

APOLLO

# Q1 2024 Financial Results

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

April 29, 2024

Unless otherwise noted, information as of March 31, 2024

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

**Q1'24 Distributable Earnings<sup>1</sup>****\$0.35**Distributable Earnings<sup>1</sup> per Diluted  
Share of Common Stock**Consistent Distributions****16 Quarters**Maintained \$0.35 dividend distribution  
since Q2 2020**APOLLO**

Commercial Real Estate Finance

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

Percentage Floating Rate Loans

**Weighted Average Remaining  
Term on Corporate Debt<sup>2</sup>****3.8 Years**

No Corporate Debt Maturities until May 2026

# Q1 Summary Results

## Financial Results

- Net loss attributable to common stockholders of **\$(108) million**, or **\$(0.76)** per diluted share of common stock
  - Includes an increase of **\$142 million** in Specific CECL Allowance recorded on a subordinate loan secured by our interest in an ultra-luxury residential property in Manhattan, NY
- Distributable Earnings<sup>1</sup> of **\$50 million**, or **\$0.35** per diluted share of common stock
- Declared common stock dividends of **\$0.35** per share, which implies a dividend yield<sup>3</sup> of **13.0%**

## Loan Portfolio

- Total loan portfolio of **\$8.3 billion<sup>4</sup>** with w/a unlevered all-in yield<sup>5,a</sup> of **9.1%**
  - **96%** first mortgages
  - **99%** floating rate
- Weighted-average risk rating of **3.0**
- Total repayments of **\$176 million**
- Gross add-on fundings<sup>6</sup> of **\$322 million**, including **£168 million** (\$213 million<sup>b</sup> in USD) funded to a commitment closed in December 2023 to a first mortgage secured by a portfolio of pubs across the UK

## Capitalization

- Ended the quarter with total common equity book value of **\$1.9 billion<sup>c</sup>**
- Closed a new secured credit facility with Goldman Sachs with a total capacity of **£126 million** (\$159 million<sup>b</sup> in USD), in connection with funding our **£168 million** (\$213 million<sup>b</sup> in USD) commitment closed in December 2023 to a first mortgage secured by a portfolio of pubs across the UK
- Amended and upsized our secured credit facility with Atlas, providing **\$114 million** in additional capacity and amended terms to include conversion to a 2-year term with 1-year extension option
- No corporate debt maturities until May 2026

## Subsequent Events

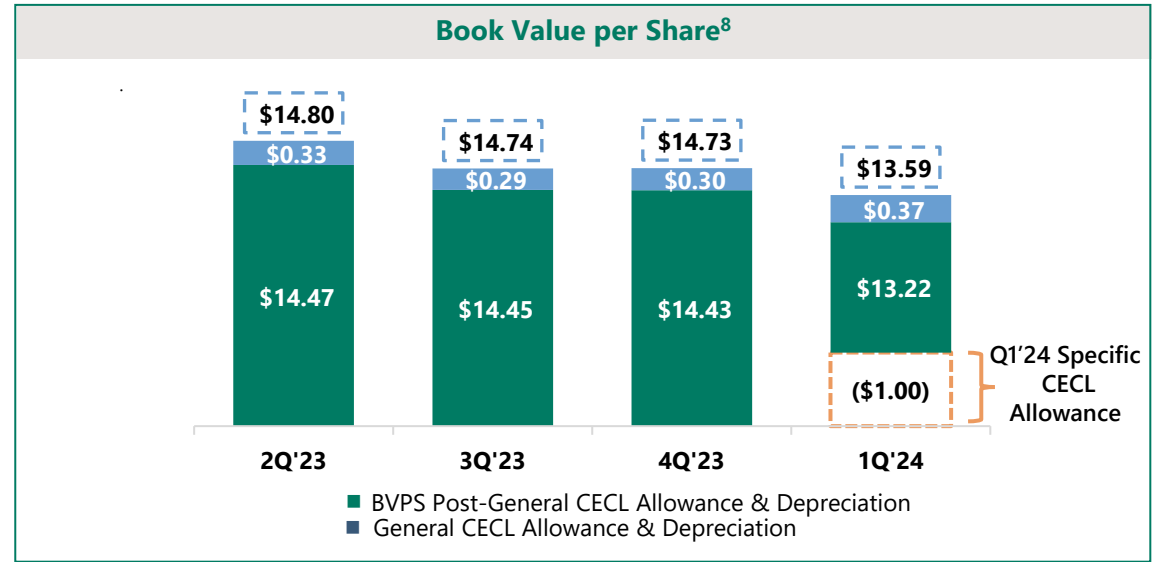
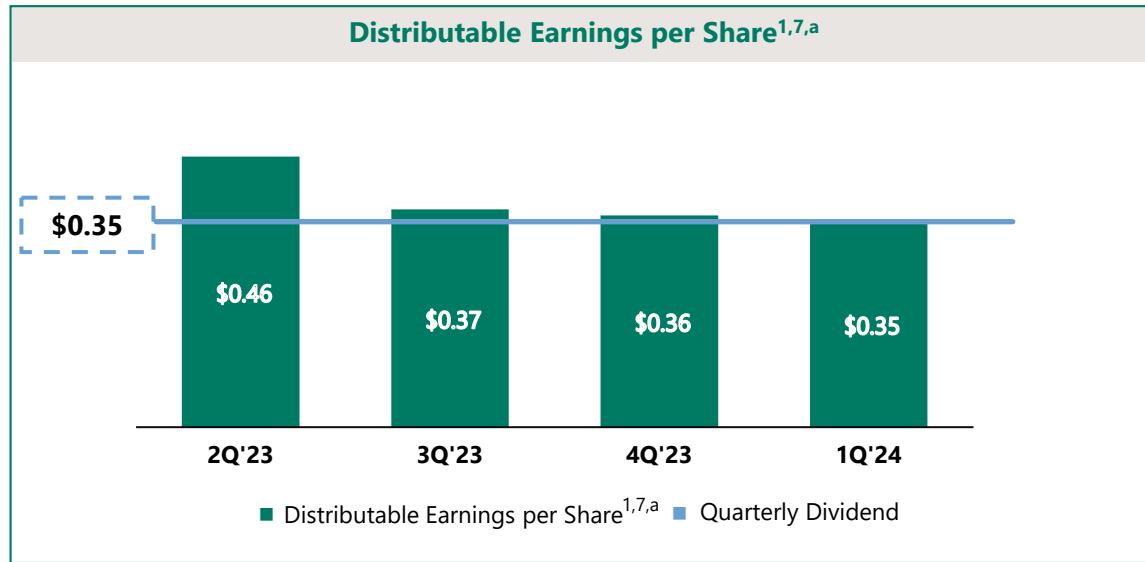
- The senior loan secured by an ultra-luxury residential property in Manhattan was refinanced by a 3<sup>rd</sup> party lender, resulting in a **\$108 million** reduction to the loan basis
- Originated a **\$158 million** first mortgage secured by a luxury multifamily property in Emeryville, CA
- Received approximately **\$269 million** of loan proceeds, including **\$135 million** from the sale of a first mortgage secured by a hotel in Honolulu, HI, upon its contractual maturity date at a price of 99.5%

