

APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.

# Q1 2022 Financial Results

April 25, 2022

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Information is as of March 31, 2022, except as otherwise noted.

It should not be assumed that investments made in the future will be profitable or will equal the performance of the investments in this document.

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This presentation may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond management's control. These forward-looking statements may include information about possible or assumed future results of Apollo Commercial Real Estate Finance, Inc.'s (the "Company," "ARI," "we," "us" and "our") business, financial condition, liquidity, results of operations, plans and objectives. When used in this presentation, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: the macro- and micro-economic impact of the COVID-19 pandemic; the severity and duration of the COVID-19 pandemic, including the emergence and spread of COVID-19 variants; actions taken by governmental authorities to contain the COVID-19 pandemic or treat its impact; the impact of the COVID-19 pandemic on our financial condition, results operations, liquidity and capital resources; ARI's business and investment strategy; ARI's operating results; ARI's ability to obtain and maintain financing arrangements; the timing and amounts of expected future fundings of unfunded commitments; and the return on equity, the yield on investments and risks associated with investing in real estate assets including changes in business conditions and the general economy.

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# ARI Q1 2022 Highlights

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

**\$0.35**

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

## TTM<sup>b</sup> Dividend Coverage

**1.02x**

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

# APOLLO

Commercial Real Estate Finance

## Robust Originations Activity

**\$1.8 Billion**

New Mortgage Commitments Closed

## Durable Balance Sheet

**\$1.8 Billion**

of Unencumbered Loan Assets<sup>3</sup>

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

b) Trailing twelve-month dividend coverage represents coverage ratio from Q2'21 through Q1'22

See footnotes on page 18

# Summary Results

## Q1 Financial Results

- Net interest income of **\$55.1 million**
- Net income available to common stockholders of **\$12.2 million**, or **\$0.08** per diluted share of common stock
- Distributable Earnings<sup>1,a</sup> of **\$49.5 million**, or **\$0.35** per diluted share of common stock
- Declared a common stock dividend of **\$0.35** per share for Q1 2022, resulting in a **10.5%** dividend yield<sup>4</sup>

## Originations

- Closed **\$1.8 billion** (\$1.2 billion funded at close) of new commitments during Q1
- Gross add-on fundings of **\$146 million**<sup>5</sup> in Q1

## Loan Portfolio

- Received **\$0.7 billion** of repayments in Q1
- Total loan portfolio of **\$8.4 billion** with w/a unlevered all-in yield<sup>6,b</sup> of **5.0%**
  - **91%** first mortgages
  - **98%** floating rate
- **51%** of US floating-rate loans have in-the-money benchmark floors with a w/a of **1.31%**<sup>c</sup>
- **5%** of GBP floating-rate loans have in-the-money benchmark floors with a w/a of **0.61%**<sup>c</sup>
- Recorded loan specific current expected credit loss of \$30 million related to a junior mezzanine loan secured by a residential-for-sale construction property in New York City

## Capitalization

- Ended quarter with total common equity market capitalization of **\$2.0 billion**<sup>7</sup>
- Ended quarter with **\$252 million** of total liquidity and **\$1.8 billion**<sup>3</sup> of unencumbered loan assets

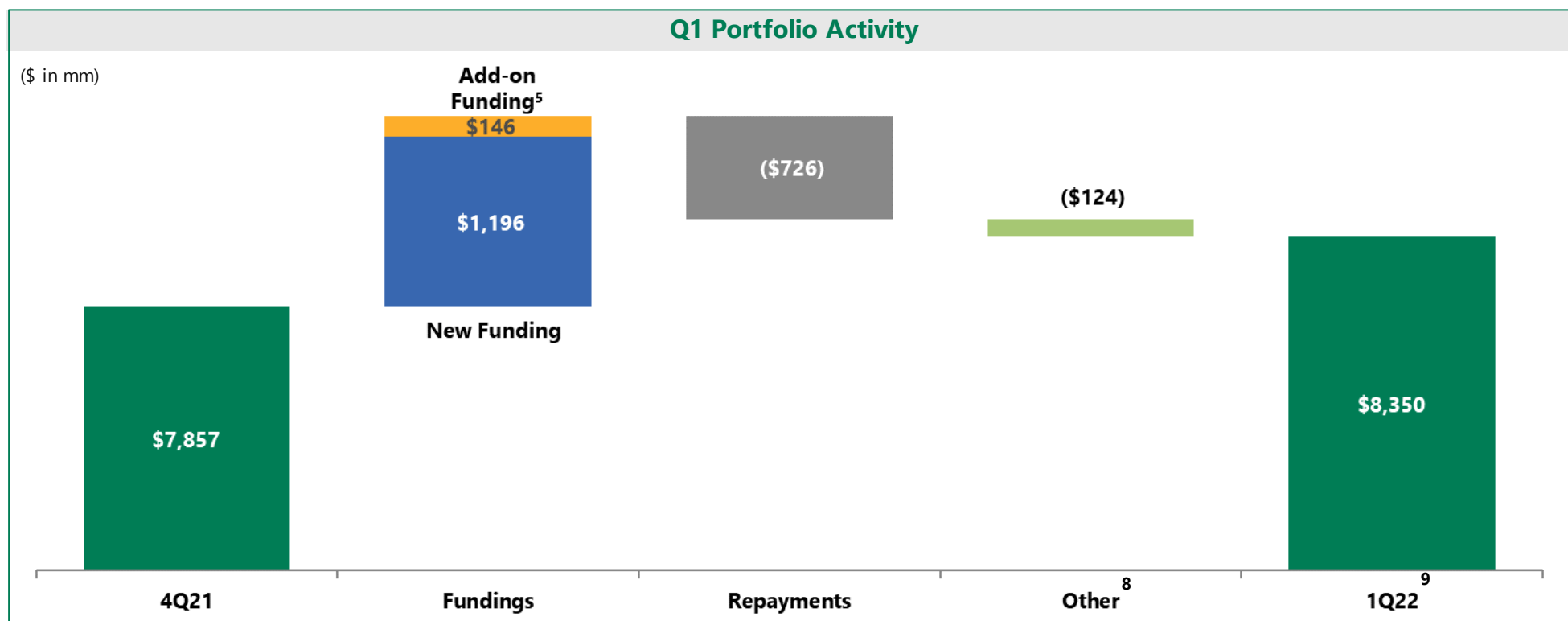
a) Amount reflects Distributable Earnings, prior to realized losses and impairments on real estate owned and investments

