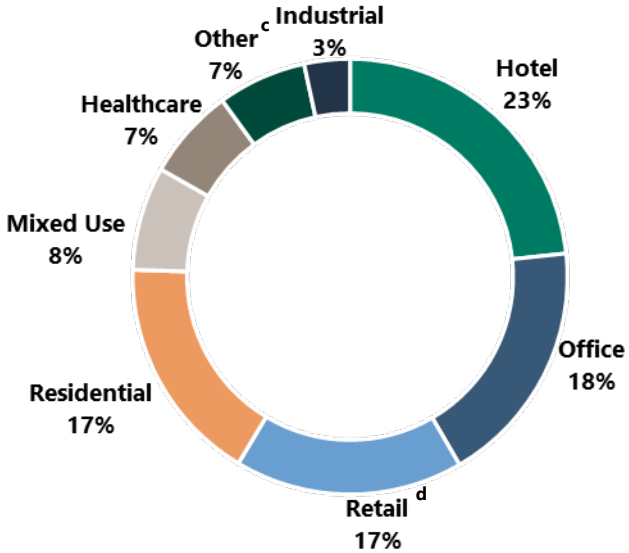
d) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$14.80 multiplied by shares of common stock outstanding

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

See footnotes on page 21

Loan Portfolio Overview

<p>Number of Loans</p> <p>53</p>	<p>Carrying Value</p> <p>\$8.3 billion</p>	<p>W/A Unlevered All-in Yield on Loan Portfolio^{6,12,a}</p> <p>8.6%</p>
<p>W/A Remaining Fully-Extended Term^{12,15}</p> <p>2.6 Years</p>	<p>W/A Portfolio Risk Rating¹²</p> <p>3.1</p>	<p>W/A Portfolio Loan-to-Value^{12,b}</p> <p>57%</p>
<p>Collateral Diversification¹²</p>	<p>Origination Vintage¹²</p>	<p>Loan Position¹²</p>



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

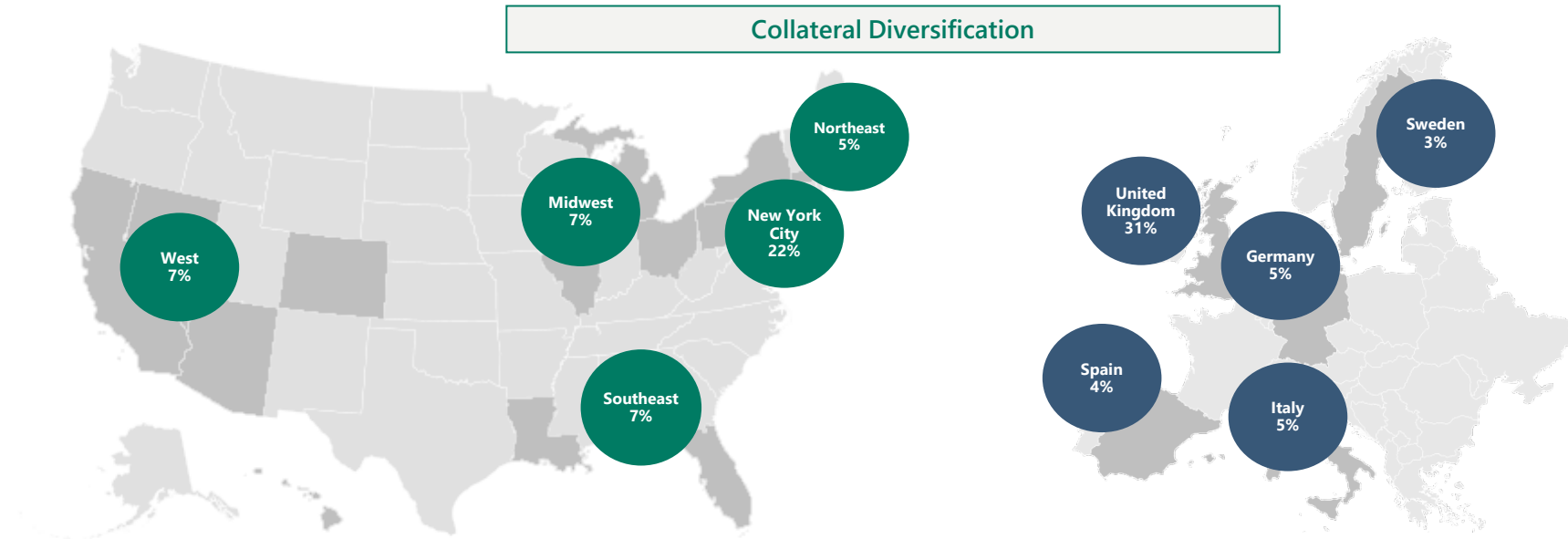
c) Other property types include: Parking Garages (3%), Caravan Parks (2%), and Urban Predevelopment (1%)