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

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

c) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$13.59 multiplied by shares of common stock outstanding

# Per Share Overview



### Book Value per Share<sup>8</sup> Roll Forward

	BVPS	General CECL Allowance & Depreciation	BVPS excl. General CECL Allowance & Depreciation
<b>December 31, 2023</b>	<b>\$14.43</b>	<b>(\$0.30)</b>	<b>\$14.73</b>
(+) Diluted Distributable Earnings <sup>1</sup> per share	\$0.35	-	\$0.35
(-) Common dividends declared	(\$0.35)	-	(\$0.35)
(-) Change in Specific CECL Allowance	(\$1.00)	-	(\$1.00)
(-) Vesting and delivery of RSUs	(\$0.12)	-	(\$0.12)
(-) Change in General CECL Allowance & Depreciation	(\$0.07)	(\$0.07)	-
(-) Net loss on currency and interest hedges <sup>b</sup>	(\$0.01)	-	(\$0.01)
(-) Other <sup>c</sup>	(\$0.01)	-	(\$0.01)
<b>Change during period<sup>10</sup></b>	<b>(\$1.21)</b>	<b>(\$0.07)</b>	<b>(\$1.14)</b>
<b>March 31, 2024</b>	<b>\$13.22</b>	<b>(\$0.37)</b>	<b>\$13.59</b>

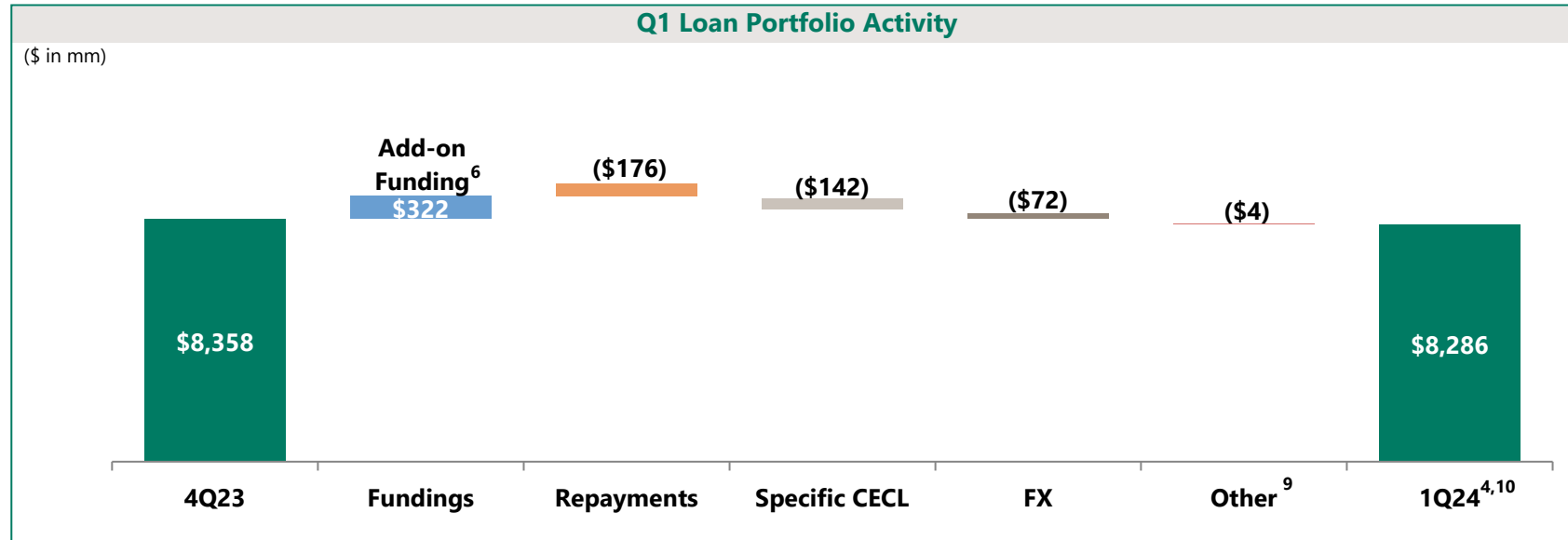
a) Amount reflects Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt

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

c) Includes valuation allowance on a commercial mortgage loan held for sale as of March 31, 2024

See footnotes on page 21

# Portfolio Activity & REO Overview



## Q1 Loan Portfolio Activity

- **\$142 million** additional Specific CECL Allowance recorded on a subordinate loan secured by our interest in an ultra-luxury residential property in Manhattan, NY, primarily attributable to a reduction in list pricing of remaining units
- **\$213 million** funding of a commitment closed in December 2023 to a first mortgage secured by a portfolio of pubs across the UK
- **\$129 million** full satisfaction of a first mortgage secured by an ultra-luxury hotel property in Puglia, Italy

## REO

- **Brooklyn Development:** Above-grade work continues, with a majority of residential floors poured on the multifamily tower component
- **D.C. Hotel:** Q1 2024 net income from hotel operations is consistent with Q1 2023, as performance is sustained by steady demand
- **Atlanta Hotel:** Reclassified to held for investment as of March 31, 2024, as sale to prospective buyer is no longer probable, and we are not currently actively marketing the property