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

c) Excludes loans on non-accrual

See footnotes on page 18

# Portfolio Activity



**Key Highlights**

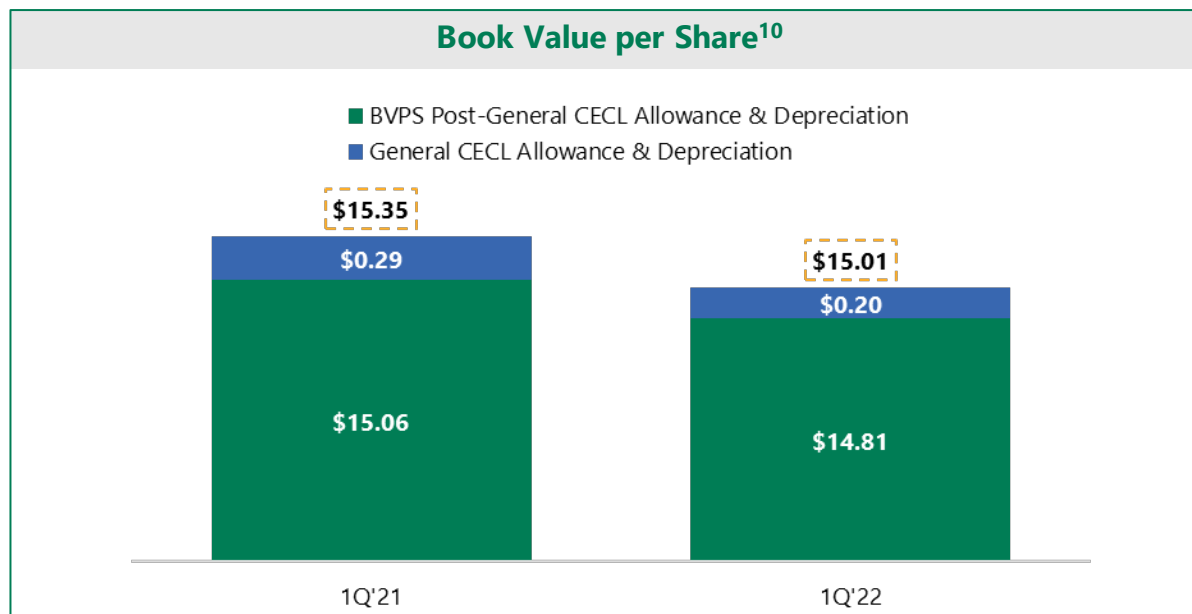
<b>Q1'22</b>	<b>\$1.8 billion</b>	<b>100%</b>	<b>5.6%</b>	<b>50%</b>
	<i>Commitments to New Mortgage Loans</i>	<i>Floating Rate Mortgages</i>	<i>Weighted Average Unlevered All-in Yield<sup>a</sup></i>	<i>Weighted Average Loan-to-Value<sup>b</sup></i>

a) 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 and includes accrual of origination, and extension.

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

See footnotes on page 18

# Book Value per Share



## Book Value per Share<sup>10</sup> Roll Forward

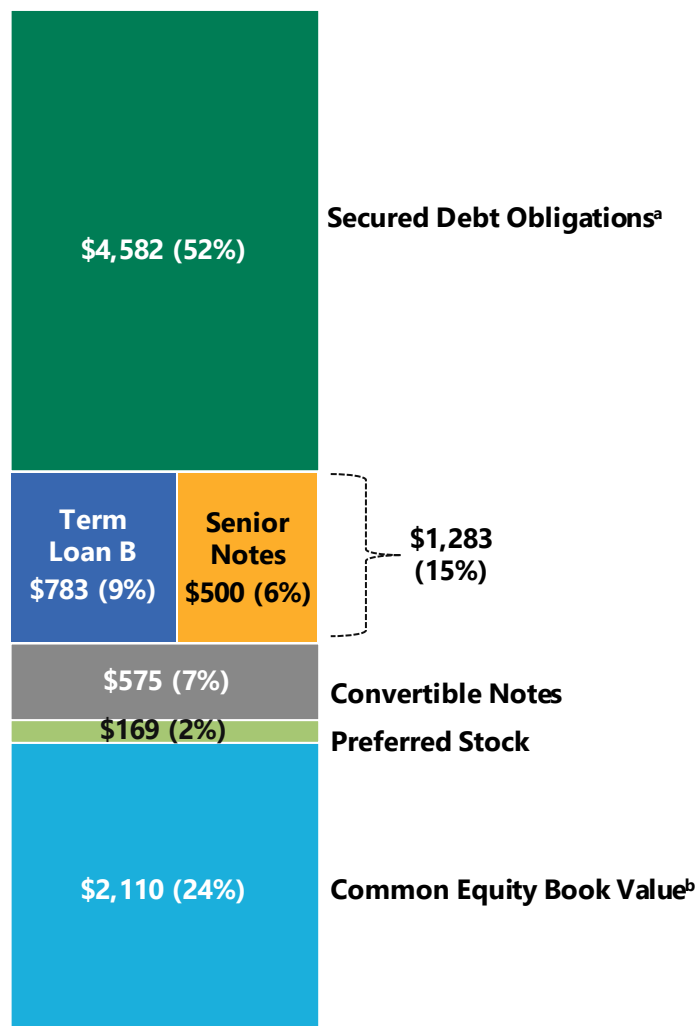
	BVPS	General CECL Allowance & Depreciation	BVPS excl. General CECL Allowance & Depreciation
<b>12/31/2021</b>	<b>\$15.19</b>	<b>(\$0.28)</b>	<b>\$15.47</b>
(-) Specific CECL Allowance	(\$0.22)	-	(\$0.22)
(-) Vesting and delivery of RSUs	(\$0.12)	-	(\$0.12)
(-) Net unrealized loss on currency hedges	(\$0.10)	-	(\$0.10)
(-) Adoption of ASU 2020-06 <sup>11</sup>	(\$0.02)	-	(\$0.02)
(+) Change in General CECL Allowance & Depreciation	\$0.08	\$0.08	-
Change during period <sup>9</sup>	(\$0.38)	\$0.08	(\$0.46)
<b>3/31/2022</b>	<b>\$14.81</b>	<b>(\$0.20)</b>	<b>\$15.01</b>

