

APOLLO

Q4 & FY 2022 Financial Results

Apollo Commercial Real Estate Finance, Inc.

February 2023

Unless otherwise noted, information as of December 31, 2022

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 23 for a definition of "Distributable Earnings" and the reconciliation of the applicable GAAP financial measures to non-GAAP financial measures set forth on page 22.

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ARI Highlights

2022 Distributable Earnings^{1,a}**\$1.54****Distributable Earnings¹ per Diluted Share of
Common Stock****Q4'22 Distributable Earnings^{1,a}****\$0.48****Distributable Earnings¹ per Diluted Share of
Common Stock****Well Covered Dividend****1.10x****Coverage Ratio^b for Dividend per Share of
Common Stock****APOLLO**

Commercial Real Estate Finance

Durable Balance Sheet**\$1.0 Billion****of Unencumbered Loan Assets³****2022 Growth****\$3.7 Billion****of Loan Originations****Well-Positioned for Rising
Interest Rates****98%****Percentage of Portfolio Consisting of Floating
Rate Loans**

a) Amount reflects Distributable Earnings, prior to realized gains (losses) and impairments on real estate owned and investments

b) Ratio reflects Distributable Earnings, prior to realized gains (losses) and impairments on real estate owned and investments to dividends declared in 2022

See footnotes on page 23

Summary Results

Financial Results

- Net interest income of **\$242 million** for 2022; **\$69 million** in Q4
- Net income available to common stockholders of **\$253 million**, or **\$1.68** per diluted share of common stock for 2022; \$7 million loss, or (\$0.06) per diluted share of common stock for Q4
- Distributable Earnings^{1,a} of **\$221 million**, or **\$1.54** per diluted share of common stock for 2022; **\$69 million**, or **\$0.48** per diluted share of common stock in Q4
- Declared common stock dividends of **\$1.40** per share in 2022, which implies a dividend yield⁴ of **11.4%**
 - **1.10x** dividend coverage ratio^b

Investments

- Committed **\$3.7 billion** (\$3.0 billion funded at close) of new commitments during 2022; **\$243 million** (\$229 million funded at close) during Q4
- Gross add-on fundings⁵ of **\$597 million** during 2022; **\$148 million** in Q4
- Received **\$2.2 billion** of loan repayments during 2022; **\$703 million** in Q4

Loan Portfolio

- Total loan portfolio of **\$8.7 billion** with w/a unlevered all-in yield^{6,c} of **7.6%**
 - **93%** first mortgages
 - **98%** floating rate
- Weighted-average risk rating of 3.0
- Recorded a net increase to our Specific CECL allowance of \$14.5 million during Q4, resulting in a \$0.10 decrease to book value per share. The net increase was primarily attributable to i) a \$36.5 million allowance on a mezzanine loan secured by our interest in an ultra-luxury residential property in Manhattan, NY, and ii) \$24.9 million of write-offs of previously recorded Specific CECL allowances related to two of our first mortgage loans.

Capitalization

- Ended year with total common equity book value of **\$2.2 billion⁷**
- Ended year with **\$232 million^e** of total liquidity and **\$1.0 billion³** of unencumbered loan assets

a) Amount reflects Distributable Earnings, prior to realized gains (losses) and impairments on real estate owned and investments
 b) Ratio reflects Distributable Earnings, prior to realized gains (losses) and impairments on real estate owned to dividends declared in 2022
 c) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD
 d) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$15.78 multiplied by shares of common stock outstanding
 e) Includes cash, loan proceeds held by servicer, and available leverage on our secured debt arrangements

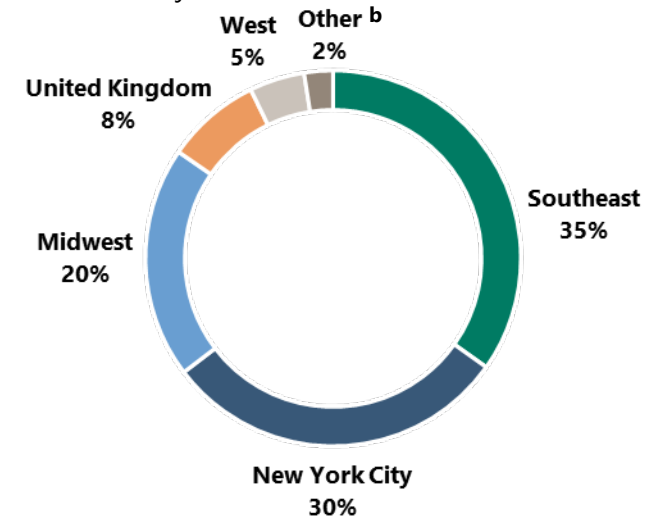
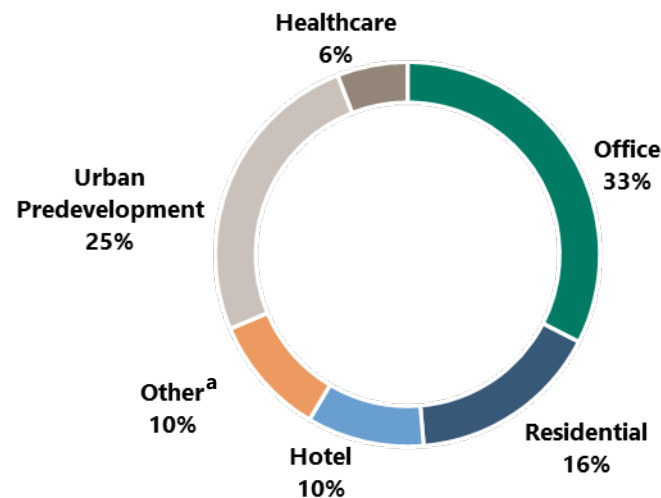
Q4 Business Update

New Commitments

- Provided **\$133 million** (\$119 million funded at close) of seller financing in the form of a floating-rate first mortgage, with a 60% LTC, in conjunction with the sale of an urban pre-development property in Miami, FL
- Committed **\$110 million** (\$100 million after \$10 million repayment received subsequent to year-end) to a floating-rate first mortgage in conjunction with the recapitalization of our \$184 million (\$120 million at time of recapitalization) first mortgage secured by an office property in Chicago, IL

Repayments

- Total Q4 repayments of **\$703 million** (including \$209 million of full satisfactions of three commercial mortgage loans and one subordinate loan, \$110 million related to a recapitalization, \$39 million in conjunction with a loan modification, and \$179 million in conjunction with resolution of one of our focus assets)



