As filed with the Securities and Exchange Commission on May 3, 2010

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-11

FOR REGISTRATION UNDER

THE SECURITIES ACT OF 1933 OF SECURITIES

OF CERTAIN REAL ESTATE COMPANIES

APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.

(Exact Name of Registrant as Specified in Governing Instruments)

c/o Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

John J. Suydam, Esq.

Vice President and Secretary

ACREFI Management, LLC

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New York, New York 10019

(212) 515-3200

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.01 par value per share	$200,000,000	$14,260

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes shares of common stock that the underwriters have the option to purchase solely to cover overallotments, if any.

(2) Includes the offering price of the common stock that may be purchased by the underwriters pursuant to their overallotment option.

(3) Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, filing fees aggregating $21,496 have already been paid with respect to unsold securities registered pursuant to the registrant s Registration Statement on Form S-11 (File No. 333-160533) initially filed with the Securities and Exchange Commission on July 10, 2009, and are being carried forward. As a result, the registrant is offsetting the entire registration fee of $14,260 due for this offering against the $21,496 that is remaining from the registration fee previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale of the securities is not permitted.

Subject to Completion

Preliminary Prospectus, dated May 3, 2010

Shares

Common Stock

Apollo Commercial Real Estate Finance, Inc. is a commercial real estate finance company that originates, acquires, invests in and manages performing commercial first mortgage loans, commercial mortgage backed securities, or CMBS, mezzanine loans and B-Notes and other commercial real estate-related debt investments in the U.S. We are externally managed and advised by ACREFI Management, LLC, or our Manager, a Delaware limited liability company and an indirect subsidiary of Apollo Global Management, LLC, which, together with its subsidiaries, we refer to as Apollo.

We are offering shares of our common stock pursuant to this prospectus. All of the shares of our common stock offered by this prospectus are being sold by us. Our common stock is listed on the New York Stock Exchange under the symbol ARI.

On April 30, 2010, the last reported sales price for our common stock on the New York Stock Exchange was $18.01 per share.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2009. To assist us in qualifying as a REIT, among other purposes, stockholders are generally restricted from owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our common or capital stock. Different ownership limits apply to Apollo and certain of its affiliates. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock; see *Description of Capital Stock Restrictions on ownership and transfer*.

	Per share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters the right to purchase up to additional shares of our common stock from us at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus to cover overallotments, if any.

Investing in our common stock involves risks. See Risk Factors beginning on page 17 of this prospectus for a discussion of the following and other risks. You should also read carefully the risk factors described in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, before investing in our common stock.

We are dependent on our Manager and its key personnel for our success and upon their access to Apollo s investment professionals and partners. We may not find a suitable replacement for our Manager if our Management Agreement is terminated, or if key personnel leave the employment of our Manager or Apollo or otherwise become unavailable to us.

We have a limited operating history and may not be able to operate our business successfully, find suitable investments, or generate sufficient cash flow to make or sustain distributions to our stockholders.

There are various conflicts of interest in our relationship with Apollo which could result in decisions that are not in the best interest of our stockholders.

We may change our operational policies (including our investment guidelines, strategies and policies) with the approval of our board of directors but without stockholder consent at any time, which may adversely affect the market value of our common stock and our ability to make distributions to our stockholders.

We have not yet executed binding purchase commitments covering assets to be acquired with the net proceeds of this offering, and therefore, it may be difficult to evaluate the allocation of such proceeds or the economic merits of our investments prior to making an investment decision.

Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code. Our failure to qualify as a REIT or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the cash available for distribution to our stockholders.

Maintenance of our exemption from registration under the Investment Company Act of 1940 imposes limits on our operations.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock sold in this offering will be ready for delivery on or about , 2010.

, 2010.

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You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or information to which we have referred you, including any information incorporated by reference. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock.

You should assume that the information appearing in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It does not contain all of the information that you should consider before investing in our common stock. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this prospectus, and the information incorporated by reference in this prospectus, including our audited consolidated financial statements and the accompanying notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Except where the context suggests otherwise, the terms company, we, us and our refer to Apollo Commercial Real Estate Finance, Inc., a Maryland corporation, together with its consolidated subsidiaries; references in this prospectus to Apollo refer to Apollo Global Management, LLC, together with its subsidiaries; and references in this prospectus to our Manager refer to ACREFI Management, LLC, a Delaware limited liability company and an indirect subsidiary of Apollo Global Management, LLC. References in this prospectus to assets under management refer to assets under management as defined in Appendix I. Unless indicated otherwise, the information in this prospectus assumes the common stock to be sold in this offering is to be sold at $ per share, which is the last reported sale price of our common stock on the New York Stock Exchange on , 2010 and no exercise by the underwriters of their overallotment option to purchase up to an additional shares of our common stock.

Our company

Apollo Commercial Real Estate Finance, Inc. is a commercial real estate finance company that originates, acquires, invests in and manages performing commercial first mortgage loans, commercial mortgage-backed securities, or CMBS, mezzanine loans and B-Notes and other commercial real estate-related debt investments in the U.S. We refer to these asset classes as our target assets.

Our principal business objective is to capitalize on both the current lack of debt capital available for commercial real estate assets and fundamental changes that have occurred in the commercial real estate finance industry to provide attractive risk adjusted returns to our stockholders over the long term, primarily through dividends and secondarily through capital appreciation. We completed our initial public offering, or IPO, and a related private placement, or the Private Placement, on September 29, 2009, pursuant to which we raised aggregate gross proceeds of approximately $210 million. As of March 31, 2010, we have deployed substantially all of the IPO proceeds and borrowed approximately $307 million under the Term Asset-Backed Securities Loan Facility program, resulting in a portfolio comprised of approximately $86 million of first mortgage loans, $372 million of CMBS and $50 million of mezzanine loans. As of March 31, 2010, we had up to $100 million of additional borrowing capacity under a master repurchase facility with JPMorgan Chase Bank, N.A., or the repurchase facility, in order to finance the origination and acquisition of first mortgage loans and CMBS.

We are externally managed and advised by ACREFI Management, LLC, or our Manager, an indirect subsidiary of Apollo Global Management, LLC. Apollo is a leading global alternative asset manager in private equity, credit-oriented capital markets and real estate. As of December 31, 2009, Apollo had total assets under management of $53.6 billion. Our Manager is led by an experienced team of senior real estate professionals, including Joseph F. Azrack, who also serves as our President and Chief Executive Officer, Stuart A. Rothstein, who serves as our Chief Financial Officer, Treasurer and Secretary and Scott Weiner, who serves as our Manager s Chief Investment Officer. Our Manager also benefits from the extensive investment, finance and managerial expertise of Apollo s private equity, credit-oriented capital markets and real estate investment professionals. We believe our relationship with Apollo provides us with significant advantages in sourcing, evaluating, underwriting and managing investments in our target assets.

We believe that the current market environment presents a compelling opportunity to achieve attractive risk adjusted returns in senior performing commercial real estate debt investments. Beginning in mid-2007, global financial markets encountered a series of events from the collapse of the sub-prime mortgage market to the ensuing dramatic widening of credit spreads and corresponding broad-scale freezing of corporate lending. These events led to a significant dislocation in capital markets and created a severe shortage of debt capital across markets, a deleveraging of the entire global financial system and a severe decline in the market values of mortgage, real estate-related and other financial assets. As a result of these conditions, many traditional commercial real estate mortgage loan and securities investors withdrew from the market or significantly curtailed their lending activities, resulting in a severe contraction in market liquidity and a sharp reduction in the availability of credit for real estate-related assets. The resulting illiquidity has negatively affected both the terms and the availability of financing for all real estate-related assets, and has generally resulted in real estate-related assets trading at significantly lower prices and higher yields compared to prior periods.

We estimate that from 2010 to 2014, approximately $1.5 trillion of commercial real estate loans are scheduled to mature and that markets are likely to face a void of several hundred billion dollars over this period that must be filled by new mortgage lenders since the supply of debt from traditional lending sources is anticipated to be less than the volume necessary to refinance maturing real estate loans. In the fourth quarter of 2009, although commercial and multifamily mortgage loan originations were 12% higher than during the fourth quarter of 2008, such originations remained 78% lower than in the fourth quarter of 2007.

During 2009, the demand for new capital to refinance maturing commercial mortgage debt was tapered by the volume of short term (two-years or less) extensions that were granted by lenders across the commercial mortgage loan industry. For example, the number of fixed-rate conduit loans for which the trustee published an extension of the maturity date was 126 in 2009, compared to six in 2008 and two in 2007. In addition, in 2009, the Internal Revenue Service and the Department of the Treasury issued guidance which provided loan servicers with increased flexibility in relation to their ability to modify commercial mortgage loans held by Real Estate Mortgage Investment Conduits, or REMICs, opening the door to previously unavailable loan restructurings. Despite this trend, we were able to deploy substantially all of the IPO proceeds in our target asset classes and we believe that as the economic recovery continues the volume of short-term loan extensions and restructurings will be reduced, resulting in increased demand for new capital to replace maturing loans and opportunities for us to originate first mortgage loans in the market.

We also believe that the supply of new capital to meet this increasing demand will continue to be constrained by the historically low activity levels in the CMBS market. The volume of issuances of newly created CMBS dropped from $230 billion in 2007 to $5 billion in 2009 and was recorded at $2.3 billion for the first quarter of 2010. This decline has had a concomitant impact on the supply of capital for new commercial mortgage lending since the net proceeds from newly created CMBS issuances are applied to purchase commercial mortgage loans from loan originators. We believe that lower levels of CMBS issuances will enhance our first mortgage origination business and will provide us with opportunities to originate mezzanine loans with respect to those parts of the financing capital structure which are unsuitable to be sold as part of CMBS.

To identify attractive opportunities within our target assets, we rely on the expertise of our Manager and its affiliates as well as their platform, which integrates real estate experience with private equity and capital markets experience, in transaction sourcing, underwriting, and execution as well as in asset operation, management and disposition. In implementing our investment strategy, we utilize our Manager s expertise and relationships in sourcing transactions and in underwriting, execution, financing, management and disposition.

We are a Maryland corporation that was organized in 2009, and we intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2009. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our taxable income to stockholders and maintain our intended qualification as a REIT. We operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the 1940 Act.

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Our IPO and Subsequent developments

Investment activities

On September 29, 2009, we closed our IPO and the Private Placement, raising in the aggregate, gross proceeds of approximately $210 million. From the closing of our IPO through March 31, 2010, we have advanced our business plan by completing the following transactions:

- We have originated $86 million of first mortgage loans, as follows:
  - A $32 million five-year fixed rate first mortgage loan secured by a well-located, 151 room Hilton Garden Inn hotel in downtown Manhattan. The loan has a loan-to-value of 55%, an interest rate of 8.25% and a 30-year amortization schedule.
  - A $28 million five-year fixed rate first mortgage loan secured by a fully occupied 73,419 square feet office condominium located in a premier Manhattan office building. The loan has a loan-to-value of 54%, an interest rate of 8.00% and a 30-year amortization schedule.
  - A $26 million five-year fixed rate first mortgage loan secured by a well-located, full-service, 263 room Hilton hotel in the greater Washington D.C. area. The loan has a loan-to-value of 58%, an interest rate of 9.00% and a 25-year amortization schedule.
- We have acquired AAA-rated legacy CMBS with an aggregate face value of approximately $362 million, an aggregate purchase price of approximately $372 million, a weighted average coupon of 5.6% and a weighted average yield of 4.5%. These CMBS were financed through borrowing aggregating $307 million under the Term Asset-Backed Securities Loan Facility program. The Term Asset-Backed Securities Loan Facility loans are not cross-collateralized and are non-recourse, with interest payable monthly, and the principal due after either three or five years. The weighted average interest rate on the Term Asset-Backed Securities Loan Facility borrowings was 2.8%. As of March 31, 2010, the CMBS had a weighted average maturity of 25 months and the Term Asset-Backed Securities Loan Facility loans which finance the CMBS had a weighted average maturity of 36 months. We believe this financing provides an adequate cushion with respect to the extension risk on the CMBS.
- During December 2009, we invested $30 million in a senior mezzanine loan and $20 million in a junior mezzanine loan originated as part of a newly originated financing for Inland Western Retail Real Estate Trust. Both the senior and junior mezzanine loans are ten-year fixed rate loans with coupon interest rates of 12.2% and 14.0%, respectively, resulting in a weighted average current coupon to us of 12.9%. A geographically diverse portfolio of 55 retail properties collateralizes the financing. Underwritten net operating income results in a loan-to-value of 68.9% and a debt yield of 12.6% through the senior mezzanine loan and a loan-to-value of 73.6% and a debt yield of 11.8% through the junior mezzanine loan.