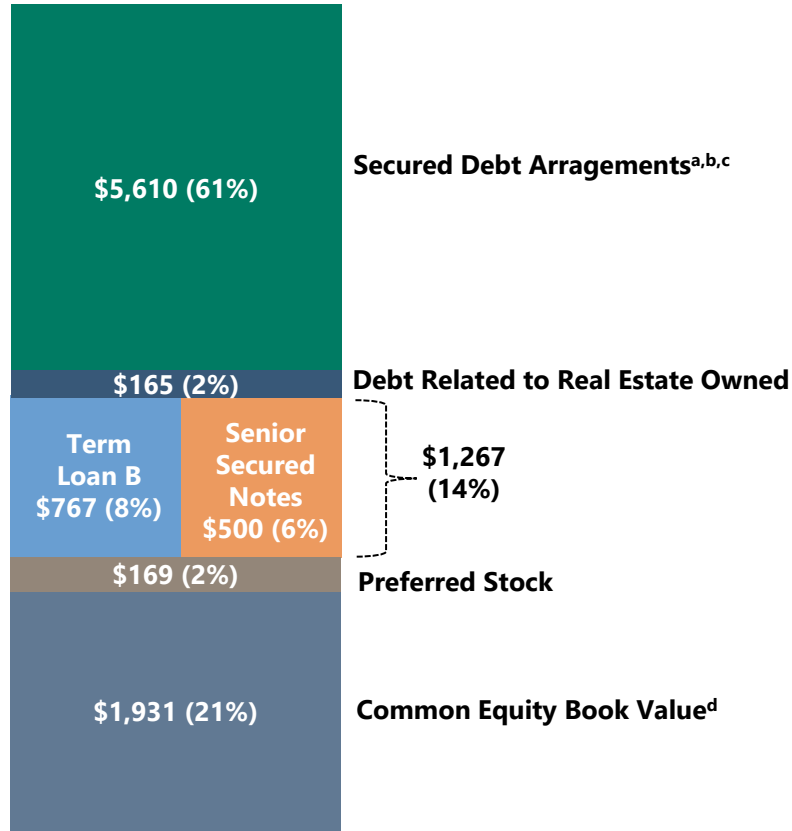
As of March 31, 2024	Net Assets	Debt <sup>a</sup>	Net Equity
Brooklyn Development	\$412	(\$162)	\$250
D.C. Hotel	154	-	154
Atlanta Hotel	72	-	72
<b>Total REO Held for Investment</b>	<b>\$638</b>	<b>(\$162)</b>	<b>\$476</b>

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

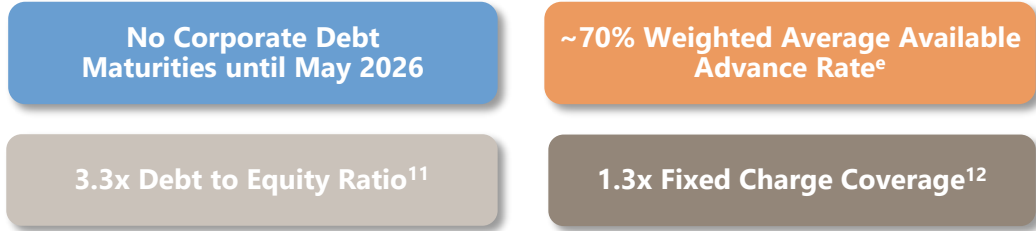
# Capital Structure Overview

## Capital Structure Composition

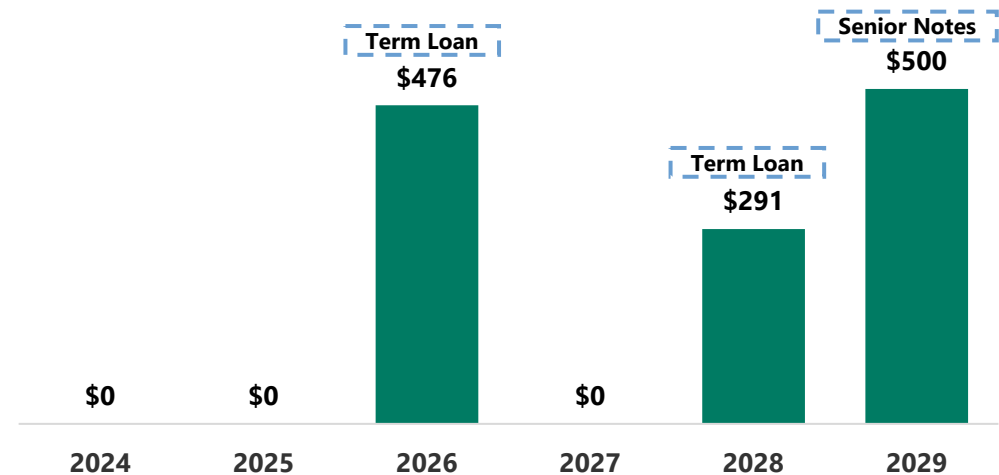
(\$ in mm)



## Conservative Capital Management Strategy



## Corporate Debt Maturities



a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.64% / GBP: +2.25% / EUR: +1.86% / 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 \$13.59 multiplied by shares of common stock outstanding March 31, 2024  
 e) Based on maximum available advance rates across secured debt counterparties  
 See footnotes on page 21

# Loan Portfolio Overview<sup>4</sup>

**Number of Loans**  
**49**

**Carrying Value**  
**\$8.3 billion**

**W/A Unlevered All-in Yield on Loan Portfolio<sup>5,13,a</sup>**  
**9.1%**

**W/A Remaining Fully-Extended Term<sup>13,15</sup>**  
**2.3 Years**

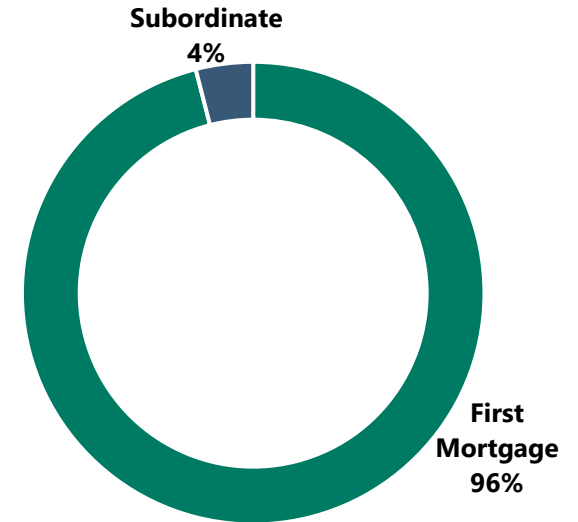
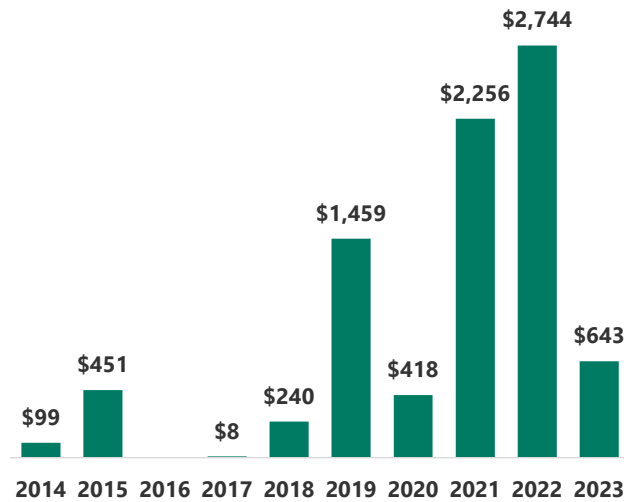
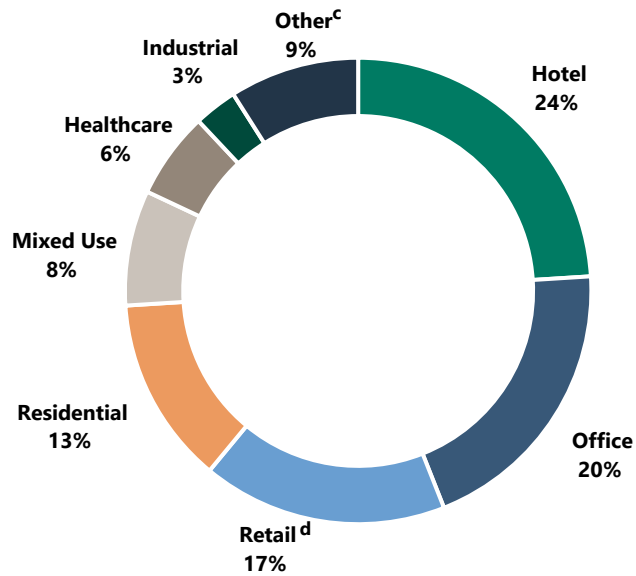
**W/A Portfolio Risk Rating<sup>13</sup>**  
**3.0**