Subsequent Events

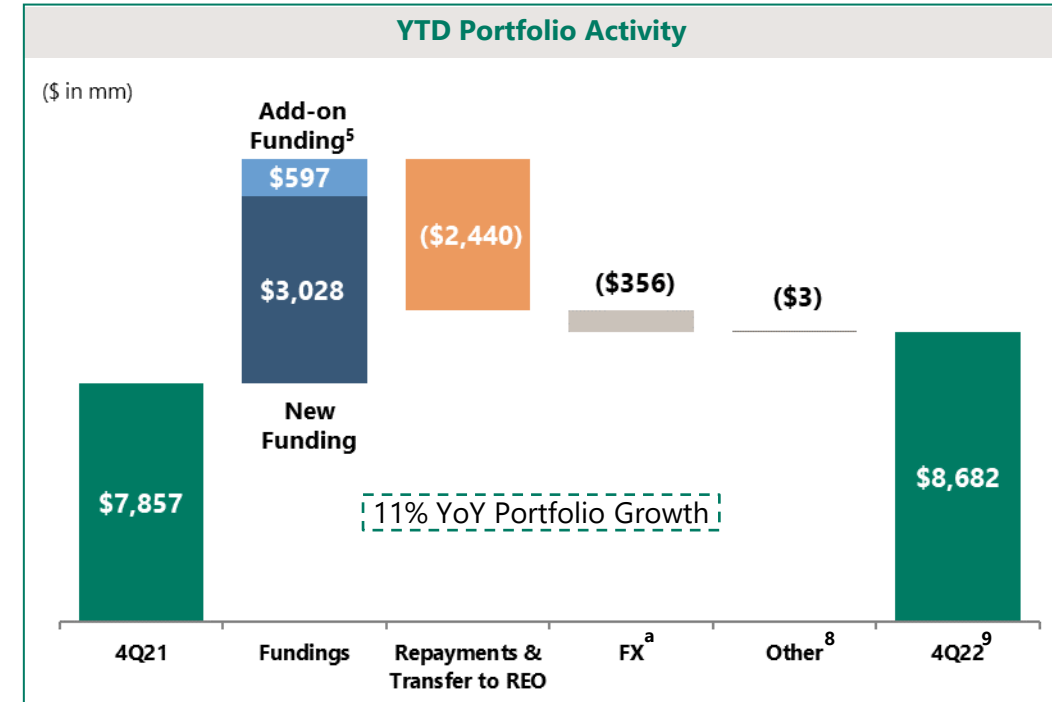
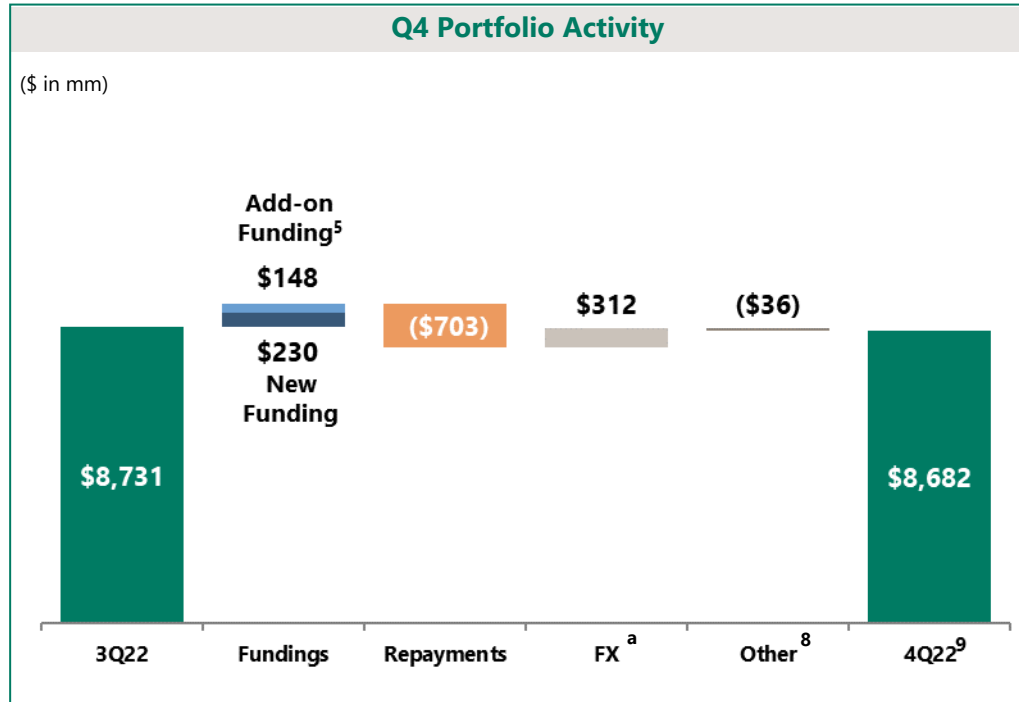
- Amended our master repurchase agreement with Deutsche Bank that allows us to extend the facility by twenty-four months to March 31, 2026
- Completed approximately **\$51 million⁵** of gross add-on fundings
- Capitalized an additional **\$9.3 million** of construction and financing costs related to our real estate owned, held for investment
- Received **£72 million** (\$88 million assuming conversion to USD) repayment of first mortgage loan secured by an office property in London, U.K., and accrued default interest
- Received **\$23 million** in partial repayments, including **~\$11 million** from condo sales

a) Other property types include Industrial (5%), Retail (3%), and Mixed Use (2%)

b) Other geography types include Southwest (1%), Northeast (<1%), Germany (<1%), and Mid-Atlantic (<1%)

See footnotes on page 23

Portfolio Activity



Origination Key Highlights				
Q4'22	\$245 million	100%	10.3%	33%
2022	\$3.7 billion	100%	8.6%	46%
	New Commitments to Mortgage Loans	Floating Rate Mortgages	Weighted Average Unlevered All-in Yield^b	Weighted Average Loan-to-Value^c

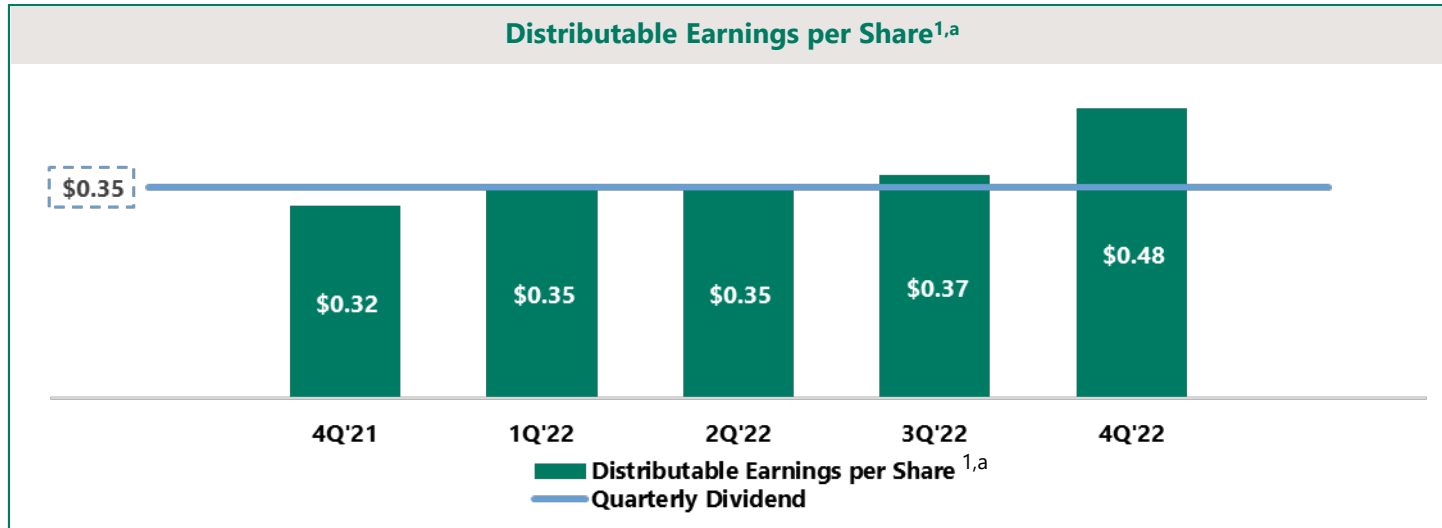
a) Foreign exchange ("FX") gains and losses are offset by gains and losses on related secured debt arrangements and forward currency contracts economically hedging related cashflows of non-U.S. denominated currencies

b) Includes benefit of forward points on currency hedges related to loans denominated in currencies other than USD; Weighted Average Unlevered All-in Yield is based on the applicable benchmark rates as of period end and includes accrual of origination, and extension fees