d) Retail property types include: Outlet Center (6%), Retail Distribution Warehouse (5%), Urban Retail (3%), and Lifestyle Center (3%)

See footnotes on page 21

Loan Portfolio Overview (cont'd)

(\$ in mm)	United	New	Other						
Property Type	Kingdom	York City	Europe	West	Southeast	Midwest	Northeast	Other ^a	Total ⁸
Hotel	\$182 / 2%	\$146 / 2%	\$613 / 7%	\$437 / 5%	\$365 / 4%	\$57 / 1%	\$9 / 0%	\$129 / 2%	\$1,938 / 23%
Office	404 / 5%	433 / 5%	498 / 6%	-	-	190 / 2%	-	-	1,524 / 18%
Retail	888 / 11%	250 / 3%	39 / 0%	86 / 1%	15 / 0%	98 / 1%	-	37 / 0%	1,414 / 17%
Residential	224 / 3%	872 / 10%	-	72 / 1%	33 / 0%	84 / 1%	46 / 1%	75 / 1%	1,406 / 17%
Mixed Use	493 / 6%	145 / 2%	-	-	-	-	-	-	639 / 8%
Healthcare	161 / 2%	-	-	4 / 0%	10 / 0%	14 / 0%	368 / 4%	13 / 0%	570 / 7%
Industrial	-	-	288 / 3%	-	-	-	-	-	288 / 3%
Other ^b	208 / 3%	-	-	-	134 / 2%	107 / 1%	33 / 0%	67 / 1%	550 / 7%
Total^{8,14}	\$2,560 / 31%	\$1,846 / 22%	\$1,439 / 17%	\$599 / 7%	\$557 / 7%	\$550 / 7%	\$455 / 5%	\$322 / 4%	\$8,328 / 100%
General CECL Reserve									(\$32)
Carrying value, net⁸									\$8,295



a) Other geographies include Southwest (2%), Mid-Atlantic (1%), and Other (<1%)

b) Other property types include Parking Garages (3%), Caravan Parks (3%) 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^a
9 Loans