See footnotes on page 18

# Capital Structure Overview

## Capital Structure Composition

(\$ in mm)



## Conservative Capital Management Strategy

Seven Secured Debt Counterparties and One Private Securitization

Borrowings denominated in USD, GBP, EUR, and SEK to reduce currency risk

~71% Weighted Average Available Advance Rate<sup>c</sup> Across Secured Debt Obligations

2.7x Debt to Equity Ratio<sup>12</sup>

1.7x Fixed Charge Coverage<sup>13</sup>

\$1.8 Billion of Unencumbered Loan Assets<sup>3</sup>

One Secured Debt Counterparty added during 2022

a) Weighted-average rates of applicable benchmark rates and credit spread adjustments plus spreads of USD: +2.08% / GBP: +1.82% / EUR: +1.49% / SEK: +1.50%

b) Reflects book value per share (excluding General CECL Allowance and depreciation) of \$15.01 multiplied by shares of common stock outstanding

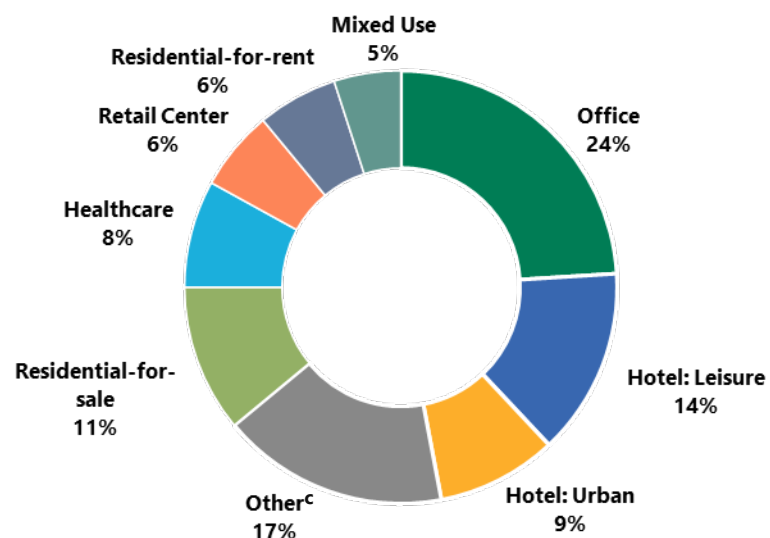
c) Based on maximum available advance rates across secured debt counterparties

See footnotes on page 18

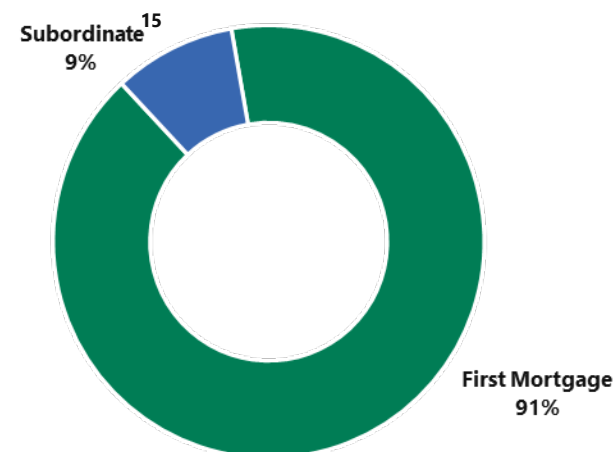
# Loan Portfolio Overview

<b>Number of Loans</b> <b>67</b>	<b>Carrying Value</b> <b>~\$8.4 billion</b>	<b>W/A Unlevered All-in Yield on Loan Portfolio<sup>6,a</sup></b> <b>5.0%</b>
<b>W/A Remaining Fully-Extended Term<sup>14,17</sup></b> <b>3.0 Years</b>	<b>W/A Portfolio Risk Rating<sup>14</sup></b> <b>3.1</b>	<b>W/A Portfolio Loan-to-Value<sup>14,b</sup></b> <b>58%</b>

## 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: Industrial (4%), Urban Retail (4%), Parking Garages (3%), Caravan Parks (3%), Multifamily Development (2%), and Urban Predevelopment (1%)