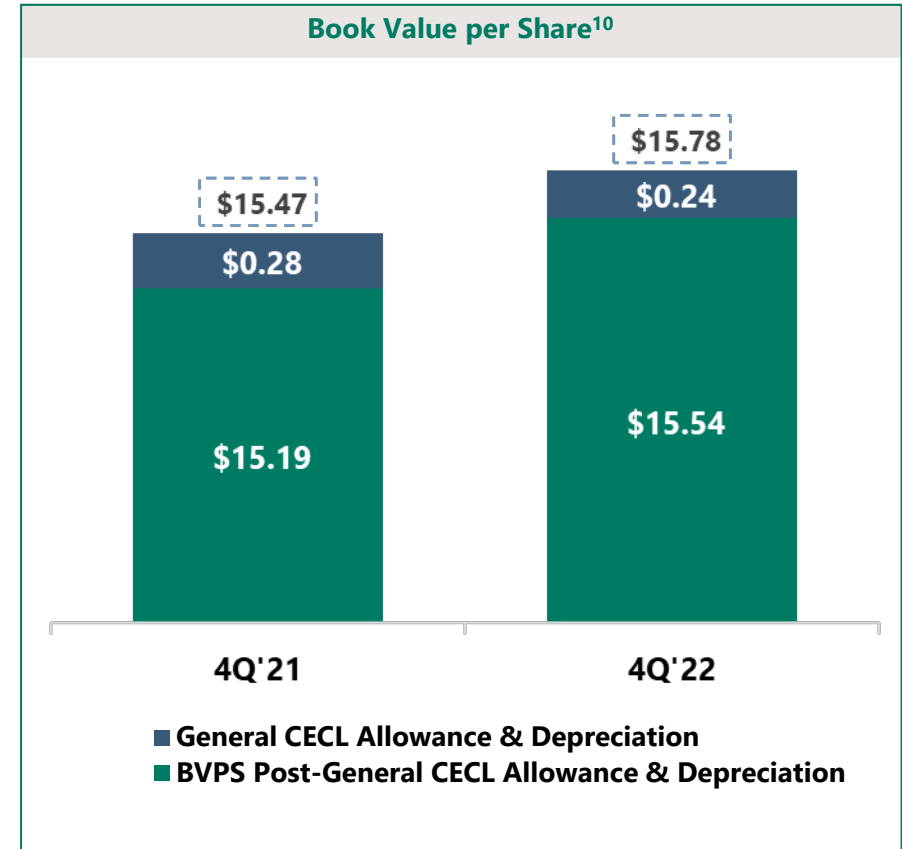
c) Represents as-stabilized loan-to-value based on fully funded principal

See footnotes on page 23

Per Share Overview



Book Value per Share ¹⁰ Roll Forward			
	BVPS	General CECL Allowance & Depreciation	BVPS excl. General CECL Allowance & Depreciation
December 31, 2021	\$15.19	(\$0.28)	\$15.47
(+) Earnings in excess of dividends	\$0.15	-	\$0.15
(+) Net realized gain on investments	\$0.13	-	\$0.13
(+) Net gain on currency and interest hedges ^b	\$0.09	-	\$0.09
(+) Change in Specific CECL Allowance	\$0.08	-	\$0.08
(+) Change in General CECL Allowance & Depreciation	\$0.04	\$0.04	-
(-) Adoption of ASU 2020-06 ¹¹	(\$0.02)	-	(\$0.02)
(-) Vesting and delivery of RSUs	(\$0.12)	-	(\$0.12)
Change during period⁹	\$0.35	\$0.04	\$0.31
December 31, 2022	\$15.54	(\$0.24)	\$15.78