**W/A Portfolio Loan-to-Value<sup>13,b</sup>**  
**57%**

**Collateral Diversification<sup>13</sup>**

**Origination Vintage<sup>13</sup>**

**Loan Position<sup>13</sup>**

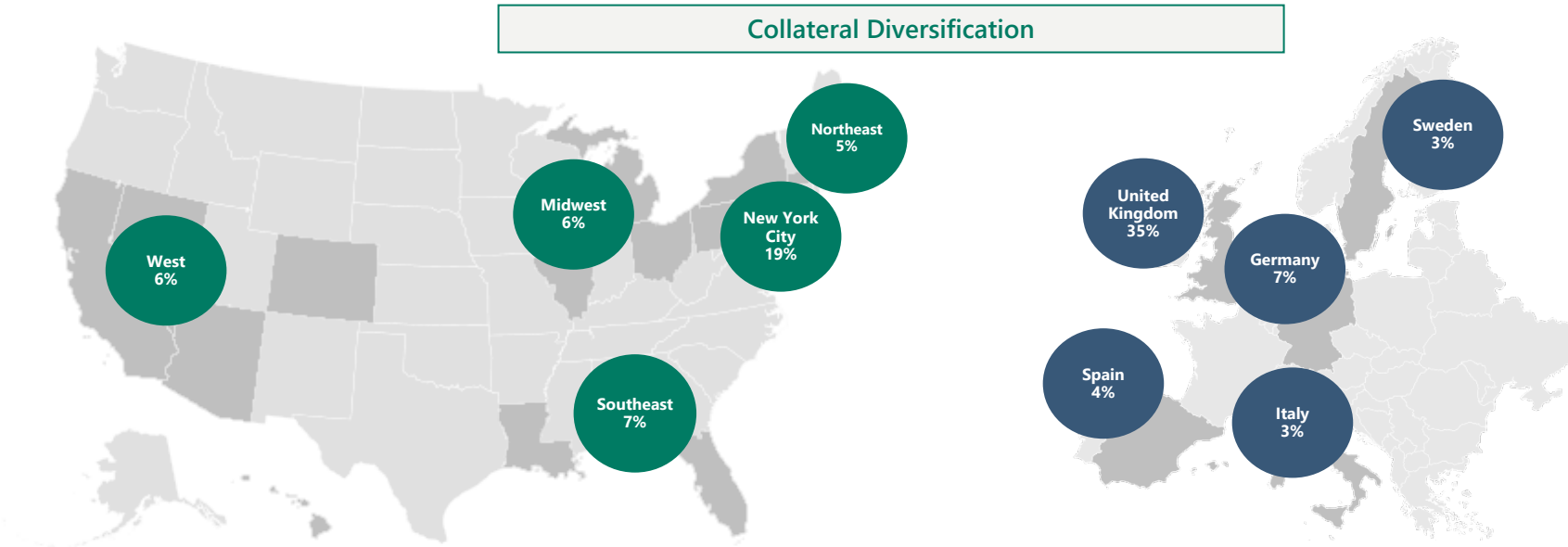


a) Excludes benefit of forward points on currency hedges related to loans denominated in currencies other than USD  
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated; excludes risk-rated 5 loans  
 c) Other property types include Pubs (3%), Parking Garages (2%), Caravan Parks (2%) and Urban Predevelopment (2%)  
 d) Retail property types include: Outlet Center (6%), Retail Distribution Warehouse (5%), Urban Retail (3%), and Lifestyle Center (3%)  
 See footnotes on page 21



# Loan Portfolio Overview (cont'd)

(\$ in mm)	United Kingdom	New York City	Other Europe	Southeast	Midwest	West <sup>4</sup>	Northeast	Other <sup>b</sup>	Total <sup>10</sup>
Hotel	\$194 / 2%	\$140 / 2%	\$713 / 9%	\$368 / 4%	\$57 / 1%	\$338 / 4%	\$9 / 0%	\$159 / 2%	\$1,979 / 24%
Office	506 / 6%	459 / 6%	485 / 6%	-	185 / 2%	-	-	-	1,635 / 20%
Retail	885 / 11%	250 / 3%	35 / 0%	14 / 0%	99 / 1%	77 / 1%	-	34 / 0%	1,394 / 17%
Residential	226 / 3%	606 / 7%	-	15 / 0%	83 / 1%	70 / 1%	25 / 0%	73 / 1%	1,099 / 13%
Mixed Use	555 / 7%	141 / 2%	-	-	-	-	-	-	696 / 8%
Healthcare	159 / 2%	-	-	-	-	-	345 / 4%	-	504 / 6%
Industrial	-	-	276 / 3%	-	-	-	-	-	276 / 3%
Other <sup>a</sup>	412 / 5%	-	-	140 / 2%	94 / 1%	-	29 / 0%	58 / 1%	734 / 9%
<b>Total<sup>10,14</sup></b>	<b>\$2,938 / 35%</b>	<b>\$1,597 / 19%</b>	<b>\$1,509 / 18%</b>	<b>\$537 / 7%</b>	<b>\$519 / 6%</b>	<b>\$485 / 6%</b>	<b>\$409 / 5%</b>	<b>\$324 / 4%</b>	<b>\$8,318 / 100%</b>
General CECL Reserve									(\$33)
<b>Carrying value, net<sup>10</sup></b>									<b>\$8,286</b>