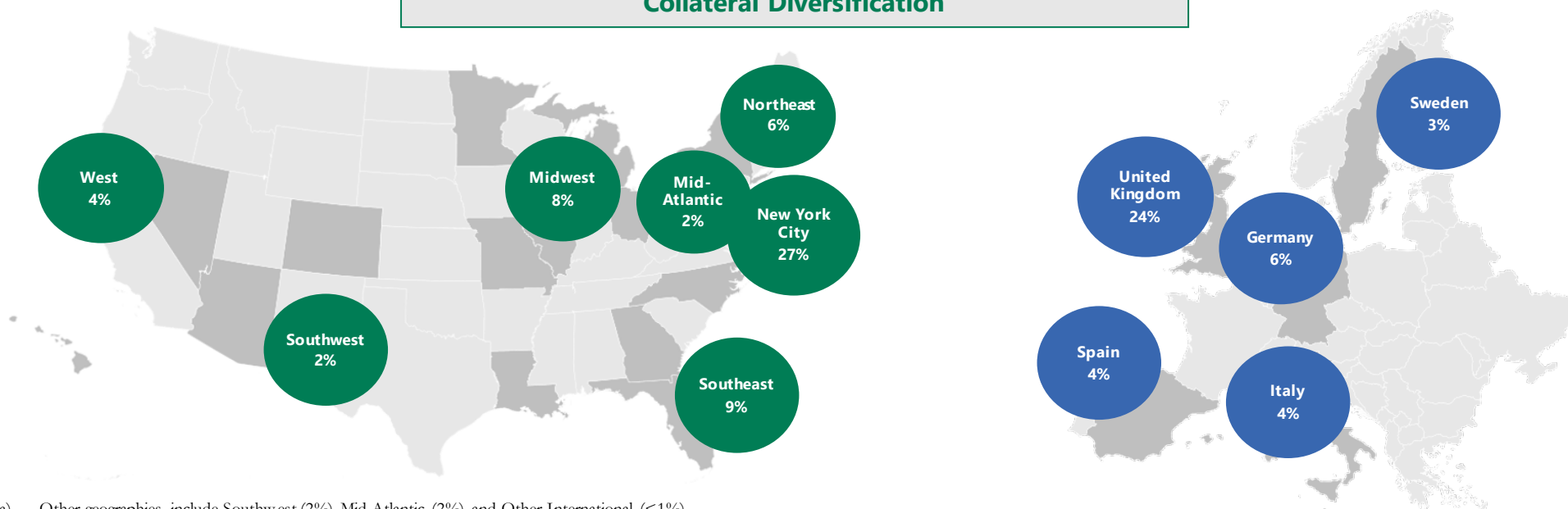
See footnotes on page 18



# Loan Portfolio Overview (cont'd)

(\$ in mm)									
Property Type	New York City	United Kingdom	Other Europe	Southeast	Midwest	Northeast	West	Other <sup>a</sup>	Total <sup>9</sup>
Office	\$726 / 9%	\$476 / 6%	\$557 / 7%	-	\$223 / 3%	-	-	-	\$1,981 / 24%
Hotel	145 / 2%	175 / 2%	565 / 7%	548 / 7%	61 / 1%	7 / 0%	272 / 3%	176 / 2%	1,949 / 23%
Residential-for-sale	774 / 9%	-	-	53 / 1%	-	69 / 1%	-	-	897 / 11%
Healthcare	-	212 / 3%	-	12 / 0%	17 / 0%	375 / 4%	5 / 0%	16 / 0%	638 / 8%
Retail Center	-	404 / 5%	-	-	105 / 1%	-	-	-	508 / 6%
Residential-for-rent	18 / 0%	230 / 3%	-	8 / 0%	133 / 2%	1 / 0%	52 / 1%	30 / 0%	471 / 6%
Mixed Use	134 / 2%	277 / 3%	-	7 / 0%	-	-	-	-	418 / 5%
Industrial	-	-	333 / 4%	4 / 0%	10 / 0%	-	13 / 0%	5 / 0%	365 / 4%
Urban Retail	318 / 4%	-	40 / 0%	-	-	-	-	-	358 / 4%
Other <sup>b</sup>	180 / 2%	215 / 3%	-	138 / 2%	132 / 2%	40 / 0%	-	82 / 1%	787 / 9%
<b>Total<sup>9,16</sup></b>	<b>\$2,295 / 27%</b>	<b>\$1,989 / 24%</b>	<b>\$1,494 / 18%</b>	<b>\$769 / 9%</b>	<b>\$681 / 8%</b>	<b>\$491 / 6%</b>	<b>\$342 / 4%</b>	<b>\$309 / 4%</b>	<b>\$8,371 / 100%</b>
General CECL Reserve									(\$21)
<b>Carrying value, net<sup>9</sup></b>									<b>\$8,350</b>

## Collateral Diversification



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

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

Note: Map does not show locations where percentages are 1% or lower

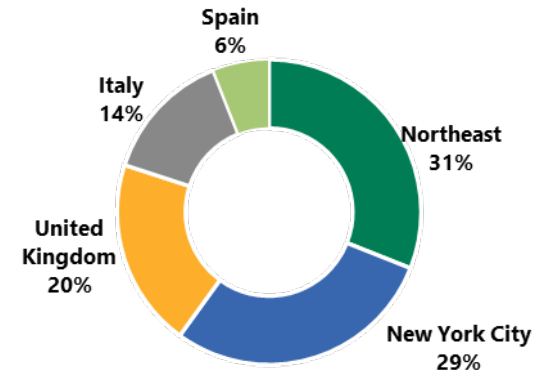
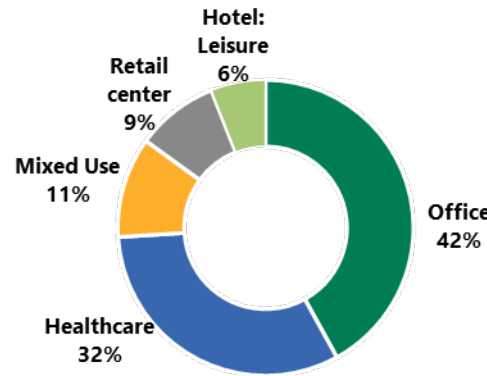
See footnotes on page 18

# Q1 Business Update

## Portfolio

- Committed **\$1.8 billion** (\$1.2 billion funded) to new floating-rate mortgage loan commitments
- Completed **\$145<sup>5</sup> million** of gross add-on fundings during the quarter