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The following table sets forth certain information regarding our investments through March 31, 2010:

Description	Location	Capital Deployed ($ in thousands)	TALF Proceeds ($ in thousands)	Net Equity Deployed ($ in thousands)	Weighted Average Cash Return on Equity
First Mortgages Loans					
Hotel	New York, NY	$ 32,000		$ 32,000	8.3%
Office Condo Headquarters	New York, NY	28,000		28,000	8.0%
Hotel	Silver Spring, MD	26,000		26,000	9.0%
Total First Mortgages		**$ 86,000**		**$ 86,000**	**8.4%**
CMBS					
WBCMT 07-C32 A2		$ 56,633	$ 46,089	$ 10,544	19.6%
BSCMS 07-PW16 A2		46,055	38,250	7,805	19.9%
MSC 07-IQ14 A2		40,101	33,235	6,866	18.5%
JPMCC 2007-LD12 A2		36,168	29,580	6,588	18.5%
LBUBS 06-C7 A2		34,573	28,738	5,835	17.6%
JPMCC 2006-LDP8 A2		28,675	23,800	4,875	17.0%
JPMCC 07-LD11 A2		25,728	20,968	4,760	16.3%
WBCMT 07-C33 A2		25,683	21,105	4,578	20.0%
CD 2007-CD4 A2B		28,364	23,800	4,564	17.4%
LBUBS 07-C6 A2		23,261	19,086	4,175	19.0%
BSCMS 2007-PW18 A2		13,942	11,469	2,473	17.9%
MSC 06-HQ10 A2		12,515	10,455	2,060	17.6%
Total CMBS		**$ 371,698**	**$ 306,575**	**$ 65,123**	**18.5%**
Mezzanine Loans					
Retail portfolio Senior	Various	$ 30,000		$ 30,000	12.2%
Retail portfolio Junior	Various	20,000		20,000	14.0%
Total Mezzanine Loans		**$ 50,000**		**$ 50,000**	**12.9%**
Total Invested Assets		**$ 507,698**	**$ 306,575**	**$ 201,123**	**16.2%**

During January 2010, we entered into a repurchase facility with JPMorgan Chase Bank, N.A. providing us up to $100 million of additional borrowing capacity in order to finance the origination and acquisition of first mortgage loans and CMBS. Amounts borrowed under the repurchase facility bear interest at a spread of 3.00% over one-month LIBOR with no floor. The repurchase facility has a term of one-year, with two one-year extensions available at our option. During March 2010, we utilized the repurchase facility to purchase AAA-rated CMBS with an aggregate face value of approximately $101 million and subsequently repaid all of these borrowings with Term Asset-Backed Securities Loan Facility borrowings.

Distributions to Stockholders

On March 17, 2010, our board of directors declared our first quarterly dividend of $0.35 per share of common stock paid on April 12, 2010 to common stockholders of record on March 31, 2010.

Our Manager and Apollo

We are externally managed and advised by our Manager, an indirect subsidiary of Apollo Global Management, LLC. Our Manager is a direct subsidiary of Apollo Global Real Estate Management, L.P., which is an indirect

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subsidiary of Apollo Global Management, LLC. Apollo Global Real Estate Management, L.P. is registered as an investment adviser with the Securities and Exchange Commission, or the SEC. Pursuant to the terms of the Management Agreement between us and our Manager, dated as of September 23, 2009, our Manager is responsible for administering our business activities and day-to-day operations and providing us with our management team and appropriate support personnel.

Our Manager has access to Apollo s senior management team which has extensive experience in identifying, financing, analyzing, hedging and managing real estate and real estate-related equity, debt and mezzanine investments, as well as a broad spectrum of other private equity and capital markets investments. Our Manager is led by our President and Chief Executive Officer, Joseph F. Azrack, and the rest of its senior management team, including Stuart A. Rothstein, our Chief Financial Officer, Treasurer and Secretary and Scott Weiner, our Manager s Chief Investment Officer. Our Manager formed an Investment Committee which advises and consults with our Manager s senior management team with respect to our investment strategy, investment portfolio holdings, sourcing, financing and leverage strategies and investment guidelines, and approves our investments. In addition to Messrs. Azrack, Rothstein and Weiner, our Manager s Investment Committee consists of Apollo senior executives, including Eric L. Press (Partner in Apollo s private equity business), Marc Rowan (Managing Partner of Apollo), Henry Silverman (Chief Operating Officer of Apollo) and James Zelter (Managing Director of Apollo s capital markets business). See *Our Manager and the Management Agreement Biographical information* for biographical information regarding these individuals.

Founded in 1990, Apollo is a leading global alternative asset manager with a contrarian and value-oriented investment approach in private equity, credit-oriented capital markets and real estate. Apollo has a flexible mandate that enables it to invest opportunistically across a company s capital structure throughout economic cycles. Apollo s contrarian nature is reflected in (1) many of the businesses in which it invests, which are often in industries that its competitors typically avoid, (2) the often complex structures Apollo employs in some of its investments and (3) its experience in investing during periods of uncertainty or distress in the economy or financial markets when many of its competitors reduce their investment activity. Apollo has a long-standing presence in the real estate market and extensive relationships with the real estate investment, corporate, lending and brokerage communities. Apollo s experience and these relationships are valuable sources for deal flow and real estate market intelligence. Apollo is led by its managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 20 years and lead a team of 398 employees, including 135 investment professionals as of December 31, 2009. This team possesses a broad range of transactional, financial, managerial and investment skills. Apollo has offices in New York, London, Los Angeles, Frankfurt, Singapore, Luxembourg, Hong Kong and Mumbai.

We believe that Apollo s integrated approach towards investing distinguishes it from other alternative asset managers. Apollo had total assets under management of $53.6 billion as of December 31, 2009, consisting of $34 billion in its private equity business, $19.1 billion in its capital markets business, and $495 million of real estate-related assets held by us and AGRE CMBS Fund L.P.

We believe our relationship with Apollo provides us with significant advantages in sourcing, evaluating, underwriting and managing investments. Apollo has long-standing relationships with its investors, as well as extensive corporate finance and lending relationships, all of which we believe facilitate attractive and creative means to originate transactions and finance our business.

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Our business strengths and competitive advantages

The following summarizes the key strengths and competitive advantages of our business:

In place portfolio offers stable attractive yields

We are in the process of building a diversified portfolio of performing commercial first mortgage loans, CMBS, mezzanine loans and B-Notes. As of March 31, 2010, we have deployed substantially all of the IPO proceeds and borrowed approximately $307 million under the Term Asset-Backed Securities Loan Facility program, resulting in a portfolio comprised of approximately $86 million of first mortgage loans, $372 million of CMBS and $50 million of mezzanine loans.

Experienced management team

Apollo Global Real Estate Management, L.P., our Manager s parent entity, is the real estate investment management group of Apollo. Led by Joseph F. Azrack, who is also our President and Chief Executive Officer, Apollo Global Real Estate Management, L.P. has assembled a multi-disciplinary team of real estate investment professionals, including Stuart A. Rothstein, our Chief Financial Officer, Treasurer and Secretary and Scott Weiner, our Manager s Chief Investment Officer, that work integrally with other Apollo investment groups to source, underwrite and structure investments in commercial real estate assets, companies and operating platforms. Members of Apollo Global Real Estate Management, L.P. have participated in numerous transactions representing a variety of real estate investments, real estate mergers and acquisitions, initial public offerings of real estate operating companies, innovative project and corporate real estate financings, as well as individual property acquisitions and financings.

No legacy portfolio

As of March 31, 2010, we have deployed substantially all of the proceeds from our IPO. Our portfolio consists solely of investments which we acquired or originated since December 2009. We believe we have a competitive advantage relative to other existing comparable mortgage REITs and lenders because we do not have a legacy portfolio of lower-return or problem real estate assets that could potentially dilute our returns and distract our Manager s focus from our investment strategy.

Superior sourcing capabilities

Through our Manager, we can utilize Apollo s extensive proprietary relationships in the public and private real estate ownership, development, financing and services communities. These relationships are complemented by those of Apollo s corporate private equity and capital markets partners in multiple industry categories.

Significant benefits from our relationship with Apollo

Apollo operates as an integrated investment platform with a free flow of information across its businesses. Apollo s investment professionals interact frequently across its businesses on a formal and informal basis. We believe Apollo s integrated investment model, which offers its clients and partners deep industry relationships, market intelligence and execution capabilities, distinguishes it from other alternative asset managers. Through our Manager, we are able to leverage Apollo s perspective and expertise in debt capital markets. Apollo has a longstanding presence in real estate markets and extensive relationships with the real estate investment, corporate, lending and brokerage communities. This experience and these relationships are valuable sources for deal flow and real estate market intelligence.

We believe that Apollo s broad participation in debt capital markets provides our Manager with insights to evaluate opportunities across the spectrum of our target assets, including performing commercial first mortgage

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loans, CMBS, mezzanine loans and B-Notes and other commercial real estate-related debt investments, and identify those opportunities offering the most compelling risk-return profile.

Apollo has consistently invested capital throughout economic cycles by focusing on opportunities that were often overlooked by other investors. We believe that our ability to leverage the Apollo platform and the knowledge and experience that Apollo s professionals have garnered in building businesses around new strategies and across market cycles benefits our Manager s sourcing, evaluation and structuring of performing commercial mortgage loans.

Alignment of our interests with Apollo s, our officers and our Manager s interests

We have taken steps to structure our relationship with Apollo and our Manager so that our interests and those of Apollo, our officers and our Manager are closely aligned. Concurrent with the consummation of our IPO, we completed the Private Placement in which Apollo and certain of its affiliates, including our officers, purchased 500,000 shares of our common stock at a purchase price of $20.00 per share for aggregate proceeds of $10 million. As a result of our IPO and the Private Placement, Apollo and certain of its affiliates beneficially own 4.69% of our outstanding common stock as of March 31, 2010. The shares of our common stock purchased in the Private Placement are subject to a lock up agreement with us that runs through September 23, 2010. Further, as of March 31, 2010, our independent directors, our officers and our Manager s personnel had been granted 262,500 shares of restricted common stock and/or restricted stock units, which represented approximately 2.46% of the outstanding number of shares of our common stock. We believe that the significant investment in us by Apollo and certain of its affiliates and our officers and our Manager s equity ownership in us aligns our interests with those of Apollo and our officers and our Manager, which creates an incentive for Apollo, our officers and our Manager to maximize returns for our stockholders.

Our investment strategy

Our principal business objective is to capitalize on both the current lack of debt capital available for commercial real estate assets and fundamental changes that have occurred in the commercial real estate finance industry to provide attractive risk adjusted returns to our stockholders over the long term, primarily through dividends and secondarily through capital appreciation.

To identify attractive opportunities within our target assets, we rely on the expertise of our Manager and its affiliates as well as their platform, which integrates real estate experience with private equity and capital markets, in transaction sourcing, underwriting, execution as well as asset operation, management and disposition. In implementing our investment strategy, we utilize our Manager s expertise and relationships in sourcing transactions and in underwriting, execution, financing, management and disposition. Our Manager s Investment Committee makes investment, financing, asset management and disposition decisions on our behalf.

