



**FOR IMMEDIATE RELEASE**

**NYSE:ARI**

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## **APOLLO COMMERCIAL REAL ESTATE FINANCE, INC. COMPLETES OVER \$1.4 BILLION OF TRANSACTIONS IN 2016**

New York, NY, January 9, 2017 – Apollo Commercial Real Estate Finance, Inc. (the “Company” or “ARI”) (NYSE:ARI) today announced with the completion of the Company’s investment activity in December, ARI has committed to and funded over \$1.4 billion of investments in 2016, a record year for the Company. In addition, prior to year-end the Company completed the sale of the remaining Apollo Residential Mortgage, Inc. (“AMTG”) assets, which generated approximately \$33.0 million of additional capital. With the completion of the AMTG acquisition and the December common stock offering, ARI ended the year with an equity capitalization of approximately \$2.0 billion.

“ARI had a transformative year in 2016 with respect to capital formation and capital deployment,” said Stuart Rothstein, Chief Executive Officer and President of ARI. “The successful acquisition of AMTG and the December common stock offering increased the Company’s capital base and generated approximately \$600 million of incremental investable capital. As a result, ARI committed to and funded over \$1.4 billion of commercial real estate debt transactions in 2016 and the Company’s investment portfolio surpassed the \$3.0 billion mark at year end. The recent capital raising activity coupled with the expansion of the Company’s financing sources has positioned ARI to enter 2017 with dry powder for new investments and the Company has built a robust pipeline.”

### **Investment Activity**

ARI closed an \$80 million first mortgage loan (\$50 million of which was funded at closing) secured by a retail strip center in the West Hollywood neighborhood of Los Angeles, California that is to be redeveloped into a luxury mixed-use property. The floating rate loan has a 24-month initial term with two one-year extension options and an appraised loan-to-value (“LTV”) of approximately 61%. The loan has been underwritten to generate a levered internal rate of return (“IRR”)<sup>(1)</sup> of approximately 17%.

In addition, ARI funded an incremental \$37.5 million during the fourth quarter for previously closed transactions.

### **2016 Investment Summary**

ARI committed to and funded over \$1.4 billion of commercial real estate loan transactions in 2016, including:

- \$860.8 million of first mortgage loans (\$783.1 million of which were funded at closing), which were underwritten to generate a weighted average levered IRR<sup>(1)</sup> of approximately 16%; the first mortgage loans were secured by a mixture of property types including office, mixed-use, data center, hospitality and retail in a variety of locations, including Chicago, Boston, Miami, New York City, Los Angeles and Northern Virginia;
- \$430.3 million of subordinate loans, (\$349.1 million of which were funded at closing), which were underwritten to generate a weighted average IRR<sup>(1)</sup> of approximately 13%; the subordinate loans were secured by a mixture of property types including condominium development, hospitality and healthcare in a variety of locations including New York City and London; and
- \$140.1 million of fundings for previously closed loans;

“ARI significantly expanded the Company’s floating-rate first mortgage investment activity in 2016, as the increase in the Company’s capital base and funding sources enabled ARI to complete larger transactions,” said Scott Weiner, Chief Investment Officer of the manager of ARI. “We believe the Company continues to develop a reputation with commercial real estate owners, brokers and lenders as a best-in-class provider of capital solutions. As we look ahead to 2017, we are confident in our ability to build upon ARI’s existing momentum, further grow and diversify the Company’s high quality investment portfolio and expand our operating platform.”

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

Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) is a real estate investment trust that primarily originates, invests in, acquires and manages performing commercial real estate first mortgage loans, subordinate financings, commercial mortgage-backed securities and other commercial real estate-related debt investments. The Company is externally managed and advised by ACREFI Management, LLC, a Delaware limited liability company and an indirect subsidiary of Apollo Global Management, LLC, a leading global alternative investment manager with approximately \$189 billion of assets under management as of September 30, 2016.

Additional information can be found on the Company's website at [www.apolloreit.com](http://www.apolloreit.com).

(1) The underwritten IRRs for the investments shown above reflect the returns underwritten by ACREFI Management, LLC, the Company’s external manager, taking into account leverage and calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assuming that extension options are exercised and that the cost of borrowings remains constant over the remaining term. IRR is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. There can be no assurance that the actual IRRs will equal the underwritten IRRs presented above. See “Item 1A—Risk Factors—The Company may not achieve its underwritten internal rate of return on its investments which may lead to future returns that may be significantly lower than anticipated” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of some of the factors that could adversely impact the returns received by the Company from its investments over time.

#### **Forward-Looking Statements**

*Certain statements contained in this press release constitute forward-looking statements as such term is defined in 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 the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. When used in this release, 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 return on equity; the yield on investments; the ability to borrow to finance assets; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. For a further list and description of such risks and uncertainties, see the reports filed by the Company with the Securities and Exchange Commission. The forward-looking statements, and other risks, uncertainties and factors are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Forward-looking statements are not predictions of future events. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*