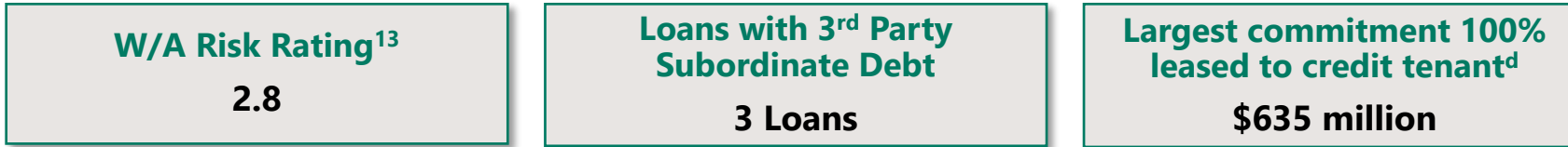
a) Other property types include Pubs (3%), Parking Garages (2%), Caravan Parks (2%) and Urban Predevelopment (2%)

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

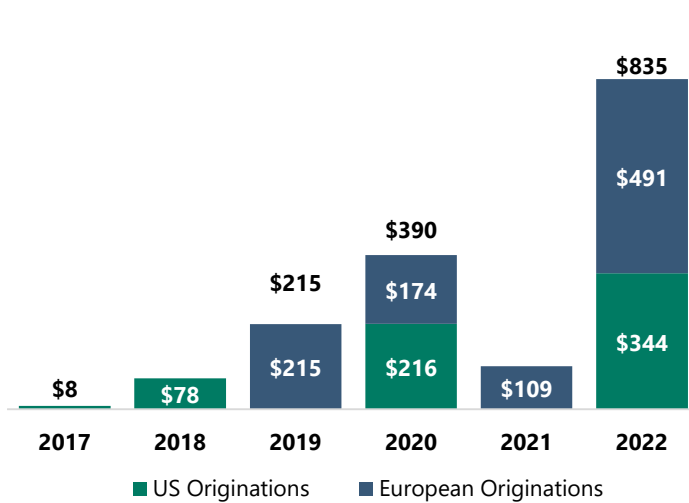
Note: Map does not show locations where percentages are 2% or lower

See footnotes on page 21

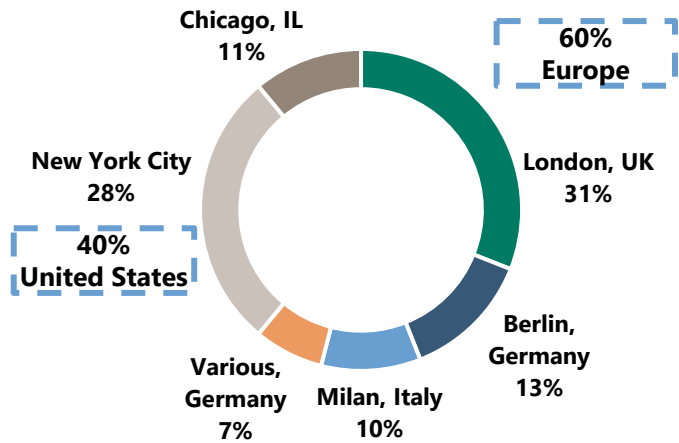
# Office Loan Portfolio Overview



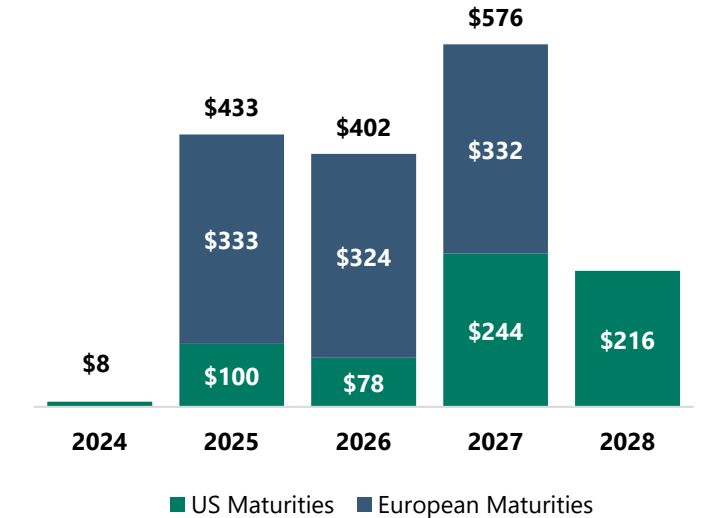
**Origination Vintage <sup>13</sup>**



**Location <sup>13</sup>**



**Fully Extended Maturities <sup>13,15</sup>**

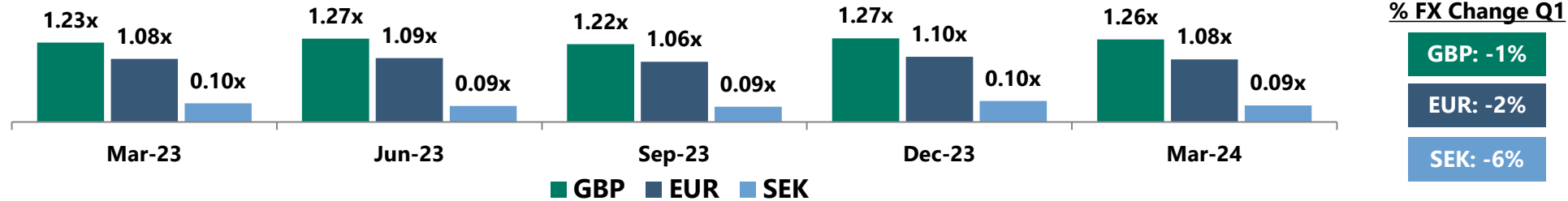


a) Includes one loan secured by a portfolio which includes office, industrial, and retail property types located in various cities across Germany  
 b) Weighted average loan-to-value ("LTV") reflects the LTV at the time the loan was originated  
 c) Gross of General CECL Allowance  
 d) Portfolio includes a £263 million<sup>13</sup> (\$332 million<sup>13</sup> in USD) first mortgage secured by an office redevelopment property in London which is 100% leased by a credit tenant for a 20-year term  
 Note: Location chart does not show locations where percentages are 2% or lower  
 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

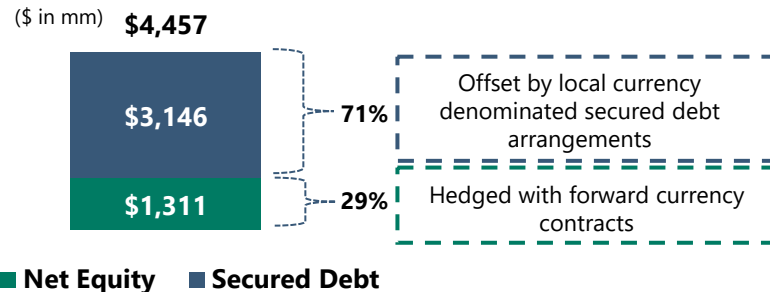
## Foreign Exchange Rate Change (Local/USD)