In the near to medium term, we expect to continue to deploy our capital through the origination and acquisition of performing commercial first mortgage loans, CMBS, mezzanine loans and B-Notes and other real-estate debt investments at attractive risk-adjusted yields. We will target investments that are secured by institutional quality real estate. Our underwriting will include a focus on stressed in-place cash flows, debt yields, debt service coverage ratios, loan-to-values, property quality and market and sub-market dynamics. We also expect our Manager to continue to take advantage of opportunistic pricing dislocations created by distressed sellers or distressed capital structures where a lender or holder of a loan or security is in a compromised situation due to the relative size of its portfolio, the magnitude of nonperforming loans, or regulatory/rating agency issues driven by potential capital adequacy or concentration issues. In pursuing investments with attractive risk-reward profiles, our Manager incorporates its views of the current and future economic environment, its outlook for real estate in general and particular asset classes and its assessment of the risk-reward profile derived from its underwriting and cash flow analysis, including taking into account relative valuation, supply and demand fundamentals, the

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level of interest rates, the shape of the yield curve, prepayment rates, financing and liquidity, real estate prices, delinquencies, default rates, recovery of various sectors and vintage of collateral. In general, our Manager pursues a value-driven approach (which is focused on real estate supply and demand fundamentals) to underwriting and diligence, consistent with Apollo s historical investment strategy. Each prospective investment receives a rigorous, credit-oriented evaluation towards determining the risk/return profile of the opportunity and the appropriate pricing and structure for the prospective investment. Our Manager has implemented underwriting standards founded on fundamental market and credit analyses with a focus on current and sustainable cash flows. Our Manager s underwriting standards place a particular emphasis on due diligence of the sponsor/borrower. All investment decisions are made with a view to maintaining our qualification as a REIT and our exemption from registration under the 1940 Act.

In order to capitalize on the changing sets of investment opportunities that may be present in the various points of an economic cycle, we may expand or refocus our investment strategy by emphasizing investments in different parts of the capital structure and different sectors of real estate. Our investment strategy may be amended from time to time, if recommended by our Manager and approved by our board of directors. If we amend our investment strategy, we are not required to seek stockholder approval.

Our target assets

Our target assets include the following types of performing commercial first mortgage loans, CMBS, mezzanine loans and B-Notes and other commercial real estate-related debt investments in the U.S.:

First mortgage loans: performing commercial whole mortgage loans secured by a first mortgage lien on commercial property, which are structured to either permit us to retain the entire loan, or sell the lower yielding senior portions of the loans and retain the higher yielding subordinate investment. We may seek, in the future, to enhance the returns of all or a senior portion of our commercial mortgage loans through securitizations, should the market to securitize commercial mortgage loans recover. Our strategy does not include the purchase of loans that are non-performing or distressed at the time of purchase.

Commercial mortgage-backed securities: securities which are collateralized by commercial mortgage loans. To date, we have acquired only Aaa/AAA legacy CMBS; however we may, in the future, also acquire investment grade CMBS (which are rated Aaa/AAA through Baa3/BBB- by nationally recognized statistical rating organizations) as well as CMBS which is below investment grade (that is, below Baa3/BBB) issued on or after September 1, 2009.

Mezzanine loans: loans made to property owners that are secured by pledges of the borrower s ownership interests, in whole or in part, in entities that directly or indirectly own the real property, such loans being subordinate to whole mortgage loans secured by first or second mortgage liens on the property and senior to the borrower s equity in the property.

B-Notes**:** interests in commercial real estate loans secured by a first mortgage on a single large commercial property or group of related properties and that are subordinated in right of payment to a senior interest in such loans. Such a junior or subordinated interest in a loan is commonly referred to in the real estate finance industry as a B-Note and the senior interest is referred to as an A Note.

In addition, we invest selectively and opportunistically in the following non-core asset classes:

Commercial real estate corporate debt: corporate bank debt and corporate bonds of commercial real estate operating or finance companies, including REITs, which may be in the form of a term loan or a revolving credit facility and generally secured by the company s assets. We may acquire corporate bonds that are rated below investment grade (that is, below BBB- (or Baa3)), as well as investment grade corporate bonds (that

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is, rated BBB- (or Baa3) or higher). Corporate bonds may be secured by the company s assets or may not provide for any security. We may also acquire other REIT securities, including convertible bonds, which meet our investment guidelines.

Miscellaneous Assets: other mortgage assets, if necessary, to maintain our qualification as a REIT or our exemption from registration as an investment company under the 1940 Act.

As of March 31, 2010, our capital has been deployed as follows:

	Capital Deployed ($ in millions)		% of
	Gross Assets	Net Equity	Net Equity
First mortgage loans	$ 86	$ 86	43%
CMBS	372	65	32%
Mezzanine loans	50	50	25%
	$ 508	$ 201	100%

The allocation of our capital among our target assets will depend on prevailing market conditions at the time we invest and may change over time in response to different prevailing market conditions, including with respect to interest rates and general economic and credit market conditions.

Our financing strategy

We use borrowings as part of our financing strategy. Although we are not required to maintain any particular leverage ratio, including the maximum amount of leverage we may use, we expect that the amount of leverage we incur will be consistent with our intention of keeping our total borrowings within a conservative range, as determined by our Manager, taking into account a variety of factors, which may include the anticipated liquidity and price volatility of the target assets in our investment portfolio, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, including hedges, the availability and cost of financing our assets, the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial and residential mortgage markets, the outlook for the level, slope, and volatility of interest rate movement, the credit quality of our target assets and the collateral underlying our target assets. Consistent with our strategy of keeping our total borrowings within a conservative range, we expect that our leverage will be in an amount that is approximately 35% of the value of our total assets on a portfolio basis, except in conjunction with financings that may be available to us through government sponsored debt programs, such as the Term Asset-Backed Securities Loan Facility. To the extent that we continue to utilize the financing available under such government sponsored debt programs, we expect to incur significantly more leverage. In utilizing leverage, we will seek to enhance equity returns while limiting interest rate exposure.

Through March 31, 2010, we had secured 16 Term Asset-Backed Securities Loan Facility loans aggregating $307 million collateralized by CMBS with a cost-basis of approximately $372 million. The Term Asset-Backed Securities Loan Facility loans are not cross-collateralized and are non-recourse, with interest payable monthly, and the principal due after either three or five years. The weighted average interest rate on the Term Asset-Backed Securities Loan Facility borrowings was 2.8%. As of March 31, 2010, the CMBS had a weighted average maturity of 25 months and the Term Asset-Backed Securities Loan Facility loans which finance the CMBS had a weighted average maturity of 36 months. We believe this financing provides an adequate cushion with respect to the extension risk on the CMBS.

The U.S. Treasury and the Federal Reserve Bank of New York, or FRBNY, announced that no new Term Asset-Backed Securities Loan Facility loans for legacy CMBS will be made after March 31, 2010, and no new Term

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Asset-Backed Securities Loan Facility loans for newly originated CMBS will be made after June 30, 2010, unless, in each case, the program is extended by the U.S. Treasury and the FRBNY. Consequently, we are no longer able to utilize the Term Asset-Backed Securities Loan Facility as a source of investment financing for legacy CMBS and will not be able to utilize the Term Asset-Backed Securities Loan Facility for newly originated CMBS after June 30, 2010.

In January 2010, we entered into a repurchase facility with JPMorgan Chase Bank, N.A. providing us with up to $100 million in order to finance the origination and acquisition of first mortgage loans and CMBS. Amounts borrowed under the repurchase facility bear interest at a spread of 3.00% over one-month LIBOR with no floor. The repurchase facility has a term of one-year, with two one-year extensions available at our option. The repurchase facility contains customary terms and conditions for repurchase facilities of this type, including, but not limited to: (1) negative covenants relating to restrictions on our operations which would cease to allow us to qualify as a REIT and (2) financial covenants to be met by us when the repurchase facility is being utilized, including a minimum consolidated tangible net worth covenant ($125 million), a maximum total debt to consolidated tangible net worth covenant (3:1), a minimum liquidity covenant (the greater of 10% of total consolidated recourse indebtedness and $12.5 million) and a minimum net income covenant ($1 during any four consecutive fiscal quarters). During March 2010, we utilized the repurchase facility to purchase AAA-rated CMBS with an aggregate face value of approximately $101 million and subsequently repaid all of these borrowings with Term Asset-Backed Securities Loan Facility borrowings. As of March 31, 2010, we had no borrowings outstanding under this facility.

In addition to our current Term Asset-Backed Securities Loan Facility financings and the master repurchase agreement, in the future we expect to access additional repurchase agreements as well as more traditional borrowings such as credit facilities. To the extent market conditions improve and markets stabilize over time, we expect to increase our borrowing levels. In the future, in addition to this offering, we may seek to raise further equity capital or issue debt securities in order to fund our future investments.

Hedging strategy

Subject to maintaining our qualification as a REIT, we may, from time to time, utilize derivative financial instruments to mitigate the effects of fluctuations in interest rates and its effects on our asset valuations. We also may engage in a variety of interest rate management techniques that seek to mitigate changes in interest rates or other potential influences on the values of our assets. We may attempt to reduce interest rate risk and to minimize exposure to interest rate fluctuations through the use of match funded financing structures, when appropriate. We expect these instruments will allow us to minimize, but not eliminate, the risk that we have to refinance our liabilities before the maturities of our assets and to reduce the impact of changing interest rates on our earnings.

Summary risk factors

An investment in shares of our common stock involves various risks. You should consider carefully the risks discussed below and under *Risk Factors* before purchasing our common stock. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

- We are dependent on our Manager and its key personnel for our success and upon their access to Apollo s investment professionals and partners. We may not find a suitable replacement for our Manager if our Management Agreement is terminated, or if key personnel leave the employment of our Manager or Apollo or otherwise become unavailable to us.

- Our Management Agreement was negotiated between related parties and its terms, including fees payable to our Manager, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

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The termination of our Management Agreement may be difficult and costly, which may adversely affect our inclination to end our relationship with our Manager.

Our Manager manages our portfolio pursuant to very broad investment guidelines and our board of directors does not approve each investment decision made by our Manager, which may result in our making riskier investments.

There are various conflicts of interest in our relationship with Apollo which could result in decisions that are not in the best interests of our stockholders.

We have a limited operating history and may not be able to operate our business successfully, find suitable investments, or generate sufficient revenue to sustain distributions to our stockholders.

We operate in a competitive market for investment opportunities and future competition may limit our ability to acquire desirable investments in our target assets and could also affect the pricing of these securities.

We may change our operational policies (including our investment guidelines, strategies and policies) with the approval of our board of directors but without stockholder consent at any time, which may adversely affect the market value of our common stock and our ability to make distributions to our stockholders.

We cannot at the present time predict the unintended consequences and market distortions that may stem from far ranging governmental intervention in the economic and financial system.

Our access to private sources of financing may be limited and thus our ability to potentially enhance our returns may be adversely affected.

We may increase the amount of leverage we use in our financing strategy which would subject us to greater risk of loss.

We may enter into hedging transactions that could require us to fund cash payments in certain circumstances.

We have not yet executed binding purchase commitments covering assets to be acquired with the net proceeds of this offering, and therefore, it may be difficult to evaluate the allocation of such proceeds or the economic merits of our investments prior to making an investment decision.

The lack of liquidity of our assets may adversely affect our business, including our ability to value and sell our assets.

The commercial mortgage loans and other commercial real estate-related loans in which we have invested and the commercial mortgage loans underlying the CMBS in which we have invested are subject to delinquency, foreclosure and loss, any or all of which could result in losses to us.

Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code, and our failure to qualify as a REIT or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our stockholders.

Complying with REIT requirements may cause us to liquidate or forego otherwise attractive opportunities.

Maintenance of our exemption from registration under the 1940 Act imposes limits on our operations.

Investment guidelines

Our board of directors has adopted the following investment guidelines:

no investment will be made that would cause us to fail to qualify as a REIT for U.S. federal income tax purposes;

- no investment will be made that would cause us to register as an investment company under the 1940 Act;
- our investments will be predominantly in our target assets;
- no more than (i) 25% of our cash equity (on a consolidated basis) with respect to multi-asset transactions and (ii) 20% of our cash equity (on a consolidated basis) with respect to single asset transactions, in each case as determined as of the date of such investment, will be invested in any single investment; provided that if we raise in total at least $400 million of equity (inclusive of the equity raised in connection with the IPO, the Private Placement and this offering), no more than 15% of our equity (on a consolidated basis) will be invested in any single investment;
- no investment will be made in non-U.S. assets;
- no investment will be made in debt secured primarily by undeveloped land;
- no investment will be made in construction/rehabilitation loans;
- no investment will be made in mezzanine loans originated prior to January 1, 2009;
- no investment will be made in for sale residential real estate loans;
- until appropriate investments can be identified, our Manager may invest the proceeds of this and any future offerings in interest-bearing, short-term investments, including money market accounts and/or funds, that are consistent with our intention to qualify as a REIT.

In addition, all investments require the approval of our Manager s Investment Committee. These investment guidelines may be changed from time to time by our board of directors without the approval of our stockholders. In addition, our Manager must recommend and our board of directors must approve any change in our investment strategy that would modify or expand the types of assets in which we invest.