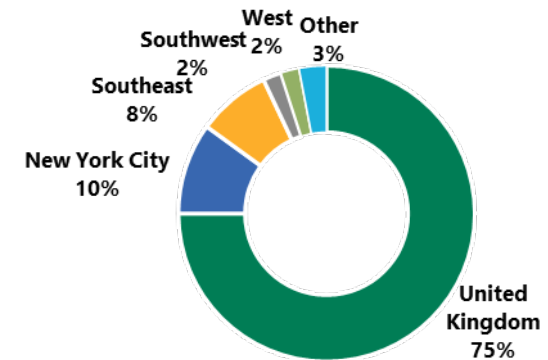
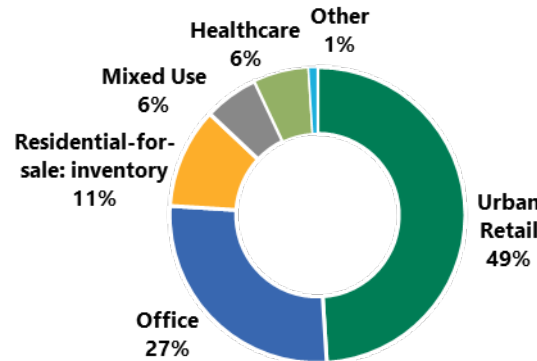
### New Fundings



## Summary of Repayments and Sales

- Total Q1 repayments of **\$0.7 billion** (including \$0.6 billion of full satisfactions)

### Repayments



## Subsequent Events

- Originations:* Closed a **\$530 million** (\$491 million funded at close) first mortgage secured by retail properties located in the United Kingdom
- Repayments:* Received repayment of a **\$18 million** first mortgage secured by an office property located in the United Kingdom
- Add-on Fundings:* Completed approximately **\$45 million<sup>5</sup>** of gross add-on fundings

See footnotes on page 18

# Senior Loan Portfolio Overview (Page 1 of 2)

(\$ in mm)	Origination Date	Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>14, 17</sup>	Location
Loan 1	10/2019	\$327	\$46		Y	8/15/2024	Various, Spain
Loan 2	11/2021	215	24		Y	11/2/2026	Various, UK/Ireland
Loan 3	4/2018	152	-			4/9/2023	Honolulu, HI
Loan 4	9/2015	145	-			6/1/2024	Manhattan, NY
Loan 5	7/2021	140	39			8/1/2026	Various, US
Loan 6	8/2019	132	-			8/7/2024	Puglia, Italy
Loan 7	5/2018	115	-			6/1/2024	Miami, FL
Loan 8	3/2017	106	-			10/1/2022	Atlanta, GA
Loan 9	10/2021	99	-			11/1/2026	New Orleans, LA
Loan 10	11/2018	90	-			12/1/2023	Vail, CO
Loan 11	12/2019	60	-			1/1/2025	Tucson, AZ
Loan 12	11/2021	78	86	Y		12/1/2026	St. Thomas, USVI
Loan 13	5/2021	59	2		Y	6/1/2026	Fort Lauderdale, FL
Loan 14	5/2019	52	-			6/1/2024	Chicago, IL
Loan 15	10/2021	43	45	Y		10/19/2026	Lake Como, Italy
Loan 16	12/2015	43	-			8/5/2024	St. Thomas, USVI
Loan 17	2/2018	27	-			11/1/2024	Pittsburgh, PA
Loan 18	12/2021	23	33	Y		6/21/2025	Dublin, Ireland
<b>Subtotal/W.A. - Hotel</b>		<b>\$1,906</b>	<b>\$275</b>				
<b>Office</b>							
Loan 19	2/2020	\$221	-			2/4/2025	London, UK
Loan 20	1/2020	218	71		Y	2/1/2025	Long Island City, NY
Loan 21	3/2022	207	58		Y	4/5/2027	Manhattan, NY
Loan 22	6/2019	205	15			8/15/2026	Berlin, Germany
Loan 23	2/2022	162	-			6/30/2025	Milan, Italy
Loan 24	10/2018	187	-			10/9/2023	Manhattan, NY
Loan 25	11/2017	129	-			1/5/2023	Chicago, IL
Loan 26 <sup>a</sup>	12/2017	119	-		Y	7/15/2022	London, UK
Loan 27	2/2022	118	483	Y		2/14/2027	London, UK
Loan 28	3/2018	86	-		Y	4/1/2023	Chicago, IL
Loan 29 <sup>b</sup>	12/2019	18	2			4/15/2022	Edinburgh, Scotland
Loan 30	11/2021	25	55	Y		11/2/2025	Milan, Italy
<b>Subtotal/W.A. - Office</b>		<b>\$1,695</b>	<b>\$684</b>				
<b>Healthcare</b>							
Loan 31	3/2022	\$374	-			3/15/2027	Various, MA
Loan 32	10/2019	212	-			10/21/2024	Various, UK
<b>Subtotal/W.A. - Healthcare</b>		<b>\$586</b>	<b>-</b>				

a) Includes £20.0 million (\$26.3 million converted to USD) subordinate participating interest