First Mortgage
99%

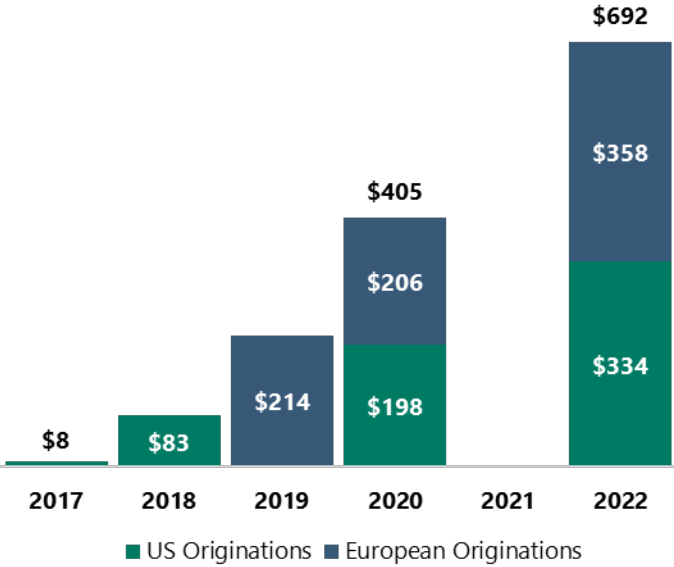
Carrying Value^c
\$1.4 Billion

Loans with 3rd Party Subordinate Debt
3 Loans

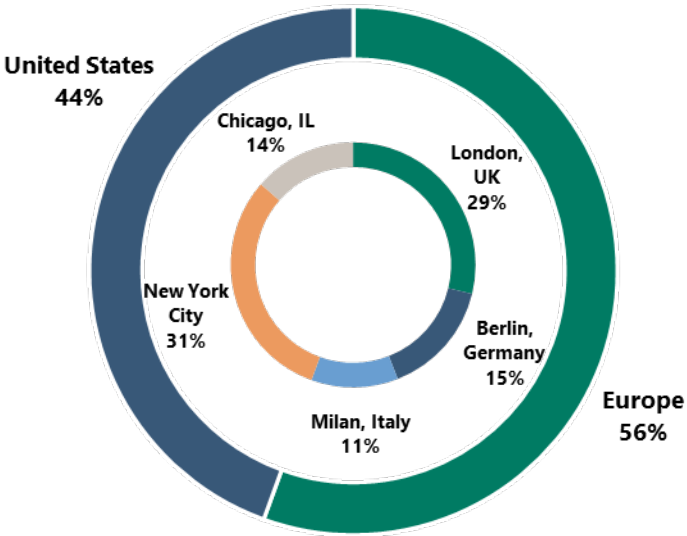
W/A Risk Rating¹²
3.1

W/A Loan-to-Value^{12,b}
50%

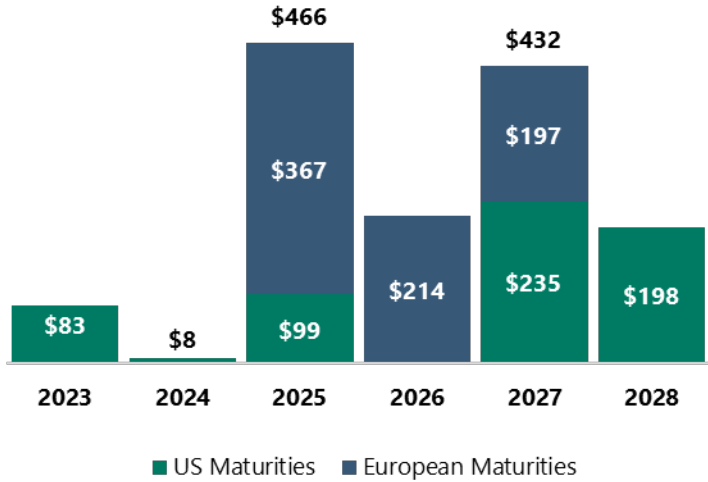
Origination Vintage¹²



Location



Fully Extended Maturities^{12,15}

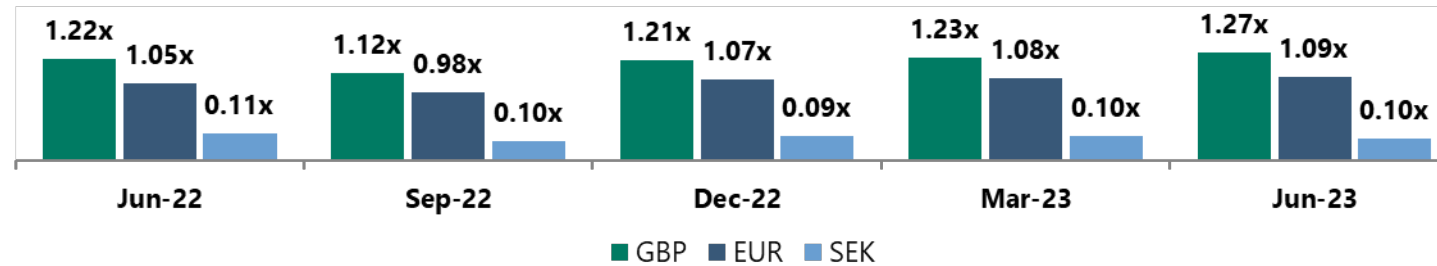


a) Excludes one loan which consists of office, industrial and retail property types located in various cities across Germany
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated
 c) Gross of General CECL Allowance
 See footnotes on page 21

Mitigating Foreign Exchange Risk

ARI proactively mitigates foreign exchange risk in our non-US loan portfolio and facilities

Foreign Exchange Rate Change (Local/USD)



% FX Change YoY

GBP: 4%