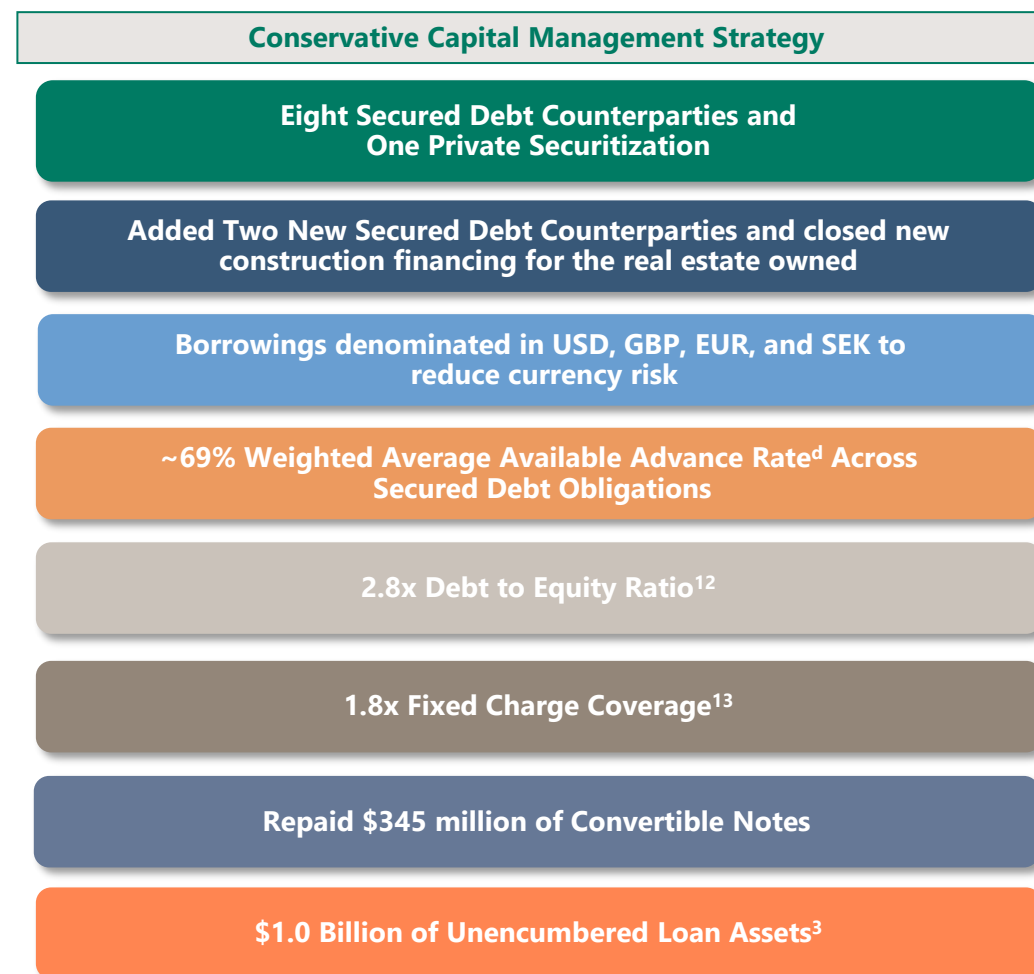
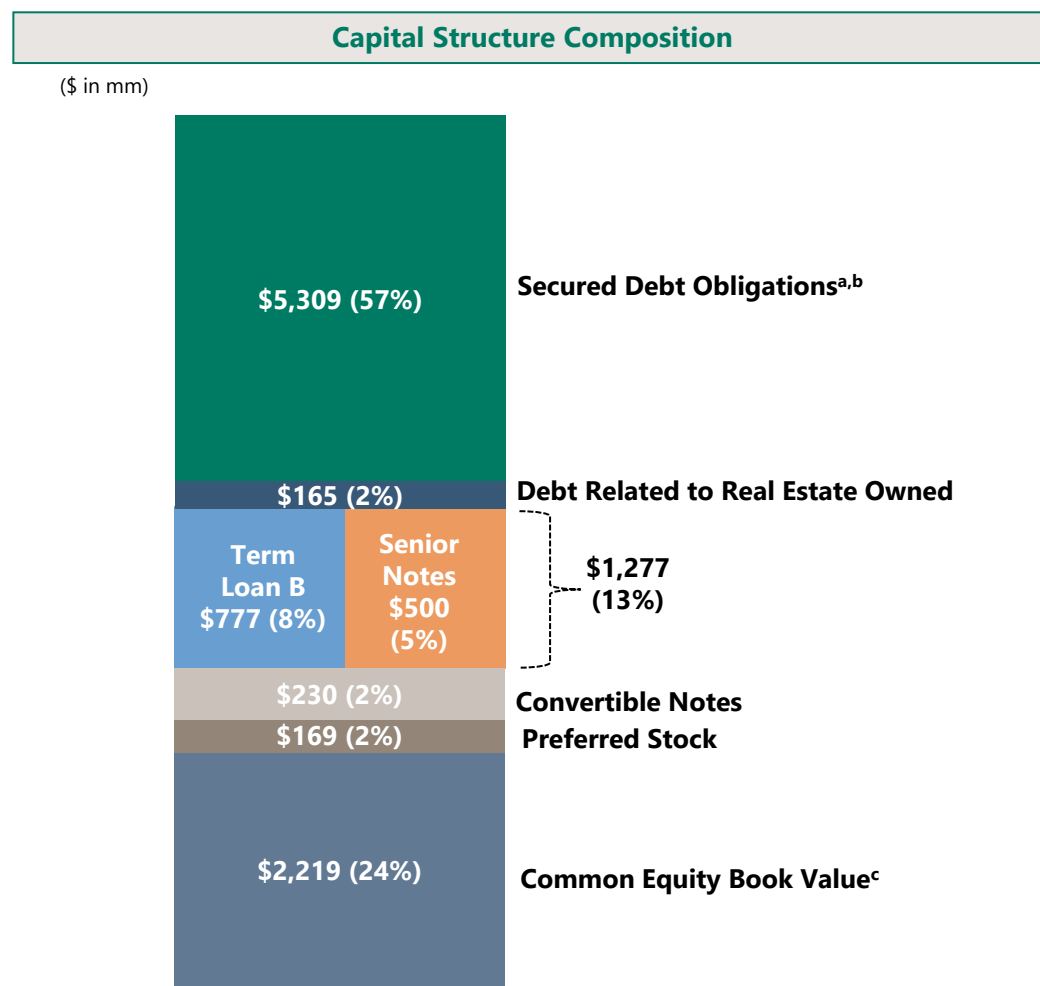


a) Amount reflects Distributable Earnings, prior to realized gains (losses) and impairments on real estate owned and investments

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

See footnotes on page 23

Capital Structure Overview



a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.28% / GBP: +2.02% / EUR: +1.54% / SEK: +1.50%

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

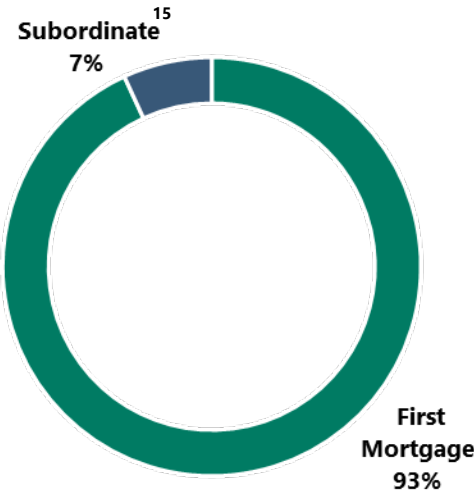
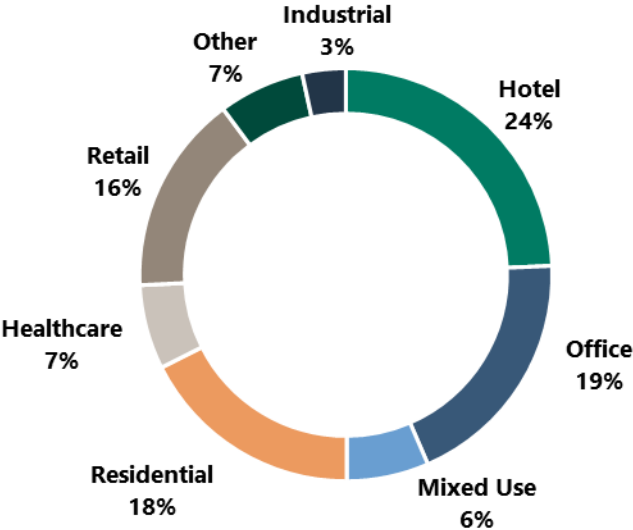
c) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$15.78 multiplied by shares of common stock outstanding

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

See footnotes on page 23

Loan Portfolio Overview

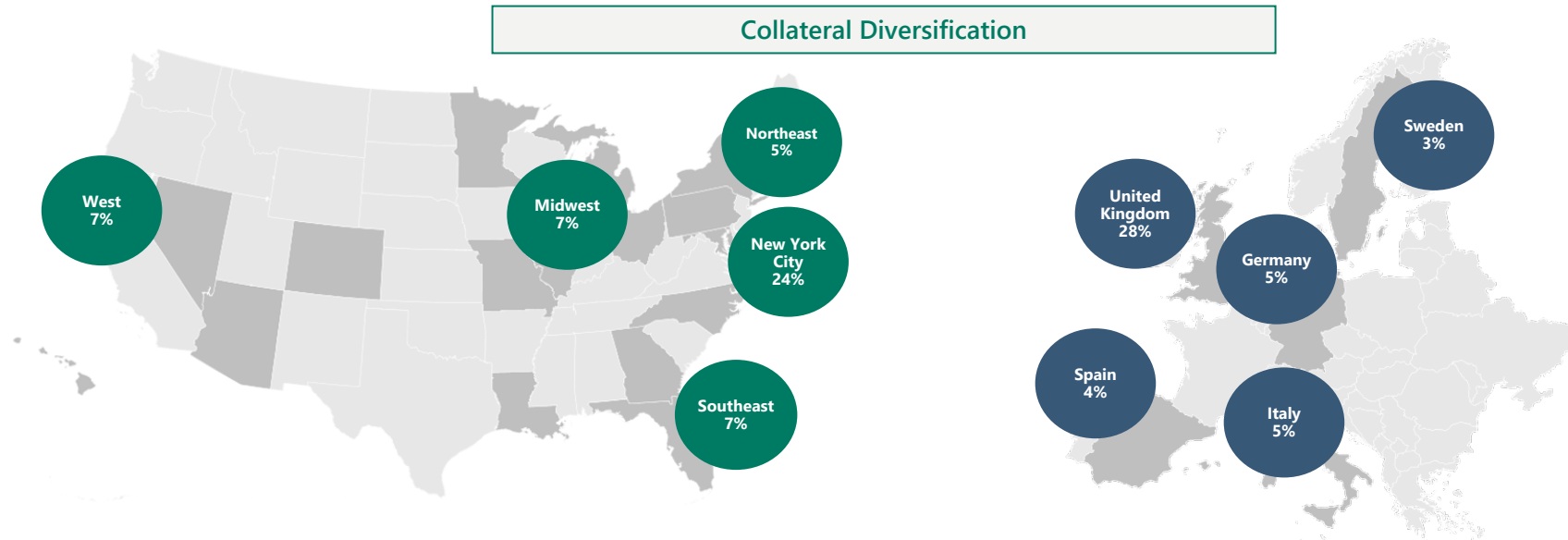
Number of Loans 61	Carrying Value \$8.7 billion	W/A Unlevered All-in Yield on Loan Portfolio^{6,a} 7.6%
W/A Remaining Fully-Extended Term^{14,17} 2.8 Years	W/A Portfolio Risk Rating¹⁴ 3.0	W/A Portfolio Loan-to-Value^{14,b} 59%
Collateral Diversification		Loan Position