## Mitigating Foreign Exchange Risk

- As of March 31, 2024 the percentage of net equity to total foreign denominated carrying value was 29%, or \$1.3 billion
  - 70% weighted average advance on total foreign loan portfolio
  - 72%<sup>a</sup> weighted average advance on foreign loans with secured debt financing
- Net equity and net interest income of foreign loans are economically hedged through forward currency contracts
  - Forward point impact on forward currency contracts resulted in an \$3.4 million realized gain in Q1 2024

### Foreign Loan Capital Stack



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

Currency	As of March 31, 2024			Q1 2024 Net Unrealized Loss <sup>c</sup>
	Carrying Value <sup>b</sup>	Secured Debt	Net Equity	
GBP	\$2,922	(\$2,021)	\$902	(\$8)
EUR	\$1,304	(\$939)	\$365	(\$5)
SEK	\$231	(\$186)	\$45	(\$3)
<b>Total</b>	<b>\$4,457</b>	<b>(\$3,146)</b>	<b>\$1,311</b>	<b>(\$15)</b>
<b>Change in unrealized gain (loss) on forward contracts<sup>d</sup></b>				<b>\$20</b>

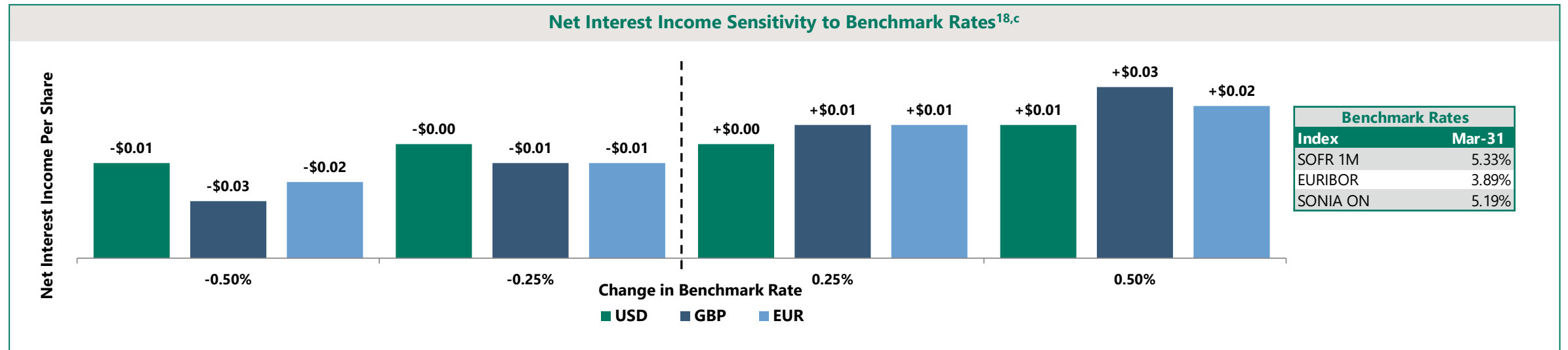
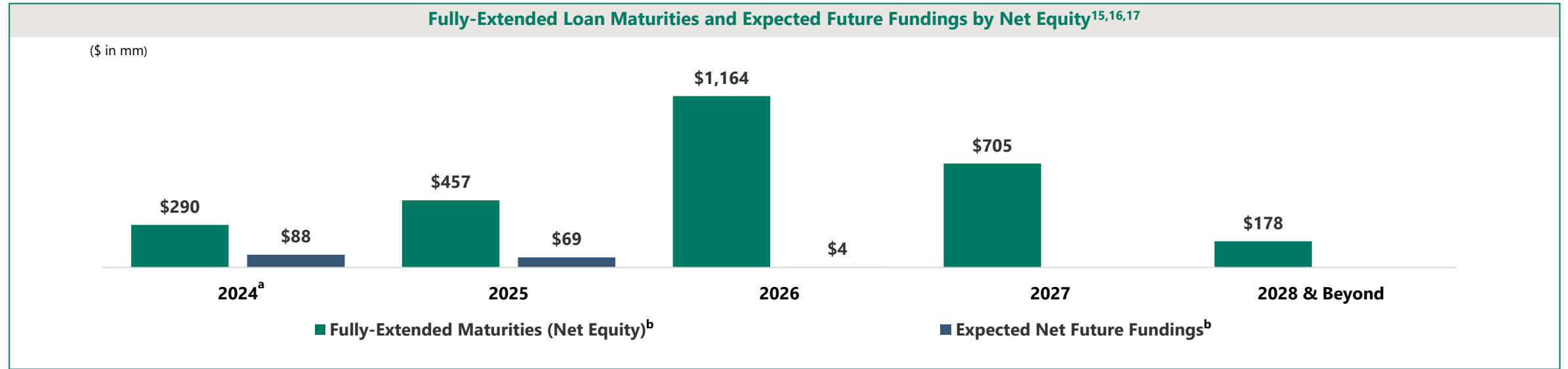
a) Weighted-average advance based on carrying value of first mortgage loans with secured debt financing

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

c) Represents the net change in unrealized gains (losses) on foreign loans of \$(67) million and respective foreign secured debt arrangements of \$52 million for the quarter ended March 31, 2024

d) Represents net change in unrealized gain (loss) on forward contracts for the quarter ended March 31, 2024, 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) Represents the period of April 1, 2024 through December 31, 2024

b) Net of expected secured credit facility advances

c) Reflects incremental increases in respective benchmark rates as of March 31, 2024 (SOFR 1 month: 5.33%, EURIBOR 3.89% and SONIA ON: 5.19% 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 <sup>15</sup>	Location
Loan 1	10/2019	\$340	\$23		Y	08/2024	Various, Spain
Loan 2	12/2023	267	-			12/2028	Various, Europe
Loan 3	11/2021	228	9		Y	11/2026	Various, UK/Ireland
Loan 4	05/2022	190	14		Y	06/2027	Napa Valley, CA
Loan 5	07/2021	179	1			08/2026	Various, US
Loan 6	11/2021	164	-			12/2026	St. Thomas, USVI
Loan 7	09/2015	140	-			12/2026	Manhattan, NY
Loan 8 <sup>a</sup>	04/2018	135	-			04/2024	Honolulu, HI
Loan 9	10/2021	100	-			11/2026	New Orleans, LA
Loan 10	06/2022	98	-			06/2025	Rome, Italy
Loan 11	05/2019	46	-			12/2025	Chicago, IL
Loan 12	12/2015	42	-			08/2026	St. Thomas, USVI
Loan 13	02/2018	27	-			11/2024	Pittsburgh, PA
<b>Subtotal - Hotel</b>		<b>\$1,956</b>	<b>\$47</b>				
<b>Office</b>							
Loan 14 <sup>b</sup>	02/2022	\$332	\$298	Y		02/2027	London, UK
Loan 15	03/2022	244	22		Y	04/2027	Manhattan, NY
Loan 16	01/2020	216	36		Y	03/2028	Long Island City, NY
Loan 17	06/2019	215	-			08/2026	Berlin, Germany
Loan 18	02/2020	174	5			02/2025	London, UK
Loan 19	02/2022	159	-			06/2025	Milan, Italy
Loan 20	11/2022	100	-			01/2025	Chicago, IL
Loan 21	03/2018	78	-		Y	01/2026	Chicago, IL
<b>Subtotal - Office</b>		<b>\$1,518</b>	<b>\$361</b>				