EUR: 4%

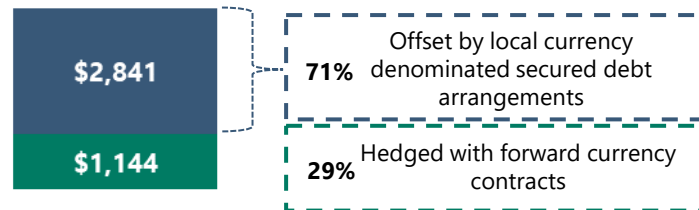
SEK: (5%)

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 June 30, 2023 the percentage of net equity to total foreign denominated carrying value was 29%, or \$1.1 billion
 - 71% weighted average advance on total foreign loan portfolio
 - 73%^a 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 \$0.1 million realized gain in Q2 2023

Foreign Loan Capital Stack

(\$ in mm) **\$3,985**



■ Net Equity ■ Secured Debt

Q2 Change in Unrealized Gain (Loss) on Net Equity

(\$ in mm)	As of June 30, 2023			Q2 2023 Net
	Carrying Value ^b	Secured Debt	Net Equity	Unrealized Gain ^c
GBP	\$2,553	(\$1,794)	\$758	\$21
EUR	\$1,196	(\$855)	\$341	\$2
SEK	\$237	(\$191)	\$45	(\$2)
Total	\$3,985	(\$2,841)	\$1,144	\$22
Change in unrealized gain (loss) on forward contracts^d				(\$16)