Our investment decisions will depend on prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. We believe that the flexibility of our investment strategy, combined with our Manager s expertise among our target asset classes, will enable us to make distributions and achieve capital appreciation throughout changing interest rate and credit cycles and provide attractive risk-adjusted long term returns to our stockholders under a variety of market conditions and economic cycles.

Conflicts of interest

We do not have any employees and we rely completely on our Manager to provide us with investment and advisory services. Our Chairman, Chief Executive Officer, Chief Financial Officer and other officers also serve as officers of our Manager. Our Management Agreement with our Manager was negotiated between related parties and its terms, including fees, expense reimbursements and other amounts payable to our Manager, may not be as favorable to us as if it had been negotiated at arm s length between unaffiliated third parties.

Certain of our officers and directors, and the officers and other personnel of our Manager, also serve or may serve as officers, directors or partners of Apollo, including, without limitation, Apollo sponsored funds, including new affiliated potential pooled investment vehicles or managed accounts not yet established, whether managed or sponsored by Apollo s affiliates or our Manager (we refer to all of the foregoing as Other Apollo Vehicles). Accordingly, the ability of our Manager and its officers and employees to engage in other business activities may reduce the time our Manager spends managing our business. In addition, officers and other personnel of our Manager may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders.

Our Manager and Apollo Global Management, LLC have agreed that, for so long as our Management Agreement is in effect and Apollo Global Management, LLC controls our Manager, neither they nor any entity controlled by Apollo Global Management, LLC will sponsor or manage any U.S. publicly traded REIT that invests primarily in the asset classes described in *Our target assets* other than us. However, our Manager, Apollo Global Management, LLC and their respective affiliates may sponsor or manage another U.S. publicly traded REIT that invests generally in real estate assets but not primarily in our target assets.

In December 2009, Apollo launched AGRE CMBS Fund L.P., a private real estate investment vehicle formed to invest principally in CMBS and leverage those investments by borrowing from the Term Asset-Backed Securities Loan Facility. AGRE CMBS Fund L.P. is managed by an affiliate of our Manager. In addition, it is possible that in the future Other Apollo Vehicles, as well as existing or future portfolio companies controlled by our Manager or Apollo, may from time to time acquire our target assets as a part of their larger business strategies. To the extent such Other Apollo Vehicles or such portfolio companies acquire our target assets, the scope of opportunities otherwise available to us may be adversely affected and/or reduced. Our Manager and Apollo have an investment allocation policy in place that is intended to enable us to share equitably with any such other investment vehicles. In general, investment opportunities are allocated taking into consideration various factors including, among other considerations, investment objectives or strategies, the size of the available investment, cash availability and cash flow expectations, and the tax implications of an investment. The investment allocation policy may be amended by our Manager and Apollo at any time without our consent.

In addition to the fees payable to our Manager under the Management Agreement, our Manager and its affiliates may benefit from other fees paid to it in respect of our investments. For example, if we seek to securitize our commercial mortgage loans, Apollo and/or our Manager, may act as collateral manager. In any of these or other capacities, Apollo and/or our Manager may receive market based fees for their roles, but only if approved by a majority of our independent directors.

In addition, under our Management Agreement, if in the future we invest in, acquire or sell assets to any joint ventures with Apollo or its affiliates or if we co-invest with, purchase assets from, sell assets to or arrange financing from or provide financing to Other Apollo Vehicles, any such transactions will require the approval of a majority of our independent directors. To the extent we co-invest with Other Apollo Vehicles, we will not be responsible for fees other than as set forth in our Management Agreement, except our proportionate share of fees if approved by a majority of our independent directors.

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us. However, our code of business conduct and ethics contains a conflicts of interest policy that prohibits our directors and executive officers, as well as employees of our Manager or Apollo who provide services to us, from engaging in any transaction that involves an actual conflict of interest with us without the approval of a majority of our independent directors.

Dividend reinvestment plan

In the future, we intend to adopt a dividend reinvestment plan that will permit stockholders who elect to participate in the plan to have their cash dividends reinvested in additional shares of our common stock.

Restrictions on ownership and transfer of our common stock

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code, among other purposes, our charter prohibits, with certain exceptions, any stockholder from beneficially or constructively owning, applying certain attribution rules under the Internal Revenue Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our

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common stock, or 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock. Our board of directors may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, waive the 9.8% ownership limit with respect to a particular stockholder if such ownership will not then or in the future jeopardize our qualification as a REIT. Our charter also prohibits any person from, among other things, beneficially or constructively owning shares of our capital stock that would result in our being closely held under Section 856(h) of the Internal Revenue Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise cause us to fail to qualify as a REIT. Our board of directors has established an exemption from this ownership limit which permits Apollo and certain of its affiliates to collectively hold up to 25% of our common stock.

Our charter provides that any ownership or purported transfer of our capital stock in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported owner or transferee acquiring no rights in such shares. If a transfer of shares of our capital stock would result in our capital stock being beneficially owned by fewer than 100 persons or the transfer to a charitable trust would be ineffective for any reason to prevent a violation of the other restrictions on ownership and transfer of our capital stock, the transfer resulting in such violation will be void.

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THE OFFERING

Common stock offered by us	shares (plus up to an additional shares of our common stock that we may issue and sell upon the exercise of the underwriters overallotment option).
Common stock to be outstanding after this offering	shares
Use of proceeds	We estimate that the net proceeds we will receive from this offering will be approximately $ million, after deducting underwriting discounts and commissions of $ million and estimated offering expenses of approximately $ (or, if the underwriters exercise their overallotment option in full, approximately $ million, after deducting underwriting discounts and commissions of $ million and estimated offering expenses of approximately $). We intend to contribute the net proceeds of this offering to our subsidiaries which in turn will use such proceeds to acquire our target assets. We expect that their focus will be on performing commercial first mortgage loans, CMBS, mezzanine loans and B-Notes and other real-estate related debt investments, subject to our investment guidelines and to the extent consistent with maintaining our REIT qualification. Until appropriate assets can be identified, our Manager may invest the net proceeds of this offering in interest-bearing short-term investments, including money market accounts, that are consistent with our intention to qualify as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our target assets. See *Use of Proceeds.*
Distribution policy	On March 17, 2010, we declared our first dividend of $0.35 per share of common stock paid on April 12, 2010 to common stockholders of record on March 31, 2010. We intend to make future regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a real estate investment trust distribute annually at least 90% of its real estate investment trust taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. We generally intend over time to pay quarterly dividends in an amount equal to our net taxable income.

Any distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and any other expenditures. For more information, see *Distribution Policy*.

New York Stock Exchange symbol	ARI

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Ownership and transfer restrictions

To assist us in complying with the limitations on the concentration of ownership of a real estate investment trust imposed by the Internal Revenue Code, among other purposes, our charter generally prohibits, among other prohibitions, any stockholder from beneficially or constructively owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock. See *Description of Capital Stock Restrictions on ownership and transfer*.

Risk factors

Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under *Risk Factors* beginning on page 17 and all other information in this prospectus before investing in our common stock.

Our corporate information

Our principal executive offices are located at 9 West 57th Street, 43rd Floor, New York, New York 10019. Our telephone number is (212) 515-3200. Our website is www.ApolloREIT.com. The information on our website is not intended to form a part of or be incorporated by reference into this prospectus.

Summary financial data

The operating data and balance sheet data set forth below for the period from September 29, 2009 (commencement of operations) to December 31, 2009 and at December 31, 2009, respectively, have been derived from our audited consolidated financial statements. Our audited consolidated financial statements, and the related consolidated statements of operations, changes in stockholders equity, and cash flows for the period from September 29, 2009 (commencement of operations) to December 31, 2009 can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference into this prospectus. The following summary consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and with *Management s Discussion and Analysis of Financial Condition and Results of Operations* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference into this prospectus.

	For the period from September 29, 2009 (commencement of operations) to December 31, 2009 (In thousands, except per share data)	
Operating Data:		
Interest income	$	595
Interest expense	$	104
Net interest margin	$	491
Operating expenses	$	2,728
Interest on cash balances	$	65
Net loss	$	(2,172)
Net loss per share basic and diluted	$	(0.21)
	As of December 31, 2009	
Balance Sheet Data (at period end):		
Total assets	$	335,137
Total liabilities	$	139,840
Total stockholders equity	$	195,297

RISK FACTORS

An investment in our common stock involves a high degree of risk. Before making an investment decision, you should carefully consider the following risk factors, together with the other information included or incorporated by reference in this prospectus, including the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and the risks we have highlighted in other sections of this prospectus. If any of the risks discussed in this prospectus occurs, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

Risks related to our relationship with our Manager

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us.

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us. However, our code of business conduct and ethics contains a conflicts of interest policy that prohibits our directors and executive officers, as well as personnel of our Manager or Apollo who provide services to us, from engaging in any transaction that involves an actual conflict of interest with us without the approval of a majority of our independent directors. In addition, our Management Agreement with our Manager, dated as of September 23, 2009, or the Management Agreement, does not prevent our Manager and its affiliates from engaging in additional management or investment opportunities, some of which could compete with us.

Our Manager s and Apollo s liability is limited under the Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. As a result, we could experience poor performance or losses for which our Manager would not be liable.

Pursuant to the Management Agreement, our Manager does not assume any responsibility other than to render the services called for thereunder and is not responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Under the terms of the Management Agreement, our Manager, its officers, members, managers, directors, personnel, any person controlling or controlled by our Manager (including Apollo) and any person providing services to our Manager are not liable to us, any subsidiary of ours, our stockholders or partners or any subsidiary s stockholders or partners for acts or omissions performed in accordance with and pursuant to the Management Agreement, except by reason of acts constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their duties under the Management Agreement. In addition, we have agreed to indemnify our Manager, its officers, stockholders, members, managers, directors, personnel, any person controlling or controlled by our Manager and any person providing services to our Manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of our Manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties, performed in good faith in accordance with and pursuant to the Management Agreement.

Our Manager s failure to make investments on favorable terms that satisfy our investment strategy and otherwise generate attractive risk-adjusted returns initially and consistently from time to time in the future would materially and adversely affect us.

Our ability to achieve our investment objectives depends on our ability to grow, which depends, in turn, on the management team of our Manager and its ability to identify and to make investments on favorable terms that meet our investment criteria as well as on our access to financing on acceptable terms. Our ability to grow is also dependent upon our Manager s ability to successfully hire, train, supervise and manage new personnel. We may not be able to manage growth effectively or to achieve growth at all. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

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Our Management Agreement was negotiated between related parties and its terms, including fees payable to our Manager, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

Our Management Agreement was negotiated between related parties and its terms, including fees payable to our Manager may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the Management Agreement because of our desire to maintain our ongoing relationship with our Manager. The ability of our Manager and its officers and employees to engage in other business activities may reduce the time our Manager spends managing us.

The termination of our Management Agreement may be difficult and costly, which may adversely affect our inclination to end our relationship with our Manager.

Termination of the Management Agreement with our Manager without cause is difficult and costly. The term cause is limited to those circumstances described under Our Manager and the Management Agreement Management agreement. The Management Agreement provides that, in the absence of cause, it may only be terminated by us after the third anniversary of the closing of this offering, upon the vote of at least two thirds of our independent directors based upon: (i) our Manager s unsatisfactory performance that is materially detrimental to us, or (ii) a determination that the management fees payable to our Manager are not fair, subject to our Manager s right to prevent termination based on unfair fees by accepting a reduction of management fees agreed to by at least two thirds of our independent directors. Our Manager will be provided 180 days prior notice of any such termination. Additionally, upon a termination by us without cause (or upon a termination by our Manager due to our material breach), the Management Agreement provides that we will pay our Manager a termination payment equal to three times the average annual base management fee earned by our Manager during the 24 month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. In addition, we would also be required to refund our Manager for its payment of the initial underwriting discount irrespective of whether during any period of four consecutive calendar quarters during the 16 full calendar quarters after the consummation of this offering our Core Earnings for any such four quarter period exceeds the product of (x) the IPO price per share multiplied by the number of shares of common stock sold in the IPO and in the Private Placement and (y) 8%. These provisions increase the effective cost to us of electing not to renew, or defaulting in our obligations under, the Management Agreement, thereby adversely affecting our inclination to end our relationship with our Manager, even if we believe our Manager s performance is not satisfactory.