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%)
See footnotes on page 23

Loan Portfolio Overview (cont'd)

(\$ in mm)	United Kingdom	New York City	Other Europe	Southeast	Midwest	West	Northeast	Other ^a	Total ⁹
Property Type									
Hotel	\$165 / 2%	\$146 / 2%	\$667 / 8%	\$443 / 5%	\$62 / 1%	\$442 / 5%	\$8 / 0%	\$183 / 2%	\$2,117 / 24%
Office	474 / 5%	454 / 5%	545 / 6%	-	198 / 2%	-	-	-	1,671 / 19%
Residential	0 / 2%	958 / 12%	-	30 / 0%	0 / 1%	0 / 1%	58 / 1%	0 / 0%	1,538 / 18%
Retail	844 / 10%	249 / 3%	34 / 0%	15 / 0%	100 / 1%	86 / 1%	-	37 / 0%	1,365 / 16%
Healthcare	153 / 2%	-	-	12 / 0%	17 / 0%	5 / 0%	371 / 4%	16 / 0%	575 / 7%
Mixed Use	424 / 5%	135 / 2%	-	-	-	-	-	-	560 / 6%
Industrial	-	-	297 / 3%	-	-	-	-	-	297 / 3%
Other ^b	198 / 2%	-	-	133 / 2%	132 / 2%	-	40 / 0%	82 / 1%	586 / 7%
Total^{9,16}	\$2,471 / 28%	\$2,049 / 24%	\$1,542 / 18%	\$643 / 7%	\$593 / 7%	\$584 / 7%	\$478 / 5%	\$349 / 4%	\$8,708 / 100%
General CECL Reserve									(\$26)
Carrying value, net⁹									\$8,682



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

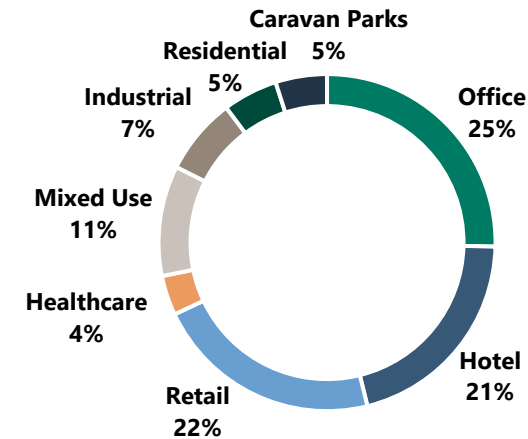
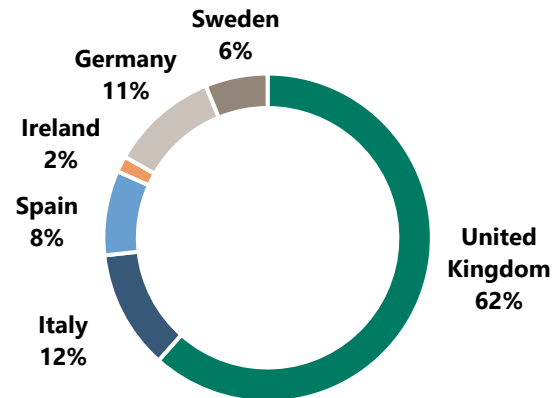
b) Other property types include Parking Garages (3%), Caravan Parks (2%) and Urban Predevelopment (1%)

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

See footnotes on page 23

European Loan Portfolio Overview

Number of Loans 22	Carrying Value \$4.0 Billion	W/A Unlevered All-in Yield on Loan Portfolio^{6,14} 6.9%
Floating Rate 100%	First Mortgage 100%	W/A Loan-to-Value^{14,a} 62%

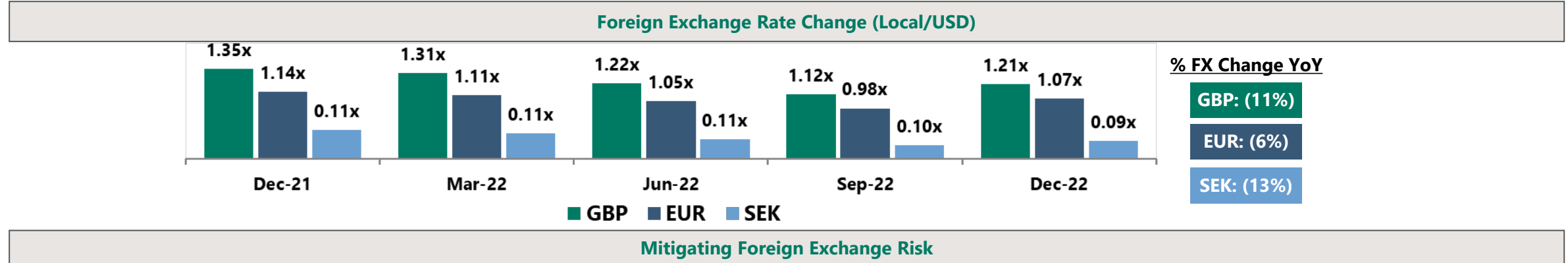


Top 5 European Sponsors					
(\$ in mm) Sponsor	Number of Deals	Current Commitment	Amortized Cost	Property Types	Location
Blackstone Group	5	\$1,183	\$1,126	Office/Hotel/Industrial/ Residential/Caravan Parks	United Kingdom/Spain/ Germany/Sweden
Orion Capital Managers	2	637	202	Office	United Kingdom/Italy
LaSalle Investment Management	1	443	407	Retail	United Kingdom
M7 Real Estate/Oxford Properties	1	395	392	Retail	United Kingdom
Henderson Park	2	382	362	Hotel/Office	United Kingdom/Ireland/Italy
Total	11	\$3,040	\$2,489		

a) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated
See footnotes on page 23