b) Repaid subsequent to quarter end

See footnotes on page 18

# Senior Loan Portfolio Overview (Page 2 of 2)

(\$ in mm)	Origination Date	Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>14, 17</sup>	Location
<b>Retail Center</b>							
Loan 33	10/2021	\$403	-			10/11/2026	Various, UK
Loan 34 <sup>18</sup>	11/2014	105	-			9/30/2022	Cincinnati, OH
<b>Subtotal/W.A. - Retail center</b>		<b>\$508</b>	<b>-</b>				
<b>Residential-for-rent</b>							
Loan 35	12/2021	\$230	\$18			12/21/2026	Various, UK
Loan 36	5/2021	82	-		Y	5/6/2026	Cleveland, OH
Loan 37	4/2014	60	-			7/1/2023	Various
Loan 38	11/2014	50	-			6/30/2023	Various, US
Loan 39	2/2020	50	-			6/1/2022	Cleveland, OH
<b>Subtotal/W.A. - Residential-for-rent</b>		<b>\$472</b>	<b>\$18</b>				
<b>Mixed Use</b>							
Loan 40	12/2019	\$186	\$627	Y	Y	6/20/2025	London, UK
Loan 41	3/2022	134	42		Y	3/10/2027	Brooklyn, NY
Loan 42	12/2019	53	-			12/20/2024	London, UK
<b>Subtotal/W.A. - Mixed Use</b>		<b>\$373</b>	<b>\$669</b>				
<b>Residential-for-sale</b>							
Loan 43	12/2021	\$165	\$50			1/1/2027	Manhattan, NY
Loan 44	12/2018	114	65	Y	Y	12/1/2023	Manhattan, NY
Loan 45	12/2021	53	-		Y	1/1/2026	Hallandale Beach, FL
Loan 46	12/2019	69	9		Y	11/1/2025	Boston, MA
Loan 47	1/2018	15	2		Y	1/5/2023	Manhattan, NY
Loan 48	6/2018	5	-		Y	7/1/2022	Manhattan, NY
<b>Subtotal/W.A. - Residential-for-sale</b>		<b>\$421</b>	<b>\$126</b>				
<b>Other</b>							
Loan 49 - Urban Retail	8/2019	\$317	-		Y	9/1/2024	Manhattan, NY
Loan 50 - Industrial	3/2021	273	-			5/15/2026	Various, Sweden
Loan 51 - Parking Garages	5/2021	270	5			5/1/2026	Various, US
Loan 52 - Portfolio <sup>a</sup>	6/2021	264	23			6/28/2026	Various, Germany
Loan 53 - Caravan Parks	2/2021	215	-			2/26/2028	Various, UK
Loan 54 - Multifamily development <sup>18</sup>	3/2017	180	-			7/31/2022	Brooklyn, NY
Loan 55 - Urban Predevelopment <sup>18</sup>	1/2016	123	-			9/1/2022	Miami, FL
<b>Subtotal/W.A. - Other</b>		<b>\$1,642</b>	<b>\$28</b>				
<b>Subtotal/W.A. - First Mortgage<sup>9</sup></b>		<b>\$7,603</b>	<b>\$1,800</b>			<b>3.2 Years</b>	

a) Includes portfolio of office, industrial, and retail property types  
See footnotes on page 18

# Subordinate Loan<sup>15</sup> Portfolio Overview

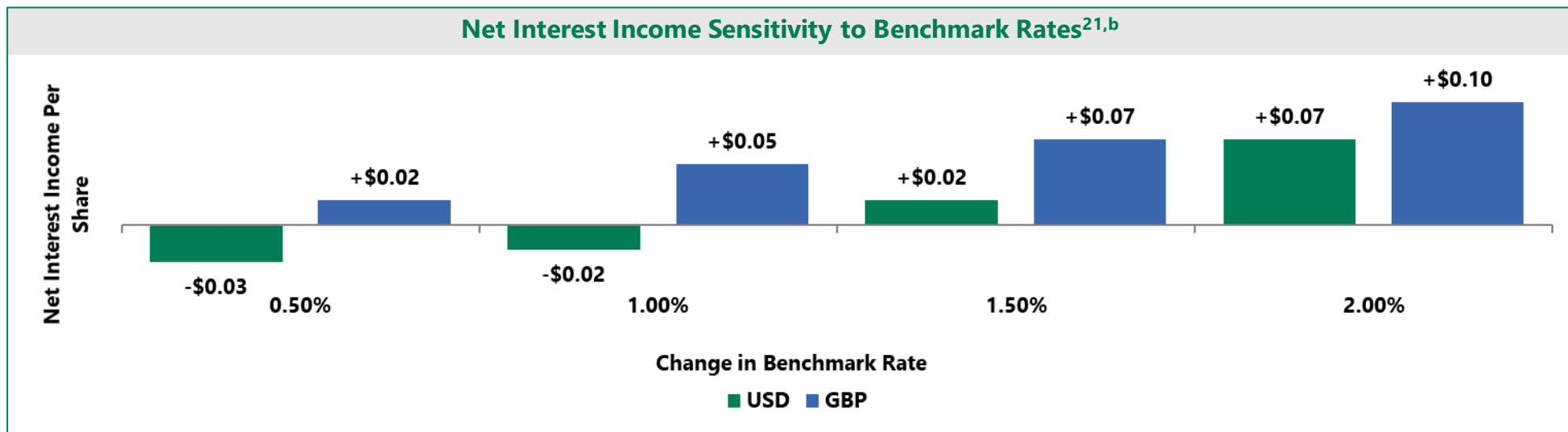
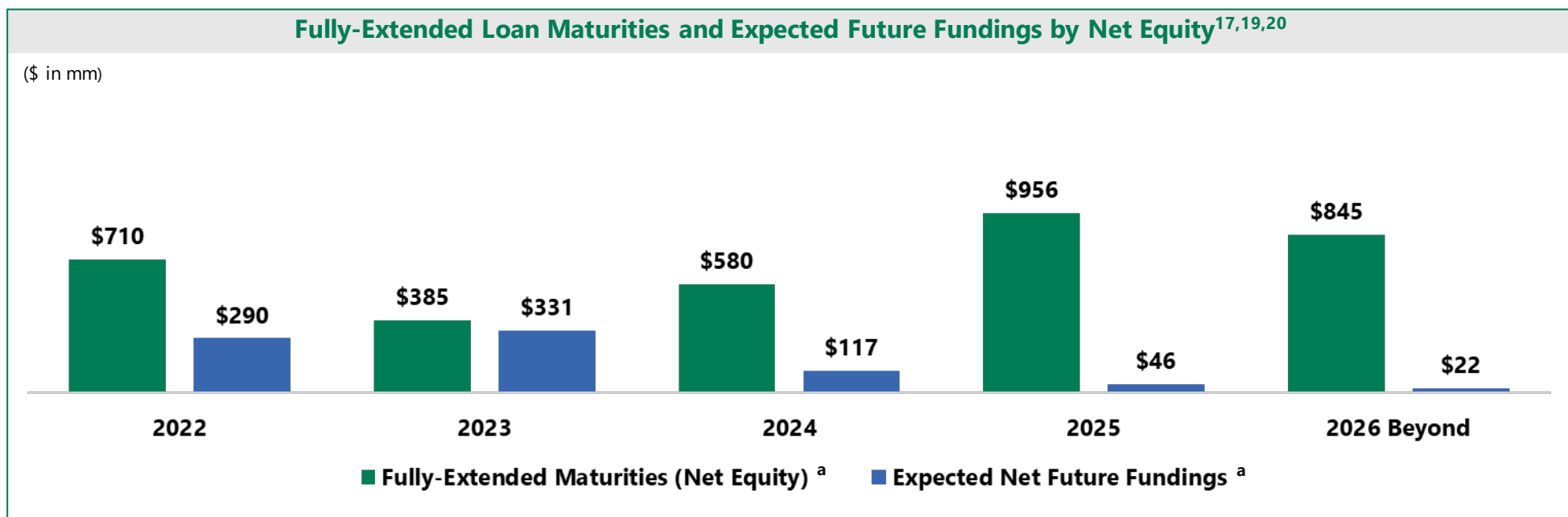
(\$ in mm)		Amortized Cost	Unfunded Commitments	Construction Loan	3rd Party Subordinate Debt	Fully-extended Maturity <sup>14, 17</sup>	Location
<b>Residential-for-sale</b>							
Loan 56 <sup>a</sup>	6/2015	\$242	-		Y	5/1/2022	Manhattan, NY
Loan 57 <sup>a</sup>	5/2020	179	-		Y	5/1/2022	Manhattan, NY
Loan 58 <sup>a, 18</sup>	11/2017	52	-		Y	5/1/2022	Manhattan, NY
<b>Subtotal/W.A. - Residential-for-sale</b>		<b>\$473</b>	<b>-</b>				
<b>Office</b>							
Loan 59	1/2019	\$100	-			12/24/2025	Manhattan, NY
Loan 60	7/2013	14	-			7/9/2022	Manhattan, NY
Loan 61	8/2017	8	-			9/6/2024	Troy, MI
<b>Subtotal/W.A. - Office</b>		<b>\$122</b>	<b>-</b>				
<b>Mixed Use</b>							
Loan 62	2/2019	\$39	-			6/1/2022	London, UK
Loan 63	7/2012	7	-			8/1/2022	Chapel Hill, NC
<b>Subtotal/W.A. - Mixed Use</b>		<b>\$46</b>	<b>-</b>				
<b>Other</b>							
Loan 64 - Healthcare <sup>b</sup>	7/2019	\$51	-		Y	6/9/2024	Various, US
Loan 65 - Industrial	5/2013	32	-			5/1/2023	Various, US
Loan 66 - Hotel	6/2015	24	-			7/6/2025	Phoenix, AZ
Loan 67 - Hotel	6/2018	20	-			6/1/2023	Las Vegas, NV
<b>Subtotal/W.A. - Other</b>		<b>\$127</b>	<b>-</b>				
<b>Total/W.A. - Subordinate<sup>9</sup></b>		<b>\$768</b>	<b>-</b>			<b>0.9 Years</b>	
<b>Total/W.A. - Portfolio<sup>9, 16</sup></b>		<b>\$8,371</b>	<b>\$1,800</b>			<b>3.0 Years</b>	
General CECL Reserve		(\$21)					
<b>Total Carrying value, net<sup>9</sup></b>		<b>\$8,350</b>					