a) Loan classified as held for sale as of March 31, 2024, and sold subsequent to quarter end

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

## 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 22	04/2022	\$475	\$37			04/2027	Various, UK
Loan 23	10/2021	410	-			10/2026	Various, UK
Loan 24	08/2019	250	-		Y	09/2025	Manhattan, NY
Loan 25	05/2022	124	-			06/2027	Various, US
Loan 26 <sup>19</sup>	11/2014	99	-			09/2024	Cincinnati, OH
<b>Subtotal - Retail</b>		<b>\$1,358</b>	<b>\$37</b>				
<b>Residential</b>							
Loan 27	12/2021	\$226	\$12			12/2026	Various, UK
Loan 28 <sup>20</sup>	08/2022	182	-			09/2024	Manhattan, NY
Loan 29	03/2023	167	-			04/2026	Various, US
Loan 30	05/2022	93	-			06/2027	Manhattan, NY
Loan 31	05/2021	81	-			05/2026	Cleveland, OH
Loan 32	12/2021	50	1			01/2027	Manhattan, NY
Loan 33	12/2019	25	3			11/2025	Boston, MA
<b>Subtotal - Residential</b>		<b>\$824</b>	<b>\$16</b>				
<b>Mixed Use</b>							
Loan 34	12/2019	\$379	\$23	Y	Y	08/2025	London, UK
Loan 35	03/2022	141	36		Y	03/2027	Brooklyn, NY
Loan 36	06/2022	132	8	Y	Y	06/2026	London, UK
Loan 37	12/2019	44	-			05/2024	London, UK
<b>Subtotal - Mixed Use</b>		<b>\$696</b>	<b>\$67</b>				

## Senior Loan Portfolio (3 of 3)

(\$ in mm)	Origination	Amortized	Unfunded	Construction	3rd Party	Fully-extended	
Healthcare	Date	Cost	Commitments	Loan	Subordinate Debt	Maturity <sup>15</sup>	Location
Loan 38	03/2022	\$345	-			03/2027	Various, MA
Loan 39	10/2019	159	-		-	10/2024	Various, UK
<b>Subtotal - Healthcare</b>		<b>\$504</b>	<b>-</b>				
<b>Other</b>							
Loan 40 - Industrial	03/2021	\$231	-			05/2026	Various, Sweden
Loan 41 - Pubs	12/2023	210	-		Y	01/2029	Various, UK
Loan 42 - Caravan Parks	02/2021	203	-			02/2028	Various, UK
Loan 43 - Parking Garages	05/2021	193	5			05/2026	Various, US
Loan 44 - Portfolio <sup>a</sup>	06/2021	191	19			06/2026	Various, Germany
Loan 45 - Urban Predevelopment	12/2022	129	4			01/2026	Miami, FL
<b>Subtotal - Other</b>		<b>\$1,157</b>	<b>\$28</b>				
<b>Subtotal/W.A. - First Mortgage<sup>4,10,13</sup></b>		<b>\$8,013</b>	<b>\$556</b>			<b>2.4 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
Loan 46 - Residential <sup>20</sup>	06/2015	\$246	-			09/2024	Manhattan, NY
Loan 47 - Residential <sup>19,20</sup>	05/2020	28	-			09/2024	Manhattan, NY
Loan 48 - Hotel	06/2015	23	-			07/2025	Phoenix, AZ
Loan 49 - Office	08/2017	8	-			09/2024	Troy, MI
<b>Total</b>		<b>\$305</b>	<b>-</b>				
<b>Total/W.A. - Subordinate<sup>10,13</sup></b>		<b>\$305</b>	<b>-</b>			<b>0.5 Years</b>	
<b>Total/W.A. - Portfolio<sup>4,10,13</sup></b>		<b>\$8,318</b>	<b>\$556</b>			<b>2.3 Years</b>	
<b>General CECL Reserve</b>		<b>(\$33)</b>					
<b>Total Carrying Value, Net<sup>4,10</sup></b>		<b>\$8,286</b>					



## Appendix

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

# Consolidated Balance Sheets

(\$ in thousands - except share data)

	March 31, 2024	December 31, 2023
<b>Assets:</b>		
Cash and cash equivalents	\$161,190	\$225,438
Commercial mortgage loans, net <sup>a,c</sup>	7,846,460	7,925,359
Subordinate loans, net <sup>b,c</sup>	303,965	432,734
Commercial mortgage loan, held for sale <sup>d</sup>	135,465	-
Real estate owned, held for investment, net <sup>e</sup> (net of \$16,254 and \$10,404 accumulated depreciation in 2024 and 2023, respectively)	627,099	519,498
Other assets	103,529	85,623
Derivative assets, net	47,284	29,425
Assets related to real estate owned, held for sale	-	78,653
<b>Total Assets</b>	<b>\$9,224,992</b>	<b>\$9,296,730</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Secured debt arrangements, net	\$5,596,967	\$5,538,476
Senior secured term loans, net	757,912	759,150
Senior secured notes, net	495,835	495,637
Accounts payable, accrued expenses and other liabilities <sup>f</sup>	155,542	120,334
Debt related to real estate owned, held for investment, net	161,878	161,562
Payable to related party	9,423	9,553
Liabilities related to real estate owned, held for sale	-	3,285
<b>Total Liabilities</b>	<b>\$7,177,557</b>	<b>\$7,087,997</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 2024 and 2023	\$68	\$68
Common stock, \$0.01 par value, 450,000,000 shares authorized, 142,096,715 and 140,595,995 shares issued and outstanding in 2024 and 2023, respectively	1,421	1,414
Additional paid-in-capital	2,724,395	2,727,488
Accumulated deficit	(678,449)	(520,237)
<b>Total Stockholders' Equity</b>	<b>\$2,047,435</b>	<b>\$2,208,733</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$9,224,992</b>	<b>\$9,296,730</b>

a) Includes \$7,642,848 and \$7,705,491 pledged as collateral under secured debt arrangements in 2024 and 2023, respectively.

b) Includes \$246,725 and \$232,991 pledged as collateral under secured debt arrangements in 2024 and 2023, respectively.

c) Net of \$367,558 and \$219,482 CECL Allowance comprised of \$335,000 and \$193,000 Specific CECL Allowance and \$32,558 and \$26,482 General CECL Allowance in 2024 and 2023, respectively.

d) Includes \$135,465 pledged as collateral under secured debt arrangements in 2024.

e) Includes \$154,048 pledged as collateral under secured debt arrangements in 2024 and 2023.

f) Includes \$3,625 and \$4,017 of General CECL Allowance related to unfunded commitments on commercial mortgage loans and subordinate loans, net in 2024 and 2023, respectively.