Mitigating Foreign Exchange Risk

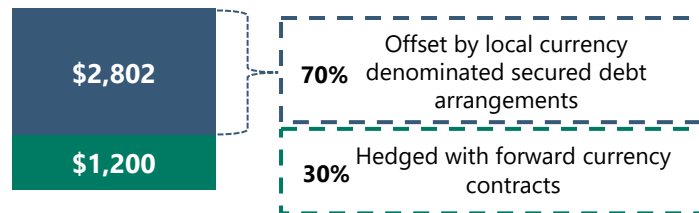
ARI is well-positioned for fluctuating foreign exchange rates due to several risk mitigating steps we have taken to structure and fund our non-US loan portfolio and associated secured financing facilities



- Secured debt arrangements are structured in local currency thereby reducing FX exposure to our net equity on foreign loans. As of December 31, 2022, the percentage of net equity to total foreign denominated carrying value was 30%, or \$1.2 billion
 - 70% weighted average advance on total foreign loan portfolio
 - 74%^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 \$1.0 million realized gain in Q4 2022

Foreign Loan Capital Stack

(\$ in mm) **\$4,002**



■ Net Equity ■ Secured Debt

Q4 Change in Unrealized Gain (Loss) on Net Equity				
(\$ in mm) Currency	As of December 31, 2022			Q4 2022 Net Unrealized Gain ^c
	Carrying Value ^b	Secured Debt	Net Equity	
GBP	\$2,463	(\$1,751)	\$712	\$55
EUR	\$1,292	(\$852)	\$439	\$36
SEK	\$246	(\$198)	\$47	\$3
Total	\$4,000	(\$2,802)	\$1,198	\$94
Change in unrealized gain (loss) on forward contracts ^d				(\$94)

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

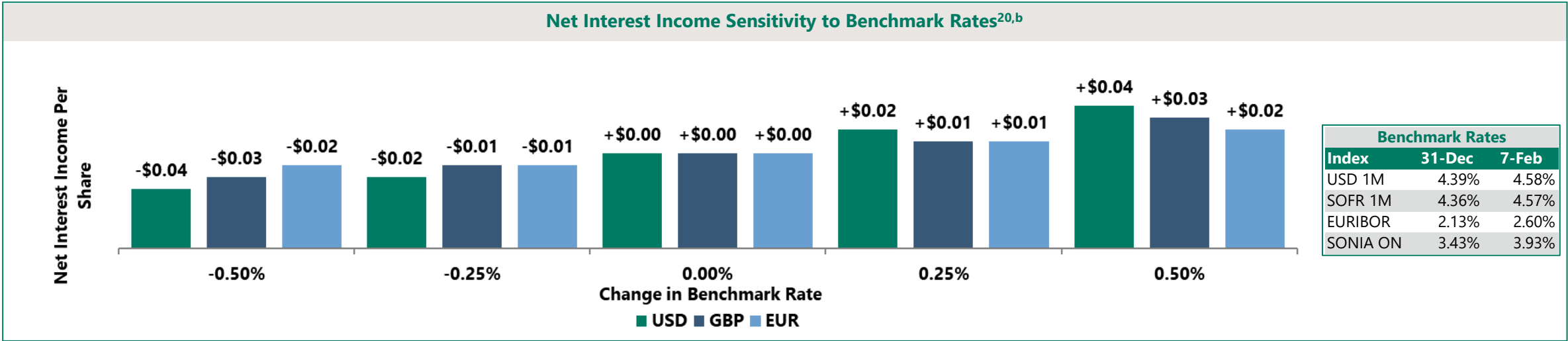
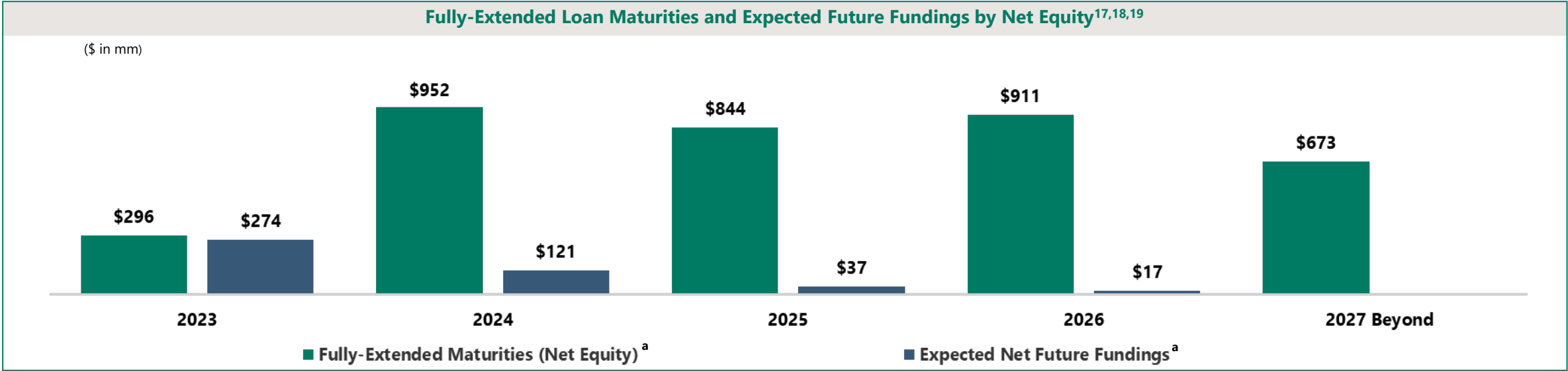
b) Carrying value includes all commercial mortgage and subordinate loans denominated in foreign currencies with or without secured debt financing

c) Represents change in unrealized gain (losses) on foreign loans of \$312 million net of unrealized losses of (\$218) million on respective foreign secured debt arrangements for the quarter ended December 31, 2022

d) Represents net change in unrealized gain (loss) on forward contracts for the quarter ended December 31, 2022, excluding gains (losses) on forward currency contracts economically hedging foreign currency interest

See footnotes on page 23

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, 2022 (USD LIBOR 1 month: 4.392%, SOFR 1 month: 4.358%, EURIBOR 2.132% and SONIA ON: 3.428% adjusted for compounding)

See footnotes on page 23

Senior Loan Portfolio (1 of 4)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Hotel	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ^{14,17}	Location
Loan 1	10/2019	\$334	\$28		Y	08/2024	Various, Spain
Loan 2	11/2021	205	17		Y	11/2026	Various, UK/Ireland
Loan 3	05/2022	179	25		Y	06/2027	Napa Valley, CA
Loan 4	07/2021	156	24			08/2026	Various, US
Loan 5	11/2021	150	14			12/2026	St. Thomas, USVI
Loan 6	09/2015	146	-			06/2024	Manhattan, NY
Loan 7	04/2018	143	-			04/2023	Honolulu, HI
Loan 8	08/2019	128	-			08/2024	Puglia, Italy
Loan 9	10/2021	99	-			11/2026	New Orleans, LA
Loan 10 ^{21,a}	03/2017	98	-			10/2022	Atlanta, GA
Loan 11	06/2022	96	-			06/2025	Rome, Italy
Loan 12	11/2018	90	-			12/2023	Vail, CO
Loan 13	12/2019	60	-			01/2025	Tucson, AZ
Loan 14	05/2019	52	-			06/2024	Chicago, IL
Loan 15	10/2021	45	40			10/2026	Lake Como, Italy
Loan 16	12/2015	42	-			08/2024	St. Thomas, USVI
Loan 17	02/2018	27	-			11/2024	Pittsburgh, PA
Loan 18	12/2021	24	32			06/2025	Dublin, Ireland
Subtotal/W.A. - Hotel		\$2,074	\$180				

a) Loan went into maturity default during the fourth quarter of 2022
See footnotes on page 23