Our Manager is only contractually committed to serve us until September 29, 2012. Thereafter, the Management Agreement is renewable on an annual basis; provided, however, that our Manager may terminate the Management Agreement annually upon 180 days prior notice. If the Management Agreement is terminated and no suitable replacement is found to manage us, we may not be able to execute our business plan.

We do not own the Apollo name, but we may use the name pursuant to a license agreement with Apollo. Use of the name by other parties or the termination of our license agreement may harm our business.

We have entered into a license agreement with Apollo pursuant to which it has granted us a non-exclusive, royalty-free license to use the name Apollo. Under this agreement, we have a right to use this name for so long as our Manager serves as our manager pursuant to the Management Agreement. Apollo retains the right to continue using the Apollo name. We cannot preclude Apollo from licensing or transferring the ownership of the Apollo name to third parties, some of whom may compete with us. Consequently, we would be unable to prevent any damage to goodwill that may occur as a result of the activities of Apollo or others. Furthermore, in the event that the license agreement is terminated, we will be required to change our name and cease using the name. Any of these events could disrupt our recognition in the market place, damage any goodwill we may have generated and otherwise harm our business. The license agreement will terminate concurrently with the termination of the Management Agreement.

The manner of determining the base management fee may not provide sufficient incentive to our Manager to maximize risk-adjusted returns on our investment portfolio since it is based on our stockholders equity (as defined in the Management Agreement) and not on other measures of performance.

Our Manager is entitled to receive a base management fee that is based on the amount of our stockholders equity (as defined in the Management Agreement) at the end of each quarter, regardless of our performance. Our stockholders equity for the purposes of calculating the base management fee is not the same as, and could be greater than, the amount of stockholders equity shown on our consolidated financial statements. The possibility exists that significant base management fees could be payable to our Manager for a given quarter despite the fact that we could experience a net loss during that quarter. Our Manager s entitlement to such significant nonperformance-based compensation may not provide sufficient incentive to our Manager to devote its time and effort to source and maximize risk-adjusted returns on our investment portfolio, which could, in turn, adversely affect our ability to pay dividends to our stockholders and the market price of our common stock. For the period September 29, 2009 (the date we commenced operations) to December 31, 2009, our Manager earned approximately $763,000 in base management fees.

Our Manager manages our portfolio pursuant to very broad investment guidelines and our board of directors does not approve each investment decision made by our Manager, which may result in our making riskier investments.

Our Manager is authorized to follow very broad investment guidelines. While our directors periodically review our investment guidelines and our investment portfolio, they do not review all of our proposed investments. In addition, in conducting periodic reviews, our directors may rely primarily on information provided to them by our Manager. Furthermore, our Manager may use complex strategies and transactions entered into by our Manager that may be difficult or impossible to unwind by the time they are reviewed by our directors. Our Manager has great latitude within the broad investment guidelines in determining the types of assets it may decide are proper investments for us, which could result in investment returns that are substantially below expectations or that result in losses, which would materially and adversely affect our business operations and results. Decisions made and investments entered into by our Manager may not fully reflect your best interests.

Our Manager may change its investment process, or elect not to follow it, without stockholder consent at any time which may adversely affect our investments.

Our Manager may change its investment process without stockholder consent at any time. In addition, there can be no assurance that our Manager will follow the investment process in relation to the identification and underwriting of prospective investments. Changes in our Manager s investment process may result in inferior due diligence and underwriting standards, which may affect our investments.

Possession of material, non-public information could prevent us from undertaking advantageous transactions; Apollo could decide to establish information barriers.

There are no information barriers among Apollo and certain of its affiliates. If our Manager were to receive material non-public information about a particular company, or have an interest in investing in a particular company, Apollo or certain of its affiliates may be prevented from investing in such company. Conversely, if Apollo or certain of its affiliates were to receive material non-public information about a particular company, or have an interest in investing in a particular company, we may be prevented in investing in such company. This risk affects us more than it does investment vehicles that are not related to Apollo, as Apollo generally does not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. Apollo s decision not to implement these barriers could prevent our Manager s investment professionals from undertaking advantageous investments or dispositions that would be permissible for them otherwise. In addition, Apollo could in the future decide to establish information barriers, particularly as its business expands and diversifies. In such event, Apollo s ability to operate as an integrated platform will be restricted and our Manager s resources may be limited.

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Risks related to our company

We have a limited operating history and may not be able to operate our business successfully, find suitable investments, or generate sufficient revenue to sustain distributions to our stockholders.

We were formed on June 29, 2009, and commenced operations only upon completion of our IPO on September 29, 2009. We cannot assure you that we will be able to operate our business successfully, find additional suitable investments or implement our operating policies and strategies as described in this prospectus. Our ability to provide attractive risk-adjusted returns to our stockholders over the long-term is dependent on our ability both to generate sufficient cash flow to pay an attractive dividend and to achieve capital appreciation, and we cannot assure you that we will do either. There can be no assurance that we will be able to generate sufficient revenue from operations to pay our operating expenses and to continue to make distributions to stockholders. The results of our operations depend on several factors, including the availability of opportunities for the origination or acquisition of target assets, the level and volatility of interest rates, the availability of adequate short and long-term financing, conditions in the financial markets and economic conditions.

We may change our operational policies (including our investment guidelines, strategies and policies) with the approval of our board of directors but without stockholder consent at any time, which may adversely affect the market value of our common stock and our ability to make distributions to our stockholders.

Our board of directors determines our operational policies and may amend or revise our policies, including our policies with respect to acquisitions, dispositions, growth, operations, indebtedness, capitalization and dividends, or approve transactions that deviate from these policies, without a vote of, or notice to, our stockholders at any time. We may change our investment guidelines and our strategy at any time with the approval of our board of directors but without the consent of our stockholders, which could result in our making investments that are different in type from, and possibly riskier than, the investments contemplated in this prospectus.

We do not have a formal policy limiting the amount of debt we may incur. Our board of directors may change our leverage policy without stockholder consent.

We do not have a formal policy limiting the amount of debt we may incur. Although we are not required to maintain any particular leverage ratio, the amount of leverage we deploy for particular investments in our target assets will depend upon our Manager s assessment of a variety of factors, which may include the anticipated liquidity and price volatility of the target assets in our investment portfolio, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, including hedges, the availability and cost of financing the assets, our opinion of the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial and residential mortgage markets, our outlook for the level, slope, and volatility of interest rates, the credit quality of our target assets, the collateral underlying our target assets, and our outlook for asset spreads relative to the LIBOR curve. Our charter and bylaws do not limit the amount of indebtedness we can incur, and our board of directors has discretion to deviate from or change our indebtedness policy or leverage policy at any time. Our board of directors may change our leverage policies at any time without the consent of our stockholders, which could result in an investment portfolio with a different risk profile.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on the communications and information systems of Apollo. Any failure or interruption of Apollo s systems could cause delays or other problems in our securities trading activities, which could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

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Terrorist attacks and other acts of violence or war may affect the real estate industry generally and our business, financial condition and results of operations.

We cannot predict the severity of the effect that potential future terrorist attacks would have on us. We may suffer losses as a result of the adverse impact of any future attacks and these losses may adversely impact our performance and may cause the market value of shares of our common stock to decline or be more volatile. A prolonged economic slowdown, a recession or declining real estate values could impair the performance of our investments and harm our financial condition and results of operations, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. Losses resulting from these types of events may not be fully insurable.

The events of September 11, 2001 created significant uncertainty regarding the ability of real estate owners of high profile assets to obtain insurance coverage protecting against terrorist attacks at commercially reasonable rates, if at all. With the enactment of the Terrorism Risk Insurance Act of 2002, or the TRIA, and the subsequent enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, which extended the TRIA through the end of 2014, insurers must make terrorism insurance available under their property and casualty insurance policies, but this legislation does not regulate the pricing of such insurance. The absence of affordable insurance coverage may adversely affect the general real estate lending market, lending volume and the market s overall liquidity and may reduce the number of suitable investment opportunities available to us and the pace at which we are able to make investments. If the properties underlying our interests are unable to obtain affordable insurance coverage, the value of our interests could decline, and in the event of an uninsured loss, we could lose all or a portion of our investment.

Risks related to U.S. Government programs

We cannot at the present time predict the unintended consequences and market distortions that may stem from far ranging governmental intervention in the economic and financial system.

The far ranging government intervention in the economic and financial system may carry unintended consequences and cause market distortions. We are unable to predict at this time the extent and nature of such unintended consequences and market distortions, if any. One possibility is that because the programs are designed, in part, to restart the market for certain of our target assets, the establishment of these programs may result in increased competition and higher prices for our target assets. In addition, the U.S. Government, the Federal Reserve Board of Governors, or the Federal Reserve, the U.S. Treasury and other governmental and regulatory bodies have taken or are considering taking other actions to address the financial crisis. We cannot predict whether or when such actions may occur, and such actions could have a dramatic impact on our business, results of operations and financial condition.

Risks related to financing

Our access to private sources of financing may be limited and thus our ability to potentially enhance our returns may be adversely affected.

Our access to private sources of financing will depend upon a number of factors over which we have little or no control, including:

- general market conditions;
- the market s view of the quality of our assets;
- the market s perception of our growth potential;
- our eligibility to participate in and access capital from programs established by the U.S. Government;
- our current and potential future earnings and cash distributions; and

the market price of the shares of our common stock.

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The current dislocation and weakness in the capital and credit markets could adversely affect one or more private lenders and could cause one or more private lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. In addition, if regulatory capital requirements imposed on our private lenders change, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price.

Consequently, depending on market conditions at the relevant time, we may have to rely more heavily on additional equity issuances, which may be dilutive to our stockholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our stockholders and other purposes.

We may increase the amount of leverage we use in our financing strategy, which would subject us to greater risk of loss.

Although we are not required to maintain any particular leverage ratio, consistent with our strategy of keeping our total borrowings within a conservative range, we expect that our leverage will be in an amount that is approximately 35% of the value of our total assets on a portfolio basis, except in conjunction with financings that may be available to us through government sponsored debt programs, such as the Term Asset-Backed Securities Loan Facility, or the TALF. As of March 31, 2010, we only had TALF borrowings outstanding.

However, we may increase the amount of leverage we utilize at any time without approval of our stockholders. Incurring substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that:

- our cash flow from operations may be insufficient to make required payments of principal of and interest on the debt or we may fail to comply with all of the other covenants contained in the debt documents, which is likely to result in (i) acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision) that we may be unable to repay from internal funds or to refinance on favorable terms, or at all, (ii) our inability to borrow unused amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements and/or (iii) the loss of some or all of our assets to foreclosure or sale;

- our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that investment yields will increase with higher financing costs;

- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, stockholder distributions or other purposes; and

- we may not be able to refinance debt that matures prior to the investment it was used to finance on favorable terms, or at all.

Any credit facilities and repurchase agreements that we may use to finance our assets may require us to provide additional collateral or pay down debt.

In January 2010, we entered into the repurchase facility with JPMorgan Chase Bank, N.A. providing us with up to $100 million in additional borrowing capacity in order to finance the origination and acquisition of first mortgage loans and CMBS. We may utilize credit facilities and additional repurchase agreements to finance our assets if they become available on acceptable terms. In the event we utilize such financing arrangements, they may involve the risk that the market value of our assets pledged or sold by us to the repurchase agreement counterparty or provider of the credit facility may decline in value, in which case the lender may require us to provide additional collateral or to repay all or a portion of the funds advanced. We may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all. Posting additional collateral would reduce our liquidity and limit our ability to leverage our assets. If we cannot meet these requirements, the lender could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from them, which could materially and adversely affect our financial condition and ability to implement our business plan. In addition, in the event that the lender files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to credit facilities and increase our cost of capital. The providers of repurchase agreement financing and credit facilities may also require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on assets. In the event that we are unable to meet these collateral obligations, our financial condition and prospects could deteriorate rapidly.

Lenders may require us to enter into restrictive covenants.

If or when we obtain debt financing, lenders (especially in the case of credit facilities) may impose restrictions on us that would affect our ability to incur additional debt, make certain investments or acquisitions, reduce liquidity below certain levels, make distributions to our stockholders, redeem debt or equity securities and impact our flexibility to determine our operating policies and investment strategy.