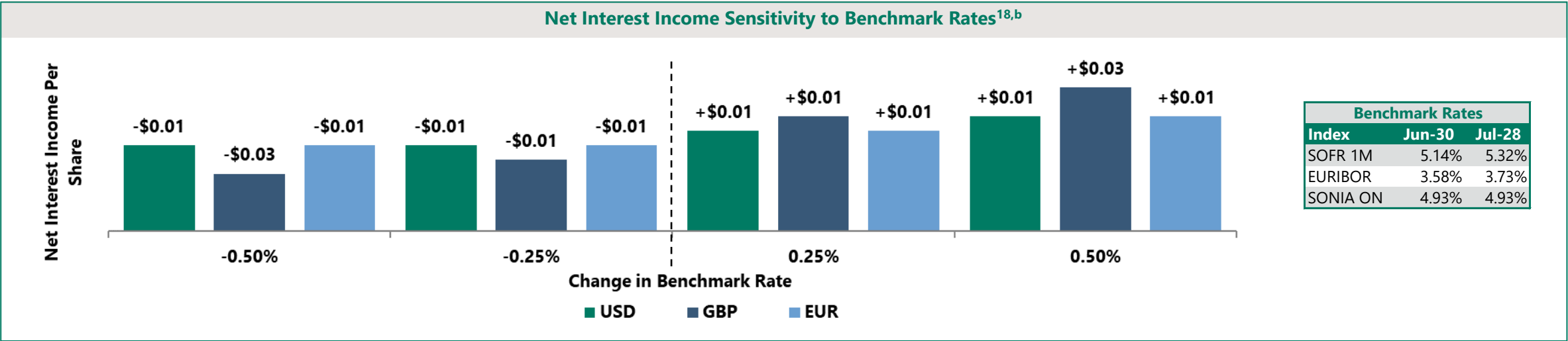
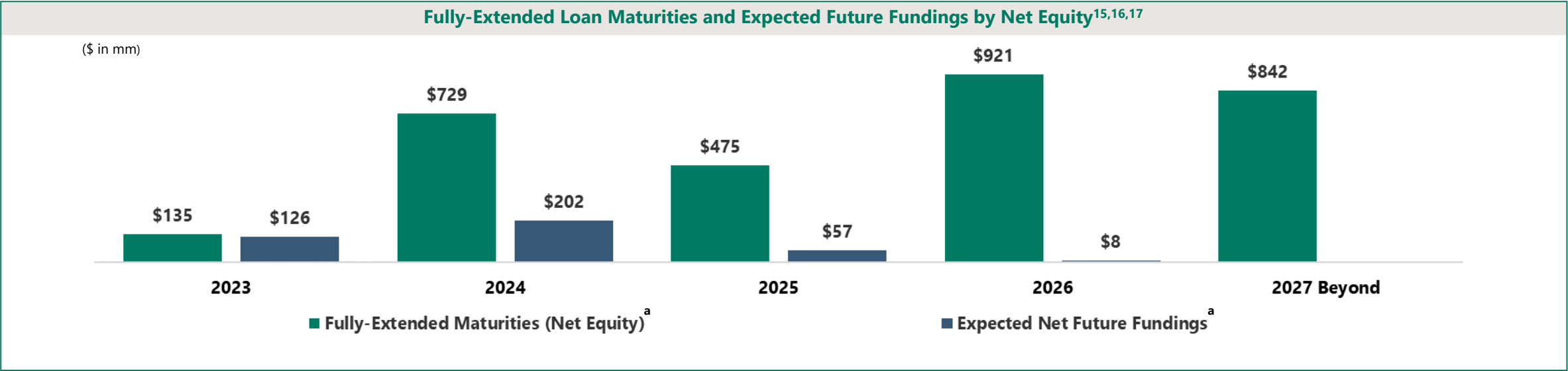
a) Weighted average advance based on carrying value of first mortgage loans with secured debt financing

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 (losses) on foreign loans of \$22 million net of unrealized losses of (\$16) million on respective foreign secured debt arrangements for the quarter ended June 30, 2023

d) Represents net change in unrealized gain (loss) on forward contracts for the quarter ended June 30 2023, 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 June 30, 2023 (SOFR 1 month: 5.14%, EURIBOR 3.58% and SONIA ON: 4.93% adjusted for compounding)

See footnotes on page 21

Senior Loan Portfolio (1 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Hotel	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ¹⁵	Location
Loan 1	10/2019	\$345	\$26		Y	08/2024	Various, Spain
Loan 2	11/2021	223	15		Y	11/2026	Various, UK/Ireland
Loan 3	05/2022	179	26		Y	06/2027	Napa Valley, CA
Loan 4	07/2021	169	10			08/2026	Various, US
Loan 5	11/2021	164	-			12/2026	St. Thomas, USVI
Loan 6	09/2015	146	-			06/2024	Manhattan, NY
Loan 7	04/2018	137	-			04/2024	Honolulu, HI
Loan 8	08/2019	131	-			08/2024	Puglia, Italy
Loan 9	10/2021	100	-			11/2026	New Orleans, LA
Loan 10	06/2022	98	-			06/2025	Rome, Italy
Loan 11	11/2018	90	-			12/2023	Vail, CO
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
Subtotal - Hotel		\$1,897	\$77				
Office							
Loan 15	03/2022	\$235	\$31		Y	04/2027	Manhattan, NY
Loan 16	06/2019	214	4			08/2026	Berlin, Germany
Loan 17	02/2020	206	-			02/2025	London, UK
Loan 18	01/2020	198	52		Y	03/2028	Long Island City, NY
Loan 19	02/2022	197	385	Y		02/2027	London, UK
Loan 20	02/2022	160	-			06/2025	Milan, Italy
Loan 21	11/2022	99	-			01/2025	Chicago, IL
Loan 22 ^a	03/2018	83	-		Y	07/2023	Chicago, IL
Subtotal - Office		\$1,392	\$472				