Senior Loan Portfolio (2 of 4)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Office	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ^{14,17}	Location
Loan 19	01/2020	\$229	\$62		Y	02/2025	Long Island City, NY
Loan 20	03/2022	225	40		Y	04/2027	Manhattan, NY
Loan 21	06/2019	205	9			08/2026	Berlin, Germany
Loan 22	02/2020	204	-			02/2025	London, UK
Loan 23	02/2022	158	397	Y		02/2027	London, UK
Loan 24	02/2022	157	-			06/2025	Milan, Italy
Loan 25 ^a	12/2017	113	-		Y	12/2022	London, UK
Loan 26	11/2022	106	-			01/2025	Chicago, IL
Loan 27	03/2018	84	-		Y	07/2023	Chicago, IL
Loan 28	11/2021	45	32	Y		11/2025	Milan, Italy
Subtotal/W.A. - Office		\$1,526	\$540				
Retail							
Loan 29	04/2022	\$452	\$36			04/2027	Various, UK
Loan 30	10/2021	392	-			10/2026	Various, UK
Loan 31	08/2019	249	-		Y	09/2025	Manhattan, NY
Loan 32	05/2022	139	-			06/2027	Various, US
Loan 33 ²¹	11/2014	100	-			09/2023	Cincinnati, OH
Subtotal/W.A. - Retail		\$1,332	\$36				

a) Includes £20.8 (\$25.1 million converted to USD) of a subordinate participation sold accounted for as secured borrowing. Loan went into maturity default during the fourth quarter of 2022 and was subsequently paid off in January 2023.
See footnotes on page 23

Senior Loan Portfolio (3 of 4)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Residential	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ^{14,17}	Location
Loan 34 ²²	08/2022	\$274	-			09/2024	Manhattan, NY
Loan 35	12/2021	211	16			12/2026	Various, UK
Loan 36 ^a	12/2018	136	-		Y	01/2023	Manhattan, NY
Loan 37	05/2022	89	4			06/2027	Manhattan, NY
Loan 38	12/2021	85	22			01/2027	Manhattan, NY
Loan 39	05/2021	82	-		Y	05/2026	Cleveland, OH
Loan 40	04/2014	59	-			07/2023	Various
Loan 41	12/2019	58	7		Y	11/2025	Boston, MA
Loan 42	11/2014	50	-			06/2023	Various, US
Loan 43	12/2021	30	-		Y	01/2026	Hallandale Beach, FL
Subtotal/W.A. - Residential		\$1,074	\$49				
Mixed Use							
Loan 44	12/2019	\$305	\$96	Y	Y	06/2025	London, UK
Loan 45	03/2022	135	41		Y	03/2027	Brooklyn, NY
Loan 46	06/2022	78	50	Y	Y	06/2026	London, UK
Loan 47	12/2019	42	-			09/2023	London, UK
Subtotal/W.A. - Mixed Use		\$560	\$187				

a) Currently in negotiations with borrower to provide short term extension.
See footnotes on page 23

Senior Loan Portfolio (4 of 4)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Healthcare	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ^{14,17}	Location
Loan 48	03/2022	\$371	-			03/2027	Various, MA
Loan 49	10/2019	153	-			10/2024	Various, UK
Subtotal/W.A. - Healthcare		\$524	-				
Other							
Loan 50 - Parking Garages	05/2021	\$270	\$5			05/2026	Various, US
Loan 51 - Industrial	03/2021	246	-			05/2026	Various, Sweden
Loan 52 - Portfolio ^a	06/2021	222	22			06/2026	Various, Germany
Loan 53 - Caravan Parks	02/2021	198	-			02/2028	Various, UK
Loan 54 - Urban Predevelopment	12/2022	118	14			01/2025	Miami, FL
Subtotal/W.A. - Other		\$1,054	\$41				
Subtotal/W.A. - First Mortgage ⁹		\$8,144	\$1,033			2.9 Years	

a) Includes portfolio of office, industrial, and retail property types
See footnotes on page 23

Subordinate Loan Portfolio

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Residential	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity ^{14,17}	Location
Loan 55 ²²	05/2020	\$255	-		Y	09/2024	Manhattan, NY
Loan 56 ²²	06/2015	192	9		Y	09/2024	Manhattan, NY
Loan 57 ^{21,22}	11/2017	15	-		Y	09/2024	Manhattan, NY
Subtotal/W.A. - Residential		\$462	\$9				
Other							
Loan 58 - Healthcare ^a	07/2019	\$51	-		Y	06/2024	Various, US
Loan 59 - Hotel	06/2015	23	-			07/2025	Phoenix, AZ
Loan 60 - Hotel	06/2018	20	-			06/2023	Las Vegas, NV
Loan 61 - Office	08/2017	8	-			09/2024	Troy, MI
Subtotal/W.A. - Other		\$102	-				
Total/W.A. - Subordinate⁹		\$564	\$9			1.6 Years	
Total/W.A. - Portfolio^{9,16}		\$8,708	\$1,042			2.8 Years	
General CECL Reserve		(\$26)					
Total Carrying value, net⁹		\$8,682					

a) In the form of a single-asset, single-borrower CMBS
See footnotes on page 23

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>	December 31, 2022	December 31, 2021
Assets:		
Cash and cash equivalents	\$222,030	\$343,106
Commercial mortgage loans, net ^{a,c}	8,121,109	7,012,312
Subordinate loans and other lending assets, net ^{b,c}	560,881	844,948
Real estate owned, held for investment, net (net of \$2,645 accumulated depreciation in 2021)	302,688	151,788
Assets related to real estate owned, held for sale	162,397	-
Derivative assets, net	128,640	16,788
Other assets	70,607	47,753
Total Assets	\$9,568,352	\$8,416,695
Liabilities and Stockholders' Equity		
Liabilities:		
Secured debt arrangements, net	\$5,296,825	\$4,150,268
Senior secured term loan, net	763,813	768,325
Senior secured notes, net	494,844	494,051
Convertible senior notes, net	229,361	569,979
Accounts payable, accrued expenses and other liabilities ^d	227,360	102,609
Debt related to real estate owned, held for investment, net	160,294	-
Participations sold	25,130	27,064
Payable to related party	9,728	9,773
Liabilities related to real estate owned, held for sale	6,493	-
Total Liabilities	\$7,213,848	\$6,122,069
Commitments and Contingencies	-	-
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 2022 and 2021	\$68	\$68
Common stock, \$0.01 par value, 450,000,000 shares authorized, 140,595,995 and 139,894,060 shares issued and outstanding in 2022 and 2021, respectively	1,406	1,399
Additional paid-in-capital	2,716,907	2,721,042
Accumulated deficit	(363,877)	(427,883)
Total Stockholders' Equity	\$2,354,504	\$2,294,626
Total Liabilities and Stockholders' Equity	\$9,568,352	\$8,416,695

a) Includes \$7,482,658 and \$5,957,707 pledged as collateral under secured debt arrangements in 2022 and 2021, respectively.

b) Includes \$191,608 and \$0 pledged as collateral under secured debt arrangements in 2022 and 2021, respectively.

c) Net of \$159,724 and \$178,588 CECL Allowances in 2022 and 2021, respectively, comprised of \$133,500 and \$145,000 Specific CECL Allowance and \$26,224 and \$33,588 General CECL Allowance, respectively.

d) Includes \$4,347 and \$3,106 of General CECL Allowance related to unfunded commitments on commercial mortgage loans, subordinate loans and other lending assets, net in 2022 and 2021, respectively.