For example, the repurchase facility contains customary terms and conditions for repurchase facilities of this type, including, but not limited to: (1) negative covenants relating to restrictions on our operations which would cease to allow us to qualify as a REIT and (2) financial covenants to be met by us when the repurchase facility is being utilized, including a minimum consolidated tangible net worth covenant ($125 million), maximum total debt to consolidated tangible net worth covenant (3:1), a minimum liquidity covenant (the greater of 10% of total consolidated recourse indebtedness and $12.5 million and a minimum net income covenant ($1 during any four consecutive fiscal quarters). These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders. Failure to comply with any of the covenants in the repurchase facility could result in a default. This could cause our lenders to accelerate the timing of payments and may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock.

In the event non-recourse long-term securitizations become available to us in the future, such structures may expose us to risks which could result in losses to us.

We may seek to enhance the returns of all or a senior portion of our commercial mortgage loans through securitizations, should the market to securitize commercial mortgage loans recover. To securitize our portfolio investments, we may create a wholly-owned subsidiary and contribute a pool of assets to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers whom we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of portfolio investments. The successful securitization of our portfolio investments might expose us to losses as the commercial real estate investments in which we do not sell interests will tend to be those that are riskier and more likely to generate losses.

Risks related to hedging

Hedging instruments often are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any U.S. or foreign governmental authorities and involve risks and costs that could result in material losses.

The cost of using hedging instruments increases as the period covered by the instrument increases and during periods of rising and volatile interest rates, we may increase our hedging activity and thus increase our hedging costs during periods when interest rates are volatile or rising and hedging costs have increased. In addition,

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hedging instruments involve risk since they often are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any U.S. or foreign governmental authorities. Consequently, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds and positions. Furthermore, the enforceability of agreements underlying hedging transactions may depend on compliance with applicable statutory and commodity and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. The business failure of a hedging counterparty with whom we enter into a hedging transaction will most likely result in its default. Default by a party with whom we enter into a hedging transaction may result in the loss of unrealized profits and force us to cover our commitments, if any, at the then current market price. Although generally we will seek to reserve the right to terminate our hedging positions, it may not always be possible to dispose of or close out a hedging position without the consent of the hedging counterparty and we may not be able to enter into an offsetting contract in order to cover our risk. We cannot assure you that a liquid secondary market will exist for hedging instruments purchased or sold, and we may be required to maintain a position until exercise or expiration, which could result in significant losses.

We may fail to qualify for hedge accounting treatment. If we fail to qualify for hedge accounting treatment, our operating results may suffer because losses on the derivatives that we enter into may not be offset by a change in the fair value of the related hedged transaction or item.

We intend to record derivative and hedging transactions in accordance with accounting principles generally accepted in the U.S., or GAAP. Under these standards, we may fail to qualify for hedge accounting treatment for a number of reasons, including if we use instruments that do not meet the GAAP definition of a derivative (such as short sales), we fail to satisfy GAAP hedge documentation and hedge effectiveness assessment requirements or our instruments are not highly effective. If we fail to qualify for hedge accounting treatment, our operating results may suffer because losses on the derivatives that we enter into may not be offset by a change in the fair value of the related hedged transaction or item.

Accounting rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact our consolidated financial statements.

Accounting rules for transfers of financial assets, securitization transactions, consolidation of variable interest entities and other aspects of our anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders. Changes in accounting interpretations or assumptions could impact our consolidated financial statements and our ability to timely prepare our consolidated financial statements. Our inability to timely prepare our consolidated financial statements in the future would likely adversely affect our stock price significantly.

Risks related to our investments

We have not yet executed binding purchase commitments covering assets to be acquired with the net proceeds of this offering, and therefore, it may be difficult to evaluate the allocation of such proceeds or the economic merits of our investments prior to making an investment decision.

We are in the process of deploying our capital and building a diversified portfolio of performing commercial mortgage loans and CMBS assets. As of March 31, 2010, we have deployed substantially all of the IPO proceeds and borrowed approximately $307 million under the TALF, resulting in a portfolio comprised of approximately $86 million of first mortgage loans, $372 million of CMBS and $50 million of mezzanine loans. We have not yet executed binding purchase commitments covering assets to be acquired with the expected net proceeds from this offering. As a result, you will be unable to evaluate the allocation of the remaining proceeds from our IPO or the proceeds from this offering, and accordingly, you will not be able to assess the economic merits of our future investments before making an investment decision with respect to our common stock. Additionally, our investments will be selected by our Manager and our stockholders will not have input into such investment decisions. As a result, we may use the remaining net proceeds from our IPO and/or the net proceeds from this offering to make investments with which you may not agree. These factors will increase the uncertainty, and thus the risk, of investing in shares of our common stock. The failure of our management to apply these proceeds effectively or find investments that meet our investment criteria in sufficient time or on acceptable terms could result in unfavorable returns or cause a material adverse effect on our business, financial condition, liquidity and results of operations.

Our investments are expected to provide a lower net return than our target assets.

Until appropriate investments can be identified, our Manager may invest the net proceeds from this offering in interest-bearing short-term investments, including money market accounts and/or funds, that are consistent with our intention to qualify as a REIT and maintain our exemption under the 1940 Act. These investments are expected to provide a lower net return than we will seek to achieve from investments in our target assets.

We may be subject to lender liability claims.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed lender liability. Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. We cannot assure prospective investors that such claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Some of our assets may be rated by nationally recognized statistical rating organizations or (in the case of TALF funding) CMBS eligible national rating agencies. Any credit ratings on our assets are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value of these investments could significantly decline, which would adversely affect the value of our investment portfolio and could result in losses upon disposition or the failure of borrowers to satisfy their debt service obligations to us. An investment grade credit rating does not provide assurance that the subject investment will not become impaired.

We may experience a decline in the fair value of our assets.

A decline in the fair market value of our assets may require us to recognize an other-than-temporary impairment against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other-than-temporarily impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale.

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Some of our portfolio investments will be recorded at fair value and, as a result, there will be uncertainty as to the value of these investments. Furthermore, our determinations of fair value may have a material impact on our financial condition, liquidity and results of operations.

We expect that the value of some of our investments may not be readily determinable. We will value these investments quarterly at fair value, as determined in accordance with GAAP. Because such valuations are subjective, the fair value of certain of our assets may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these assets existed. Our determinations of fair value may have a material impact on our earnings, in the case of impaired loans and other assets, trading securities and available-for-sale securities that are subject to other-than-temporary impairments, or our accumulated other comprehensive income/(loss) in our stockholders equity, in the case of available-for-sale securities that are subject only to temporary impairments. Accordingly, the value of our common stock could be adversely affected by our determinations regarding the fair value of our investments, whether in the applicable period or in the future.

Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal. The valuation process has been particularly challenging recently as market events have made valuations of certain assets more difficult, unpredictable and volatile.

Liability relating to environmental matters may impact the value of properties that we may acquire or the properties underlying our investments.

Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.

The presence of hazardous substances may adversely affect an owner s ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of a property underlying one of our debt investments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the relevant mortgage asset held by us and on our ability to make distributions to our stockholders.

If we own any properties, mortgage or other real estate-related loans upon a default of the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs, thus harming our financial condition. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our stockholders.

Risks related to our common stock

The market price and trading volume of our common stock may vary substantially.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol ARI. The stock markets, including the NYSE, have experienced significant price and volume fluctuations over the past several years. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Accordingly, no assurance can be given as to the ability of our stockholders to sell their common stock or the price that our stockholders may obtain for their common stock.

Some of the factors that could negatively affect the market price of our common stock include:

- our actual or projected operating results, financial condition, cash flows and liquidity or changes in business strategy or prospects;

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- actual or perceived conflicts of interest with our Manager or Apollo and individuals, including our executives;
- equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;
- actual or anticipated accounting problems;
- publication of research reports about us or the real estate industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we may incur in the future;
- actions by our stockholders;
- additions to or departures of our Manager s or Apollo s key personnel;
- speculation in the press or investment community;
- our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock, if we have begun to make distributions to our stockholders, and would result in increased interest expenses on our debt;
- the failure to maintain our REIT qualification or exemption from the 1940 Act;
- the passage of legislation or other regulatory developments that adversely affect us or the assets in which we seek to invest;
- the realization of any of the other risk factors presented in this prospectus and as incorporated by reference therein;
- price and volume fluctuations in the stock market generally; and
- general market and economic conditions, including the current state of the credit and capital markets.

Market factors unrelated to our performance could also negatively impact the market price of our common stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in capital markets can affect the market value of our common stock. For instance, if interest rates rise, it is likely that the market price of our common stock will decrease as market rates on interest-bearing securities increase.

Common stock and preferred stock eligible for future sale may have adverse effects on our share price.

Subject to applicable law, our board of directors has the authority, without further stockholder approval, to issue additional authorized shares of common stock and preferred stock on the terms and for the consideration it deems appropriate. We cannot predict the effect, if any, of future sales of our common stock, or the availability of shares for future sales, on the market price of our common stock. The market price of our common stock may decline significantly when the restrictions on resale by certain of our stockholders lapse. Sales of substantial amounts of common stock or the perception that such sales could occur may adversely affect the prevailing market price for our common stock.

We are offering shares of our common stock as described in this prospectus. Sales of substantial amounts of our common stock into the public market, through this offering or otherwise, or the perception that such sales could occur, may adversely affect the market price of our common stock. Immediately prior to this offering, we had shares of our common stock issued and outstanding. Of those shares, 10,000,000 shares were sold in our IPO and are freely transferable.

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Concurrently with the closing of our IPO, we sold 500,000 shares of our common stock to Apollo and certain of its affiliates, including our officers, in the Private Placement, at $20.00 per share for aggregate proceeds of $10 million. We did not pay any underwriting discounts or commissions in connection with the Private Placement. The shares of our common stock purchased in the Private Placement are subject to a lock up agreement with us that runs through September 23, 2010. Our 2009 Equity Incentive Plan includes provisions for grants of restricted common stock and other equity based awards, including restricted stock units, to our directors or officers or any personnel of our Manager and its affiliates. Concurrently with the closing of our IPO and the Private Placement, we granted 257,500 shares of restricted common stock, equal to 2.5% of the number of shares of our common stock that we issued in our IPO and the Private Placement, to our independent directors, our officers and certain of our Manager s personnel. We also granted certain additional restricted shares of common stock to one new member of the personnel of our Manager on December 31, 2009. Effective as of March 23, 2010, we entered into restricted stock unit award agreements with Joseph F. Azrack, our President and Chief Executive Officer, Stuart A. Rothstein, our Chief Financial Officer, Treasurer and Secretary, and certain personnel of our Manager. Pursuant to these agreements, Mr. Azrack forfeited 31,250 restricted shares of common stock and received, in exchange, a grant of 31,250 restricted stock units pursuant to our 2009 Equity Incentive Plan and Mr. Rothstein forfeited 16,667 restricted shares of common stock and received, in exchange, a grant of 16,667 restricted stock units pursuant to our 2009 Equity Incentive Plan. Including award agreements entered into by personnel of our Manager, an aggregate of 102,084 restricted shares of our common stock were forfeited in exchange for an equivalent number of restricted stock units. The restricted stock units granted by the award agreements to our Chief Executive Officer, our Chief Financial Officer and certain personnel of our Manager will vest on a quarterly schedule in the same manner as the forfeited shares of restricted common stock with the initial vesting date scheduled for July 1, 2010 and the final vesting date scheduled for September 29, 2012. In addition, the award agreements grant recipients the right to receive, with respect to each restricted stock unit, within the first 30 days of the succeeding fiscal year, cash in an amount equal to the cash dividend distributions paid during the fiscal year in the ordinary course on a share of our common stock. Following the expiration of the final vesting period, we will deliver shares of non-restricted common stock to our Chief Executive Officer, our Chief Financial Officer and the applicable personnel of our Manager.

We may issue from time to time additional shares of common stock and securities convertible into, or exchangeable or exercisable for, common stock in subsequent public offerings or private placements to make new investments or for other purposes. We are not required to offer any such shares or securities to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future share or security issuances, which may dilute the existing stockholders interests in us.

Investing in our common stock may involve a high degree of risk.

The investments that we make in accordance with our investment objectives may result in a high amount of risk when compared to alternative investment options and volatility or loss of principal. Our investments may be highly speculative and aggressive, and therefore an investment in our common stock may not be suitable for someone with lower risk tolerance.

Future offerings of debt or equity securities, which would rank senior to our common stock, may adversely affect the market price of our common stock.