a) Loan matured in July 2023. Execution of extension is currently in process.

See footnotes on page 21

Senior Loan Portfolio (2 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Retail	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ¹⁵	Location
Loan 23	04/2022	\$476	\$38			04/2027	Various, UK
Loan 24	10/2021	412	-			10/2026	Various, UK
Loan 25	08/2019	250	-		Y	09/2025	Manhattan, NY
Loan 26	05/2022	139	-			06/2027	Various, US
Loan 27 ¹⁹	11/2014	98	-			09/2024	Cincinnati, OH
Subtotal - Retail		\$1,375	\$38				
Residential							
Loan 28 ²⁰	08/2022	\$240	-			09/2024	Manhattan, NY
Loan 29	12/2021	224	15			12/2026	Various, UK
Loan 30	03/2023	171	-			03/2026	Various, US
Loan 31	12/2018	91	-		Y	09/2023	Manhattan, NY
Loan 32	05/2022	90	3			06/2027	Manhattan, NY
Loan 33	05/2021	82	-		Y	05/2026	Cleveland, OH
Loan 34	12/2021	71	9			01/2027	Manhattan, NY
Loan 35	12/2019	46	3		Y	11/2025	Boston, MA
Loan 36	12/2021	17	-		Y	01/2026	Hallandale Beach, FL
Subtotal - Residential		\$1,032	\$30				
Mixed Use							
Loan 37	12/2019	\$339	\$64	Y	Y	06/2025	London, UK
Loan 38	03/2022	145	32		Y	03/2027	Brooklyn, NY
Loan 39	06/2022	110	29	Y	Y	06/2026	London, UK
Loan 40	12/2019	45	-			09/2023	London, UK
Subtotal - Mixed Use		\$639	\$125				

Senior Loan Portfolio (3 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Healthcare	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ¹⁵	Location
Loan 41	03/2022	\$368	-			03/2027	Various, MA
Loan 42	10/2019	161	-		Y	10/2024	Various, UK
Subtotal - Healthcare		\$529	-				
Other							
Loan 43 - Industrial	03/2021	\$238	-			05/2026	Various, Sweden
Loan 44 - Parking Garages	05/2021	218	5			05/2026	Various, US
Loan 45 - Portfolio ^a	06/2021	213	22			06/2026	Various, Germany
Loan 46 - Caravan Parks	02/2021	208	-			02/2028	Various, UK
Loan 47 - Urban Predevelopment	12/2022	122	11			01/2026	Miami, FL
Subtotal - Other		\$999	\$38				
Subtotal/W.A. - First Mortgage ^{8,12}		\$7,863	\$780			2.7 Years	