See footnotes on page 21

# Consolidated Statement of Operations

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

	Three Months Ended March 31,	
	2024	2023
<b>Net interest income:</b>		
Interest income from commercial mortgage loans	\$183,716	\$166,147
Interest income from subordinate loans and other lending assets	849	9,707
Interest expense	(127,887)	(104,868)
<b>Net interest income</b>	<b>\$56,678</b>	<b>\$70,986</b>
Revenue from real estate owned operations	23,857	16,131
<b>Total net revenue</b>	<b>\$80,535</b>	<b>\$87,117</b>
<b>Operating expenses:</b>		
General and administrative expenses (includes equity-based compensation of \$4,188 and \$4,358 in 2024 and 2023, respectively)	(7,373)	(7,015)
Management fees to related party	(9,421)	(9,517)
Operating expenses related to real estate owned	(19,893)	(14,006)
Depreciation and amortization on real estate owned	(4,656)	(3,986)
<b>Total operating expenses</b>	<b>(\$41,343)</b>	<b>(\$34,524)</b>
Other income, net	\$570	\$732
Increase in current expected credit loss allowance, net	(147,684)	(4,390)
Foreign currency translation gain (loss)	(19,563)	18,634
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of \$18,053 and \$(35,851) in 2024 and 2023 respectively)	23,398	(14,135)
Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of \$(194) and \$(4,813) 2024 and 2023 respectively)	356	(107)
Valuation allowance, commercial mortgage loan held for sale	(679)	-
Net realized loss on investments	-	(4,624)
Gain on extinguishment of debt	-	213
<b>Net Income (loss) before taxes</b>	<b>(\$104,410)</b>	<b>\$48,916</b>
Income tax provision	(114)	-
<b>Net income (loss)</b>	<b>(\$104,524)</b>	<b>\$48,916</b>
Preferred dividends	(3,068)	(3,068)
<b>Net income (loss) available to common stockholders</b>	<b>(\$107,592)</b>	<b>\$45,848</b>
<b>Net income (loss) per basic share of common stock</b>	<b>(\$0.76)</b>	<b>\$0.32</b>
<b>Net income (loss) per diluted share of common stock</b>	<b>(\$0.76)</b>	<b>\$0.32</b>
Basic weighted-average shares of common stock outstanding	141,869,604	141,072,471
Diluted weighted-average shares of common stock outstanding	141,869,604	155,483,979
<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>

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

	Three Months Ended March 31,	
	2024	2023
<b>Distributable Earnings<sup>1</sup>:</b>		
<b>Net income (loss) available to common stockholders:</b>	<b>(\$107,592)</b>	<b>\$45,848</b>
Adjustments:		
Equity-based compensation expense	4,188	4,358
Loss (gain) on foreign currency forwards	(23,398)	14,135
Foreign currency loss (gain), net	19,563	(18,634)
Unrealized loss on interest rate cap	194	4,813
Realized gains relating to interest income on foreign currency hedges, net	1,095	4,733
Realized gains relating to forward points on foreign currency hedges, net	3,382	5,602
Depreciation and amortization on real estate owned	4,656	3,986
Increase in current expected credit loss allowance, net	147,684	4,390
Valuation allowance, loan held for sale	679	-
Gain on extinguishment of debt	-	(213)
Net realized loss on investments	-	4,624
<b>Total adjustments</b>	<b>158,043</b>	<b>27,794</b>
<b>Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt<sup>1,7</sup></b>	<b>\$50,451</b>	<b>\$73,642</b>
Net realized loss on investments	-	(4,624)
Gain on extinguishment of debt	-	213
<b>Distributable Earnings<sup>1</sup></b>	<b>\$50,451</b>	<b>\$69,231</b>
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>		
Weighted-average diluted shares – GAAP	141,869,604	155,483,979
Potential shares issued under conversion of the Convertible Notes	-	(11,189,949)
Weighted-average unvested RSUs	2,951,631	-
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>	<b>144,821,235</b>	<b>144,294,030</b>
<b>Diluted Distributable Earnings per share prior to net realized loss on investments and gain on extinguishment of debt<sup>1,7</sup></b>	<b>\$0.35</b>	<b>\$0.51</b>
<b>Diluted Distributable Earnings<sup>1</sup> per share of common stock</b>	<b>\$0.35</b>	<b>\$0.48</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. Represents weighted average remaining term of our Term Loans and Senior Secured Notes based on outstanding principal as of March 31, 2024.
3. Reflects closing share price on April 26, 2024.
4. Includes a \$135 million hotel property located in the Honolulu, HI classified as held for sale as of March 31, 2024.
5. 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.
6. Quarterly add-on fundings represent fundings committed prior to the quarter ended March 31, 2024.
7. We believe it is useful to our investors to present Distributable Earnings prior to net realized losses on investments and gain on extinguishment of debt to reflect our operating results because (i) our operating results are primarily comprised of earning interest income on our investments net of borrowing and administrative costs, which comprise our ongoing operations and (ii) it has been a useful factor related to our dividend per share because it is one of the considerations when a dividend is determined. We believe that our investors use Distributable Earnings and Distributable Earnings prior to net realized loss on investments and gain on extinguishment of debt, or a comparable supplemental performance measure, to evaluate and compare the performance of our company and our peers.
8. Book value per share of common stock is common stockholders' equity divided by shares of common stock outstanding.
9. Other includes changes in General CECL Allowance, cost recovery interests, valuation allowances on held for sale loans and the accretion of loan costs and fees.
10. Amounts and percentages may not foot due to rounding.
11. 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.
12. Fixed charge coverage is EBITDA divided by interest expense and preferred stock dividends for the quarter ended March 31, 2024.
13. Based on loan amortized cost.
14. Gross of \$33 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, GBP and EUR 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.