If we decide to issue debt or equity securities in the future, which would rank senior to our common stock, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, the holders of our common stock will bear the risk of our future offerings, reducing the market price of our common stock and diluting the value of their stock holdings in us.

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Risks related to our organization and structure

Certain provisions of Maryland law could inhibit changes in control.

Certain provisions of the Maryland General Corporation Law, or MGCL may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price of our common stock. We are subject to the business combination provisions of the MGCL that, subject to limitations, prohibit certain business combinations (including a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities) between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of our then outstanding voting capital stock or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding voting capital stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder. After the five-year prohibition, any business combination between us and an interested stockholder generally must be recommended by our board of directors and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding shares of our voting stock; and (2) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder. These super-majority vote requirements do not apply if our common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has by resolution exempted business combinations (1) between us and any other person, provided, that such business combination is first approved by our board of directors (including a majority of our directors who are not affiliates or associates of such person) and (2) between us and Apollo and its affiliates and associates and persons acting in concert with any of the foregoing. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interests of our stockholders, without compliance by our company with the supermajority vote requirements and other provisions of the statute. There can be no assurance that our board of directors will not amend or revoke this exemption in the future.

The control share provisions of the MGCL provide that control shares of a Maryland corporation (defined as shares which, when aggregated with all other shares controlled by the stockholder (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding votes entitled to be cast by the acquiror of control shares, our officers and our personnel who are also our directors. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

The unsolicited takeover provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement takeover defenses, some of which (for example, a classified board) we do not yet have. Our charter contains a provision whereby we have elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide the holders of shares of common stock with the opportunity to realize a premium over the then current market price. See *Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws Business combinations*, *Control share acquisitions* and *Subtitle 8.*

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Our authorized but unissued shares of common and preferred stock may prevent a change in our control.

Our charter authorizes us to issue additional authorized but unissued shares of common or preferred stock. In addition, our board of directors may, without stockholder approval, amend our charter to increase the aggregate number of our shares of stock or the number of shares of stock of any class or series that we have the authority to issue and classify or reclassify any unissued shares of common or preferred stock and set the terms of the classified or reclassified shares. As a result, our board of directors may establish a series of shares of common or preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for shares of our common stock or otherwise be in the best interests of our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests.

Our charter limits the liability of our present and former directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under Maryland law, our present and former directors and officers do not have any liability to us and our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each present and former director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. We have entered into indemnification agreements with each of our directors and officers pursuant to which we may be obligated to pay or reimburse the defense costs incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. See *Certain Provisions of Maryland General Corporation Law and our Charter and Bylaws Indemnification and the limitation of directors and officers liability*.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter provides that, subject to the rights of any series of preferred stock, a director may be removed with or without cause upon the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders.

Ownership limitations may restrict change of control or business combination opportunities in which our stockholders might receive a premium for their shares.

In order for us to qualify as a REIT for each taxable year after 2009, no more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. Individuals for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts. To preserve our REIT qualification, our charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our capital stock or more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock. This ownership limit could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. Our board of directors has established an exemption from this ownership limit which permits Apollo and certain of its affiliates to collectively hold up to 25% of our common stock.

Risks related to our taxation as a REIT

Complying with REIT requirements may force us to liquidate or forego otherwise attractive investments.

To qualify as a REIT, we must ensure that we meet the REIT gross income test annually and that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, shares in REITs and other qualifying real estate assets, including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of our investments in securities (other than government securities and REIT qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and securities that are qualifying real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of our total securities can be represented by securities of one or more taxable REIT subsidiaries, or TRSs. See *U.S. Federal Income Tax Considerations Asset tests*. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

REIT distribution requirements could adversely affect our ability to execute our business plan and may require us to incur debt or sell assets to make such distributions.

In order to qualify as a REIT, we must distribute to our stockholders, each calendar year, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we will be subject to U.S. federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid the 4% nondeductible excise tax.

In addition, our taxable income may substantially exceed our net income as determined by GAAP or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, we may be required to accrue interest and discount income on mortgage loans, CMBS, and other types of debt securities or interests in debt securities before we receive any payments of interest or principal on such assets. We may be required under the terms of the indebtedness that we incur, whether to private lenders or pursuant to government programs, to use cash received from interest payments to make principal payment on that indebtedness, with the effect that we will recognize income but will not have a corresponding amount of cash available for distribution to our stockholders.

As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and find it difficult or impossible to meet the REIT distribution requirements in certain circumstances. In such circumstances, we may be required to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt or (iv) make a taxable distribution of our shares as part of a distribution in which stockholders

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may elect to receive shares or (subject to a limit measured as a percentage of the total distribution) cash, in order to comply with the REIT distribution requirements. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our common stock.

Even if we qualify as a REIT, we may face tax liabilities that reduce our cash flow.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. See *U.S. Federal Income Tax Considerations Taxation of REITs in general*. In addition, any TRSs we own will be subject to U.S. federal, state and local corporate taxes. In order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may hold some of our assets through taxable subsidiary corporations, including TRSs. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to our stockholders.

The failure of mortgage loans or CMBS subject to a repurchase agreement or a mezzanine loan to qualify as a real estate asset would adversely affect our ability to qualify as a REIT.

When we enter into repurchase agreements, we will nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase the sold assets. We believe that we will be treated for U.S. federal income tax purposes as the owner of the assets that are the subject of any such agreements notwithstanding that such agreements may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the repurchase agreement, in which case we could fail to qualify as a REIT. In January 2010, we entered into the repurchase facility. Under the repurchase facility, we may borrow up to $100 million in order to finance the origination and acquisition of first mortgage loans and CMBS.

In addition, we have and may continue to acquire and originate mezzanine loans, which are loans secured by equity interests in a partnership or limited liability company that directly or indirectly owns real property. In Revenue Procedure 2003-65, the IRS provided a safe harbor pursuant to which a mezzanine loan, if it meets each of the requirements contained in the Revenue Procedure, will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75% gross income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may acquire mezzanine loans that do not meet all of the requirements for reliance on this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor, the IRS could challenge such loan s treatment as a real estate asset for purposes of the REIT asset tests and the interest generated by such a loan as qualifying income for purposes of the REIT income tests, and if such a challenge were sustained, we could fail to qualify as a REIT.

We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them.

We may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount will generally be treated as market discount for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

Similarly, some of the CMBS that we acquire may have been issued with original issue discount. We will be required to report such original issue discount based on a constant yield method and will be taxed based on the assumption that all future projected payments due on such CMBS will be made. If such CMBS turns out not to be fully collectible, an offsetting loss deduction will become available only in the later year that uncollectability is provable.

Finally, in the event that any debt instruments or CMBS acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. Similarly, we may be required to accrue interest income with respect to subordinate mortgage-backed securities at its stated rate regardless of whether corresponding cash payments are received or are ultimately collectable. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter.

The taxable mortgage pool rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations.

Securitizations by us or our subsidiaries could result in the creation of taxable mortgage pools for U.S. federal income tax purposes. As a result, we could have excess inclusion income. Certain categories of stockholders, such as non-U.S. stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to any such excess inclusion income. In addition, to the extent that our common stock is owned by tax-exempt disqualified organizations, such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of any excess inclusion income. Moreover, we could face limitations in selling equity interests in these securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive.

We may in the future distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. Under IRS Revenue Procedure 2010-12, up to 90% of any such taxable dividend for our taxable years 2010 and 2011 could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

Further, as Revenue Procedure 2010-12 applies only to taxable dividends payable in cash or stock with respect to our taxable years 2010 and 2011, it is unclear whether and to what extent we will be able to pay taxable dividends in cash and stock in later years. Moreover, various aspects of such a taxable cash/stock dividend are uncertain and have not yet been addressed by the IRS. No assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable cash/stock dividends, including on a retroactive basis, or assert that the requirements for such taxable cash/stock dividends have not been met.

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Although our use of taxable REIT subsidiaries, or TRSs, may be able to partially mitigate the impact of meeting the requirements necessary to maintain our qualification as a REIT, our ownership of and relationship with our TRSs is limited and a failure to comply with the limits would jeopardize our REIT qualification and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% of the value of a REIT s assets may consist of stock or securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm s-length basis.

TRSs that we may form will pay U.S. federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to us but will not be required to be distributed to us, unless necessary to maintain our REIT qualification. While we will be monitoring the aggregate value of the securities of our TRSs and intend to conduct our affairs so that such securities will represent less than 25% of the value of our total assets, there can be no assurance that we will be able to comply with the TRS limitation in all market conditions.

Dividends payable by REITs generally do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our shares.

The maximum U.S. federal income tax rate for certain qualified dividends payable to domestic stockholders that are individuals, trusts and estates is 15% (through 2010). Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 35% maximum U.S. federal income tax rate on ordinary income. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our shares.

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Internal Revenue Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate exposure will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets, and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute nonqualifying income for purposes of both the REIT 75% and 95% gross income tests. See *U.S. Federal Income Tax Considerations Gross income tests Hedging transactions*. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit to us, although such losses may be carried forward to offset future taxable income of the TRS.

The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of securitizing mortgage loans, that would be treated as sales for U.S. federal income tax purposes.

A REIT s net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held as inventory or primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we were to sell or securitize loans in a manner that was treated as a sale of the loans as inventory for U.S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales of loans, other than through a TRS, and we may be required to limit the structures we use for our securitization transactions, even though such sales or structures might otherwise be beneficial for us.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of shares of our common stock.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

Your investment has various U.S. federal income tax risks.

Although the provisions of the Internal Revenue Code generally relevant to an investment in shares of our common stock are described in *U.S. Federal Income Tax Considerations*, we urge you to consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in shares of our common stock.

Risks related to our exemption from the 1940 Act

Rapid changes in the values of our other real estate-related investments may make it more difficult for us to maintain our qualification as a REIT or exemption from the 1940 Act.

If the market value or income potential of real estate-related investments declines as a result of increased interest rates, prepayment rates or other factors, we may need to increase our real estate investments and income and/or liquidate our non-qualifying assets in order to maintain our REIT qualification or exemption from the 1940 Act. If the decline in real estate asset values and/or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-qualifying assets that we may own. We may have to make investment decisions that we otherwise would not make absent the REIT and 1940 Act considerations.

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FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus and other filings we make with the SEC 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 our control. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words believe, expect, anticipate, estimate, plan, continue, intend, should, may or similar expressions, we intend to identify forward-looking staten
Statements regarding the following subjects, among others, may be forward-looking:

- use of the proceeds of this offering;
- market trends in our industry, interest rates, real estate values, the debt securities markets or the general economy or the demand for commercial real estate loans;
- our business and investment strategy;
- our projected operating results;
- actions and initiatives of the U.S. government, including the TALF, and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally or in specific geographic regions;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements, including securitizations;
- the amount of commercial mortgage loans requiring refinancing over the 2011 to 2013 period;
- the anticipated shortfall of debt financing from traditional lenders;
- the volume of short-term loan extensions;
- the demand for new capital to replace maturing loans;
- our expected leverage;

general volatility of the securities markets in which we participate;

changes in the value of our assets;

interest rate mismatches between our target assets and any borrowings used to fund such assets;

changes in interest rates and the market value of our target assets;

changes in prepayment rates on our target assets;

effects of hedging instruments on our target assets;

rates of default or decreased recovery rates on our target assets;

the degree to which our hedging strategies may or may not protect us from interest rate volatility;

impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;

our ability to maintain our qualification as a REIT for U.S. federal income tax purposes;

our ability to maintain our exemption from registration under the 1940 Act;

availability of opportunities to acquire commercial mortgage-related, real estate-related and other securities;

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- availability of qualified personnel;

- estimates relating to our ability to make distributions to our stockholders in the future; and

- our understanding of our competition.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in this prospectus under the headings *Summary* and *Risk Factors,* as well as *Management s Discussion and Analysis of Financial Condition and Results of Operations* as included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference into this prospectus. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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USE OF PROCEEDS

We are offering shares of our common stock at the anticipated public offering price of $ per share. We estimate that our net proceeds from this offering will be approximately $, after deducting underwriting discounts and commissions of $ and estimated offering expenses of approximately $. We estimate that our net proceeds will be approximately $ if the underwriters exercise their overallotment option in full.