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

Subordinate Loan Portfolio

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Residential	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ¹⁵	Location
Loan 48 - Residential ²⁰	06/2015	\$203	-			09/2024	Manhattan, NY
Loan 49 - Residential ^{19,20}	05/2020	170	-			09/2024	Manhattan, NY
Subtotal - Residential		\$373	-				
Other							
Loan 50 - Healthcare ^a	07/2019	\$41	-			06/2024	Various, US
Loan 51 - Hotel	06/2015	23	-			07/2025	Phoenix, AZ
Loan 52 - Hotel	06/2018	20	-			08/2023	Las Vegas, NV
Loan 53 - Office	08/2017	8	-			09/2024	Troy, MI
Subtotal - Other		\$92	-				
Total/W.A. - Subordinate^{8,12}		\$465	-			1.2 Years	
Total/W.A. - Portfolio^{8,12,14}		\$8,328	\$780			2.6 Years	
General CECL Reserve		(\$32)					
Total Carrying Value, Net⁸		\$8,295					

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

(in thousands - except share data)

	June 30, 2023	December 31, 2022
Assets:		
Cash and cash equivalents	\$308,052	\$222,030
Commercial mortgage loans, net ^{a,c}	7,831,859	8,121,109
Subordinate loans and other lending assets, net ^{b,c}	463,569	560,881
Real estate owned, held for investment, net	478,581	302,688
Other assets	135,731	70,607
Assets related to real estate owned, held for sale	79,021	162,397
Derivative assets, net	63,546	128,640
Total Assets	\$9,360,359	\$9,568,352
Liabilities and Stockholders' Equity		
Liabilities:		
Secured debt arrangements, net	\$5,365,427	\$5,296,825
Senior secured term loan, net	761,605	763,813
Senior secured notes, net	495,238	494,844
Convertible senior notes, net	185,869	229,361
Accounts payable, accrued expenses and other liabilities ^d	165,473	227,360
Debt related to real estate owned, held for investment, net	160,928	160,294
Participations sold	-	25,130
Payable to related party	9,390	9,728
Liabilities related to real estate owned, held for sale	1,438	6,493
Total Liabilities	\$7,145,368	\$7,213,848
Stockholders' Equity:		
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, 141,343,177 and 140,595,995 shares issued and outstanding in 2023 and 2022, respectively	1,413	1,406
Additional paid-in-capital	2,718,920	2,716,907
Accumulated deficit	(505,410)	(363,877)
Total Stockholders' Equity	\$2,214,991	\$2,354,504
Total Liabilities and Stockholders' Equity	\$9,360,359	\$9,568,352

a) Includes \$7,498,831 and \$7,482,658 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

b) Includes \$203,148 and \$191,608 pledged as collateral under secured debt arrangements in 2023 and 2022, respectively.

c) Net of \$225,276 and \$159,724 CECL Allowances in 2023 and 2022, respectively, comprised of \$193,000 and \$133,500 Specific CECL Allowance and \$32,276 and \$26,224 General CECL Allowance, respectively.

d) Includes \$4,834 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net interest income:				
Interest income from commercial mortgage loans	\$174,124	\$99,386	\$340,271	\$183,810
Interest income from subordinate loans and other lending assets	5,110	14,530	14,817	30,365
Interest expense	(116,278)	(56,529)	(221,146)	(101,647)
Net interest income	\$62,956	\$57,387	\$133,942	\$112,528
Revenue from real estate owned operations	29,208	18,630	45,339	27,670
Total net revenue	\$92,164	\$76,017	\$179,281	\$140,198
Operating expenses:				
General and administrative expenses (includes equity-based compensation of \$4,377 and \$8,735 in 2023 and \$4,518 and \$9,216 in 2022, respectively)	(\$7,471)	(\$7,130)	(\$14,486)	(\$14,317)
Management fees to related party	(9,390)	(9,632)	(18,907)	(18,986)
Operating expenses related to real estate owned	(19,961)	(13,134)	(33,967)	(22,786)
Depreciation and amortization on real estate owned	(2,202)	—	(6,188)	(704)
Total operating expenses	(\$39,024)	(\$29,896)	(\$73,548)	(\$56,793)
Other income	\$2,340	\$68	\$3,072	\$68
Net realized loss on investments	(81,980)	—	(86,604)	—
Realized gain on extinguishment of debt	252	—	465	—
Increase in current expected credit loss allowance, net	(61,648)	944	(66,038)	(17,667)
Foreign currency translation gain (loss)	21,557	(84,838)	40,191	(117,356)
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of (\$20,102) and (\$55,953) in 2023 and \$95,053 and \$113,195 in 2022, respectively)	(17,116)	105,213	(31,251)	127,975
Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of (\$4,328) and (\$9,141) in 2023 and \$3,443 and \$9,764 in 2022, respectively)	55	3,443	(52)	9,764
Net income (loss)	(\$83,400)	\$70,951	(\$34,484)	\$86,189
Preferred dividends	(3,068)	(3,068)	(6,136)	(6,136)
Net income available to common stockholders	(\$86,468)	\$67,883	(\$40,620)	\$80,053
Net income (loss) per basic share of common stock	(\$0.62)	\$0.48	(\$0.30)	\$0.56
Net income (loss) per diluted share of common stock	(\$0.62)	\$0.44	(\$0.30)	\$0.55
Basic weighted-average shares of common stock outstanding	141,341,238	140,590,843	141,207,597	140,472,771
Diluted weighted-average shares of common stock outstanding	141,341,238	171,698,185	141,207,597	169,006,042
Dividend declared per share of common stock	\$0.35	\$0.35	\$0.70	\$0.70