See footnotes on page 23

Consolidated Statement of Operations

(in thousands - except share and per share data)

	Three months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net interest income:				
Interest income from commercial mortgage loans	\$151,882	\$85,595	\$456,513	\$327,702
Interest income from subordinate loans and other lending assets	11,871	18,343	55,590	100,413
Interest expense	(94,582)	(44,730)	(270,525)	(162,522)
Net interest income	\$69,171	\$59,208	\$241,578	\$265,593
Revenue from real estate owned operations	19,964	11,647	62,062	18,917
Total net revenue	\$89,135	\$70,855	\$303,640	\$284,510
Operating expenses:				
General and administrative expenses (includes equity-based compensation of \$4,518 and \$18,252 in 2022 and \$4,089 and \$17,633 in 2021, respectively)	(\$8,161)	(\$8,610)	(\$29,662)	(\$28,854)
Management fees to related party	(9,714)	(9,773)	(38,419)	(38,160)
Operating expenses related to real estate owned	(16,274)	(11,015)	(52,368)	(19,923)
Depreciation and amortization on real estate owned	—	(1,097)	(704)	(2,645)
Total operating expenses	(\$34,149)	(\$30,495)	(\$121,153)	(\$89,573)
Other income	\$2,142	\$36	\$2,494	\$3,821
Realized gain (loss) on investments	(24,894)	(767)	18,683	(20,767)
Decrease (increase) in current expected credit loss allowance, net	(20,274)	(1,817)	17,623	34,773
Realized losses and impairments on real estate owned	—	-	—	(550)
Foreign currency translation gain (loss)	93,740	(3,879)	(116,399)	(31,687)
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of (\$117,464) and \$104,159 in 2022 and \$5,857 and \$46,714 in 2021, respectively)	(110,246)	2,021	146,981	41,674
Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of (\$3,116) and \$7,692 in 2022, and (\$1,143) and \$1,314 in 2021, respectively)	560	(1,143)	13,363	1,314
Net income (loss)	(\$3,986)	\$37,097	\$265,232	\$223,515
Preferred dividends	(3,068)	(3,068)	(12,272)	(12,964)
Net income (loss) available to common stockholders	(\$7,054)	\$34,029	\$252,960	\$210,551
Net income (loss) per basic share of common stock	(\$0.06)	\$0.23	\$1.77	\$1.48
Net income per diluted share of common stock	(\$0.06)	\$0.23	\$1.68	\$1.46
Basic weighted-average shares of common stock outstanding	140,595,955	139,894,060	140,534,635	139,869,244
Diluted weighted-average shares of common stock outstanding	140,595,955	142,391,653	165,504,660	168,402,515
Dividend declared per share of common stock	\$0.35	\$0.35	\$1.40	\$1.40

Reconciliation of GAAP Net Income to Distributable Earnings¹

(in thousands - except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Distributable Earnings¹:				
Net income (loss) available to common stockholders:	\$(7,054)	\$43,029	\$252,960	\$210,551
Adjustments:				
Equity-based compensation expense	4,518	4,484	18,252	17,633
(Gain) loss on foreign currency forwards	110,246	(2,021)	(146,981)	(41,674)
Foreign currency (gain) loss, net	(93,740)	3,879	116,399	31,687
Unrealized (gain) loss on interest rate cap	3,116	(1,143)	(7,692)	(1,314)
Realized gains (losses) relating to interest income on foreign currency hedges, net	6,060	216	14,080	(1,342)
Realized gains relating to forward points on foreign currency hedges, net	1,028	1,869	9,195	1,994
Amortization of the convertible senior notes related to equity reclassification	—	836	—	3,272
Depreciation and amortization on real estate owned	—	1,097	704	2,645
Increase (decrease) in current expected credit loss allowance, net	20,274	1,817	(17,623)	(34,773)
Realized (gain) losses and impairments on real estate owned and investments	24,894	767	(18,683)	21,317
Total adjustments	76,396	11,801	(32,349)	(555)
Distributable Earnings¹ prior to realized gains, losses and impairments on real estate owned and investments	\$69,342	\$45,830	\$220,611	\$209,996
Realized gain (losses) and impairments on real estate owned and investments	(24,894)	(767)	18,863	(21,317)
Distributable Earnings¹	\$44,448	\$45,063	\$239,294	\$188,679
Weighted-average diluted shares – Distributable Earnings¹				
Weighted-average diluted shares – GAAP	140,595,955	139,894,060	165,504,660	168,402,515
Weighted-average unvested RSUs	2,581,473	2,497,593	—	2,456,409
Reversal of hypothetical conversion of the Notes	—	—	(22,314,191)	(28,533,271)
Weighted-average diluted shares – Distributable Earnings¹	143,117,708	142,391,653	143,190,469	142,325,653
Diluted Distributable Earnings¹ per share prior to realized gains, losses and impairments on real estate owned and investments	\$0.48	\$0.32	\$1.54	\$1.48
Diluted Distributable Earnings¹ per share of common stock	\$0.31	\$0.32	\$1.67	\$1.33

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. Represents Distributable Earnings, prior to realized gains, losses and impairments on real estate owned and investments per share to dividend per share for the quarter ended December 31, 2022
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 February 7, 2023.
5. Quarterly and annual add-on fundings represent fundings committed prior to the quarter ended December 31, 2022 and prior to January 1, 2022, 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. Common equity market capitalization represents common shares outstanding multiplied by the closing stock price on December 30, 2022.
8. Other includes changes in current expected credit loss allowance, PIK interest, and the accretion of loan costs and fees.
9. Amounts and percentages may not foot due to rounding.
10. Book value per share of common stock is common stockholders' equity divided by shares of common stock outstanding.
11. On January 1, 2022 we adopted ASU 2020-06 "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity" ("ASU 2020-06"), which no longer require the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) to be separately accounted for in a manner that reflects the issuer's nonconvertible debt borrowing rate. Prior to the adoption of ASU 2020-06, we attributed \$15.4 million of the proceeds to the equity component of the Convertible Notes (\$11.0 million to the 2022 Notes and \$4.4 million to the 2023 Notes), which represented the excess proceeds received over the fair value of the liability component of the Convertible Notes at the date of issuance. The equity component of the Convertible Notes had been reflected within additional paid-in capital on our condensed consolidated balance sheet until January 1, 2022 when we adopted ASU 2020-06 through the modified retrospective approach. Upon adoption we (i) reclassified \$12.0 million of previously recorded amortization related to the equity component of the Convertible Notes from retained earnings to additional paid-in-capital and (ii) removed the remaining unamortized balance of \$3.4 million, which increased the cost basis of convertible notes and decreased additional paid-in-capital on the condensed consolidated balance sheet.
12. 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.
13. Fixed charge coverage is EBITDA divided by interest expense and preferred stock dividends.
14. Based on loan amortized cost.
15. Includes one subordinate risk retention interest in a securitization vehicle.
16. Gross of \$26 million of General CECL Allowance.
17. Assumes exercise of all extension options. There is no assurance that all or any extension options will be exercised.
18. 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.
19. Excludes risk-rated 5 loans.
20. 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.
21. Amortized cost for these loans is net of the recorded Specific CECL Allowances and impairments.
22. Loans are secured by the same property.