a) Loans are secured by the same property

b) In the form of a single-asset, single-borrower CMBS

See footnotes on page 18

# Loan Maturities and Future Fundings Profile



Note: Assumes future financing, in certain cases, against mortgages that are not currently financed

a) Net of expected secured credit facility advances

b) Reflects incremental increases in respective benchmark rates as of 3/31/2022 (USD LIBOR 1 month: 0.45%, SONIA 1 month: 0.56%, SONIA 3 month: 0.39%)

See footnotes on page 18

# Appendix

# Consolidated Balance Sheets

<i>(in thousands - except share data)</i>	March 31, 2022	December 31, 2021
<b>Assets:</b>		
Cash and cash equivalents	\$215,749	\$343,106
Commercial mortgage loans, net <sup>a,b</sup>	7,586,554	7,012,312
Subordinate loans and other lending assets, net <sup>b</sup>	763,488	844,948
Assets related to real estate owned, held for sale	157,084	-
Other assets	52,892	47,753
Derivative assets, net	41,251	16,788
Real estate owned, net (net of \$2,645 accumulated depreciation in 2021)	-	151,788
<b>Total Assets</b>	<b>\$8,817,018</b>	<b>\$8,416,695</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Secured debt arrangements, net (net of deferred financing costs of \$10,705 and \$9,062 in 2022 and 2021, respectively)	\$4,571,314	\$4,150,268
Senior secured term loan, net (net of deferred financing costs of \$11,959 and \$12,734 in 2022 and 2021, respectively)	767,297	768,325
Senior secured notes, net (net of deferred financing costs of \$5,753 and \$5,949 in 2022 and 2021, respectively)	494,247	494,051
Convertible senior notes, net	573,667	569,979
Accounts payable, accrued expenses and other liabilities <sup>c</sup>	118,133	102,609
Participations sold	26,276	27,064
Payable to related party	9,354	9,773
Liabilities related to real estate owned, held for sale	5,712	-
<b>Total Liabilities</b>	<b>\$6,566,000</b>	<b>\$6,122,069</b>
Commitments and Contingencies		
<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 2022 and 2021	\$68	\$68
Common stock, \$0.01 par value, 450,000,000 shares authorized, 140,541,409 and 139,894,060 shares issued and outstanding in 2022 and 2021, respectively	1,405	1,399
Additional paid-in-capital	2,703,354	2,721,042
Accumulated deficit	(453,809)	(427,883)
<b>Total Stockholders' Equity</b>	<b>\$2,251,018</b>	<b>\$2,294,626</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$8,817,018</b>	<b>\$8,416,695</b>

a) Includes \$6,501,562 and \$5,957,707 pledged as collateral under secured debt arrangements in 2022 and 2021, respectively

b) Net of \$196,377 and \$178,588 CECL Allowances in 2022 and 2021, respectively, comprised of \$175,000 and \$145,000 Specific CECL Allowance and \$21,377 and \$33,588 General CECL Allowance, respectively.