We intend to contribute the net proceeds of this offering to our subsidiaries, which in turn will use such net proceeds to acquire our target assets in accordance with our objectives and strategies described in this prospectus. See *Business Our investment strategy,* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference into this prospectus. We focus primarily on originating and acquiring performing commercial first mortgage loans, CMBS, mezzanine loans and B-Notes, subject to our investment guidelines and to the extent consistent with maintaining our REIT qualification. The allocation of our capital among our target assets will depend on prevailing market conditions at the time we invest and may change over time in response to different prevailing market conditions, including with respect to interest rates and general economic and credit market conditions. There is no assurance that upon the completion of this offering we will not allocate the proceeds from this offering in a different manner among our target assets. In addition, in the future we may invest in assets other than our target assets, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exemption from registration under the 1940 Act. Until appropriate assets can be identified, our Manager may invest the net proceeds from this offering in interest-bearing short-term investments, including money market accounts, that are consistent with our intention to qualify as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our target assets.

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PRICE RANGE OF COMMON STOCK AND DIVIDEND PAYMENTS

Our common stock began trading on the NYSE under the symbol ARI on September 24, 2009. On April 30, 2010, the closing price of our common stock, as reported on the NYSE, was $18.01. As of April 30, 2010, there were approximately 18 registered record holders of shares of our common stock. The following table sets forth, for the periods indicated, the high and low sales prices per share for our common stock, and the dividends paid with respect to such shares:

	High	Low	Dividend Per Share
2009			
Third quarter(1)	$ 20.00	$ 18.30	
Fourth quarter	$ 18.57	$ 17.28	
2010			
First quarter	$ 18.18	$ 17.49	$ 0.35
Second quarter (through April 30, 2010)	$ 18.47	$ 17.93	

(1) Information is provided only for the period from September 24, 2009 to September 30, 2009, as shares of our common stock did not begin trading publicly until September 24, 2009.

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DISTRIBUTION POLICY

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our net taxable income to holders of our common stock out of assets legally available therefor.

On March 17, 2010, we declared our first dividend of $0.35 per share of common stock paid on April 12, 2010 to common stockholders of record on March 31, 2010. We intend to make future regular quarterly distributions to holders of our common stock. However, our board of directors has the sole discretion to determine the timing, form (including cash and shares of our common stock at the election of each of our stockholders) and amount of any future distributions to our stockholders, and we cannot assure you however, that this level of distributions will be sustained, as any distributions that we pay in the future will depend upon our actual results of operations, financial conditions, economic conditions, debt covenants, funding or margin requirements under credit facilities, repurchase agreements or other secured and unsecured borrowing agreements, applicable provisions of the MGCL and such other factors as our board of directors deems relevant. Although not currently anticipated, in the event that our board of directors determines to make distributions in excess of the income or cash flow generated from our target assets, we may make such distributions from the proceeds of this offering or future offerings of equity or debt securities or other forms of debt financing or the sale of assets.

Our earnings and financial condition will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and any other expenditures. For more information regarding risk factors that could materially adversely affect our earnings and financial condition, see *Risk Factors*.

To the extent that in respect of any calendar year, cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. We will generally not be required to make distributions with respect to activities conducted through any domestic TRS that we form following the completion of this offering. For more information, see *U.S. Federal Income Tax Considerations Taxation of our company General*.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. In addition, a portion of such distributions may be taxable stock dividends payable in our shares. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For more information, see *U.S. Federal Income Tax Considerations Taxation of taxable U.S. stockholders*.

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CAPITALIZATION

The following table sets forth (1) our historical capitalization at December 31, 2009, and (2) our as adjusted capitalization, which reflects the sale of shares of common stock in this offering at a price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. You should read this table together with *Use of Proceeds* and *Summary Financial Data*, included elsewhere in this prospectus, as well as our consolidated financial statements and notes thereto and *Management s Discussion and Analysis of Financial Condition and Results of Operations* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference into this prospectus.

	As of December 31, 2009	
	Historical	**As adjusted**
	(in thousands, except share data)	
Assets:		
Cash and cash equivalents	$ 129,969	
Contractual deposits	90	
Securities available-for-sale, at estimated fair value	153,614	
Commercial mortgage loans	50,000	
Interest receivable	1,210	
Other assets	254	
Total Assets	$ 335,137	
Liabilities and Stockholders Equity		
Liabilities:		
TALF borrowings	$ 128,106	
Accounts payable and accrued expenses	259	
Payable to related party	1,385	
Other liabilities	90	
Deferred underwriting fee ($8,000 of which is payable to the Manager)(1)	10,000	
Total Liabilities	139,840	
Stockholders Equity:		
Common stock, $0.01 par value, 450,000,000 shares authorized, 10,762,500 shares issued and outstanding; 450,000,000 shares authorized, shares issued and outstanding, as adjusted	107	
Additional paid-in-capital	198,436	
Accumulated deficit	(2,172)	
Accumulated other comprehensive loss	(1,074)	
Total Stockholders Equity	195,297	
Total Liabilities and Stockholders Equity	$ 335,137	
Total Capitalization	$ 193,617	

(1) At the closing of our IPO, the underwriters did not receive any payment directly from us for the underwriting fee equal to 5% of the gross proceeds raised in the IPO of common stock or $10,000 in total. Our Manager paid the underwriters $8,000 on our behalf at closing (4% of the gross proceeds raised in our IPO) and our underwriters agreed to defer the receipt of $2,000 (1% of the gross proceeds raised in our IPO). We have agreed to pay $8,000 to our Manager and pay $2,000 to the underwriters if during any period of four consecutive calendar quarters during the 16 full calendar quarters after the consummation of the IPO our Core Earnings (as described herein) for any such four-quarter period exceeds an 8% performance Hurdle Rate (as described herein).

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

The section Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 is incorporated herein by reference.

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OUR MANAGER AND THE MANAGEMENT AGREEMENT

General

We are externally advised and managed by our Manager. All of our officers are employees of our Manager or its affiliates. The executive offices of our Manager are located at 9 West 57th Street, 43rd Floor, New York, New York 10019, and the telephone number of our Manager s executive offices is (212) 515-3200.

Executive officers and key personnel of our Manager

The following table sets forth certain information with respect to each of the executive officers and certain other key personnel of our Manager:

Executive officer	Age	Position held with our Manager	Position held with Apollo
Joseph F. Azrack	63	President and Chief Executive Officer; Head of Investment Committee	Managing Partner of Apollo Global Real Estate Management, L.P.
Eric L. Press	44	Vice President; Investment Committee member	Partner in Apollo Private Equity
Stuart A. Rothstein	44	Vice President; Investment Committee member	Chief Financial Officer of Apollo s real estate business
Marc Rowan	47	Vice President; Investment Committee member	Senior Managing Director and Director of Apollo Global Management, LLC
Henry R. Silverman	69	Vice President; Investment Committee member	Vice Chairman of board of directors, Chief Operating Officer and director of Apollo Global Management, LLC
Scott Weiner	36	Vice President and Chief Investment Officer; Investment Committee member	Principal of Apollo Global Real Estate Management, L.P.
James Zelter	47	Vice President; Investment Committee member	Managing Partner of Apollo s capital markets business

Biographical information

Set forth below is biographical information for the executive officers and other key personnel of our Manager, as of May 3, 2010.

Joseph F. Azrack Mr. Azrack has been our President and Chief Executive Officer and one of our directors since June 2009. He is also the President and Chief Executive Officer of our Manager and the head of our Manager s Investment Committee. Mr. Azrack is the managing partner of Apollo Global Real Estate Management, L.P., a position he has held since August 2008. Mr. Azrack has 30 years of real estate investment management experience. Prior to joining Apollo, from 2004 to 2008, Mr. Azrack was President and Chief Executive Officer of Citi Property Investors where he chaired the firm s Management Committee and Investment Committees, directing investment policy and strategy. Mr. Azrack was also a member of the Citigroup Alternative Investments Management Committee (May 2004 to July 2008) and Investment Committee (May 2004 to July 2008), and a member of Citi Infrastructure Investments Investment Committee (September 2006 to July 2008). From 1996 to 2003, he was Chief Executive Officer and Chairman of AEW Capital Management, L.P., founder and President of the AEW Partners Funds (1988 to 2003), a Director of Curzon Global Partners (1998 to 2003) and founder and Chairman of IXIS AEW Europe (2001 to 2003). As Chief Investment Officer of AEW Capital Management, L.P., in the early-mid 1990 s, Mr. Azrack was actively involved in the purchase of investment grade and below investment grade CMBS and the making of new first mortgage loans on behalf of AEW s institutional clients. During this period, AEW invested over $1 billion in performing first mortgage loans and

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$300 million in CMBS. When interest rate spreads declined as the mortgage market became more efficient in the late 1990 s, Mr. Azrack was instrumental in the liquidation of the mortgage and CMBS portfolio. Under Mr. Azrack s leadership, AEW was an early and successful participant in the purchase of non-performing loan portfolios from the Resolution Trust Company and banks, the formation of the Taubman Realty Group, the initial public offering of Taubman Centers in 1992 as the first UPREIT, and the management buildup and initial public offering of Evans-Withycombe Residential and its subsequent merger with Equity Residential Properties. Mr. Azrack served with AEW from 1983 to 2003. He is a past adjunct professor at Columbia University s Graduate School of Business where he is a member of and from 1993 to 2003 chaired the Real Estate Program Advisory Board. He has also been a trustee of the Urban Land Institute since 1998. Mr. Azrack graduated from Villanova University with a BS and from Columbia University with an MBA and Villanova University with a BS.

Eric L. Press Mr. Press has been one of our directors since July 2009. He is also a Vice President of our Manager and a member of our Manager s Investment Committee. Mr. Press has been a Partner in Apollo Private Equity since November 1998. Mr. Press joined Apollo in 1998. From 1992 to 1998, Mr. Press was associated with the law firm of Wachtell, Lipton, Rosen & Katz, specializing in mergers, acquisitions, restructurings and related financing transactions. From 1987 to 1989, Mr. Press was a consultant with The Boston Consulting Group, a management consulting firm focused on corporate strategy. Mr. Press serves on the boards of directors of Athene Re (July 2009 to present), Affinion Group (October 2006 to present), Harrah s Entertainment (January 2008 to present), Metals USA (November 2005 to present), Noranda Aluminum (March 2007 to present), Prestige Cruise Holdings (November 2007 to present) and Verso Paper Corp (December 2008 to present). He also serves on the board of trustees of the Rodeph Sholom School in New York City. Previously, he served on the boards of directors of Innkeepers USA (June 2007 to April 2010), Quality Distribution, Inc. (May 2004 to May 2008), Wyndham International (May 2005 to August 2005) and AEP Industries (June 2004 to February 2005). Mr. Press graduated magna cum laude from Harvard College with an AB in Economics and Yale Law School, where he was a Senior Editor of the Yale Law Review.

Stuart A. Rothstein Mr. Rothstein has been our Chief Financial Officer, Secretary and Treasurer since September 2009. He is also a Vice President and a member of the Investment Committee of our Manager. Mr. Rothstein was previously Co-Managing Partner of Four Corners Properties, a real estate investment company formed with a former colleague, which acquired over $200 million of real estate comprising approximately 1.2 million square feet in Silicon Valley. Prior to Four Corners Properties, from January 2005 to March 2006, Mr. Rothstein served as a Director of KKR Financial Advisors LLC, overseeing all investments in commercial real estate. During his tenure, KKR Financial completed over $600 million in investments across a broad range of commercial real estate loans and securities, including mezzanine debt, B-notes, CMBS, syndicated bank debt and preferred and common equity. Mr. Rothstein also served as acting Chief Financial Officer of KKR Financial Holdings LLC through May 2005. From May 2004 to December 2004, Mr. Rothstein was a Director at RBC Capital Markets, responsible for the West Coast Real Estate Investment Banking practice. From August 2002 to March 2004, Mr. Rothstein was an Executive Vice President and Chief Financial Officer of the Related Capital Company, also serving as Chief Financial Officer for three then publicly traded operating companies, Centerline Capital Group (formerly CharterMac), American Mortgage Acceptance Company and Aegis Realty. From 1994 to 2001, Mr. Rothstein worked in various finance positions for Spieker Properties, including as its Chief Financial Officer from September 1999 to July 2001. Mr. Rothstein graduated from Pennsylvania State University with a BS in Accounting and Stanford University with an MBA.

Marc Rowan Mr. Rowan has been a Vice President of our Manager and a memb