Reconciliation of GAAP Net Income to Distributable Earnings¹

(in thousands - except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Distributable Earnings¹:				
Net income available to common stockholders:	(\$86,468)	\$67,883	(\$40,620)	\$80,053
Adjustments:				
Equity-based compensation expense	4,377	4,518	8,735	9,216
Loss (gain) on foreign currency forwards	17,116	(105,213)	31,251	(127,975)
Foreign currency (gain) loss, net	(21,557)	84,838	(40,191)	117,356
Unrealized loss (gain) on interest rate cap	4,328	(3,443)	9,141	(9,764)
Realized gains relating to interest income on foreign currency hedges, net	2,341	1,428	7,074	5,112
Realized gains relating to forward points on foreign currency hedges, net	76	394	5,677	6,623
Depreciation and amortization on real estate owned	2,202	—	6,188	704
Increase in current expected credit loss allowance, net	61,648	(944)	66,038	17,667
Realized gain on extinguishment of debt	(252)	—	(465)	—
Net realized loss on investments	81,980	—	86,604	—
Total adjustments	152,259	(18,422)	180,052	18,939
Distributable Earnings¹ prior to net realized loss on investments and realized gain on extinguishment of debt	\$65,791	\$49,461	\$139,432	\$98,992
Net realized loss on investments	(81,980)	—	(86,604)	—
Realized gain on extinguishment of debt	252	—	465	—
Distributable Earnings¹	(\$15,937)	\$49,461	\$53,293	\$98,992
Weighted-average diluted shares – Distributable Earnings¹				
Weighted-average diluted shares – GAAP	141,341,238	171,698,185	141,207,597	169,006,042
Potential shares issued under conversion of the Convertible Notes	—	(28,533,271)	—	(28,533,271)
Weighted-average unvested RSUs	2,849,286	—	3,034,394	2,738,424
Weighted-average diluted shares – Distributable Earnings¹	144,190,524	143,164,914	144,241,991	143,211,195
Diluted Distributable Earnings¹ per share prior to net realized loss on investments and realized gain on extinguishment of debt	\$0.46	\$0.35	\$0.97	\$0.69
Diluted Distributable Earnings¹ per share of common stock	(\$0.11)	\$0.35	\$0.37	\$0.69

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 June 30, 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 and real estate owned 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 July 28, 2023.
5. Quarterly add-on fundings represent fundings committed prior to the quarter ended June 30, 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 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.
12. Based on loan amortized cost.
13. Includes one subordinate risk retention interest in a securitization vehicle.
14. Gross of \$32 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.
20. Loans are secured by the same property.