c) Includes \$3,928 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



# Consolidated Statements of Operations

(in thousands - except share and per share data)	Three months ended March 31,	
	2022	2021
<b>Net interest income:</b>		
Interest income from commercial mortgage loans	\$84,424	\$75,356
Interest income from subordinate loans and other lending assets	15,835	31,459
Interest expense	(45,118)	(35,664)
<b>Net interest income</b>	<b>\$55,141</b>	<b>\$71,151</b>
Revenue from real estate owned operations	9,040	-
<b>Total Net Revenue</b>	<b>\$64,181</b>	<b>\$71,151</b>
<b>Operating expenses:</b>		
General and administrative expenses (includes equity-based compensation of \$4,698 and \$4,387 in 2022 and 2021, respectively)	(7,187)	(6,940)
Management fees to related party	(9,354)	(9,364)
Operating expenses related to real estate owned	(9,652)	-
Depreciation and amortization on real estate owned	(704)	-
<b>Total operating expenses</b>	<b>(\$26,897)</b>	<b>(\$16,304)</b>
Other income	-	92
Reversals of (provision for) loan losses, net <sup>a</sup>	(18,611)	1,238
Realized losses and impairments on real estate owned	-	(550)
Foreign currency translation loss	(32,518)	(7,449)
Gain on foreign currency forward contracts (includes unrealized gains of \$18,142 and \$10,502 in 2022 and 2021, respectively)	22,762	9,800
Unrealized gain on interest rate hedging instruments	6,321	357
<b>Net income</b>	<b>\$15,238</b>	<b>\$58,335</b>
Preferred dividends	(3,068)	(3,385)
<b>Net income available to common stockholders</b>	<b>\$12,170</b>	<b>\$54,950</b>
<b>Net income per basic share of common stock</b>	<b>\$0.08</b>	<b>\$0.39</b>
<b>Net income per diluted share of common stock</b>	<b>\$0.08</b>	<b>\$0.37</b>
Basic weighted-average shares of common stock outstanding	140,353,386	139,805,863
Diluted weighted-average shares of common stock outstanding	140,353,386	170,792,684
<b>Dividend declared per share of common stock</b>	<b>\$0.35</b>	<b>\$0.35</b>

(a) Comprised of \$30,000 and \$0 Specific CECL Allowance and \$11,389 and \$1,238 of General CECL Reversals for the three months ended March 31, 2022 and 2021, respectively.

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

<i>(in thousands - except share and per share data)</i>	Three months ended March 31,	
	2022	2021
<b>Distributable Earnings<sup>1</sup>:</b>		
<b>Net income available to common stockholders:</b>	<b>\$12,170</b>	<b>\$54,950</b>
Adjustments:		
Equity-based compensation expense	4,698	4,387
Gain on foreign currency forwards	(22,762)	(9,800)
Foreign currency loss, net	32,518	7,449
Unrealized gain on interest rate cap	(6,321)	(357)
Realized gains (losses) relating to interest income on foreign currency hedges, net	3,684	(620)
Realized gains relating to forward points on foreign currency hedges, net	6,229	6
Amortization of the convertible senior notes related to equity reclassification	-	800
Depreciation and amortization on real estate owned	704	-
Provision for (reversal of) loan losses and impairments	18,611	(1,238)
Realized losses and impairments on real estate owned and investments	-	550
<b>Total adjustments</b>	<b>\$37,361</b>	<b>\$1,177</b>
<b>Distributable Earnings<sup>1</sup> prior to realized loss and impairments on real estate owned and investments</b>	<b>\$49,531</b>	<b>\$56,127</b>
Realized loss and impairments on real estate owned and investments	-	(550)
<b>Distributable Earnings<sup>1</sup></b>	<b>\$49,531</b>	<b>\$55,577</b>
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup>:</b>		
Weighted-average diluted shares – GAAP	140,353,386	170,792,684
Weighted-average unvested RSUs	2,571,417	-
Reversal of hypothetical conversion of the Notes	—	(28,533,271)
<b>Weighted-average diluted shares – Distributable Earnings<sup>1</sup></b>	<b>142,924,803</b>	<b>142,259,413</b>
<b>Distributable Earnings<sup>1</sup>, per share, prior to realized losses and impairments on real estate owned and investments</b>	<b>\$0.35</b>	<b>\$0.39</b>
<b>Distributable Earnings<sup>1</sup> per share of common stock</b>	<b>\$0.35</b>	<b>\$0.39</b>

See footnotes on page 18

# Footnotes

1. Distributable Earnings, formerly known as Operating 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 17 for a reconciliation of GAAP net income to Distributable Earnings.
2. Represents Distributable Earnings, prior to realized losses and impairments on real estate owned and investments, per share to dividend per share for the four quarters ended March 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 April 22, 2022.
5. Quarterly add-on fundings represent fundings committed prior to the quarter.
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 times the closing stock price on March 31, 2022.
8. Other includes changes in current expected credit loss allowance, foreign currency appreciations/depreciation, 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 classified as Subordinate Loan.
16. Gross of \$21 million of General CECL Allowance.
17. Assumes exercise of all extension options.
18. Amortized cost for these loans is net of the recorded Specific CECL Allowances and impairments.
19. 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.
20. Excludes risk-rated 5 loans.
21. 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. The analysis incorporates movements in USD and GBP benchmark rates only.