

Edgar Filing: Apollo Commercial Real Estate Finance, Inc. - Form 10-Q

Apollo Commercial Real Estate Finance, Inc.
Form 10-Q
August 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2013

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number: 001-34452

Apollo Commercial Real Estate Finance, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)
Apollo Commercial Real Estate Finance, Inc.
c/o Apollo Global Management, LLC
9 West 57th Street, 43rd Floor,
New York, New York 10019
(Address of registrant's principal executive offices)
(212) 515-3200
(Registrant's telephone number, including area code)

27-0467113
(I.R.S. Employer
Identification Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 x
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

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As of August 1, 2013, there were 36,883,467 shares, par value \$0.01, of the registrant's common stock issued and outstanding.

Table of Contents

Table of Contents

	Page
<u>Part I — Financial Information</u>	
<u>ITEM 1. Financial Statements</u>	<u>3</u>
<u>ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>32</u>
<u>ITEM 4. Controls and Procedures</u>	<u>33</u>
<u>Part II — Other Information</u>	
<u>ITEM 1. Legal Proceedings</u>	<u>34</u>
<u>ITEM 1A. Risk Factors</u>	<u>34</u>
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
<u>ITEM 3. Defaults Upon Senior Securities</u>	<u>34</u>
<u>ITEM 4. Mine Safety Disclosures</u>	<u>34</u>
<u>ITEM 5. Other Information</u>	<u>34</u>
<u>ITEM 6. Exhibits</u>	<u>34</u>

Table of Contents

Part I — FINANCIAL INFORMATION

ITEM 1. Financial Statements

Apollo Commercial Real Estate Finance, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands—except share and per share data)

	June 30, 2013	December 31, 2012
Assets:		
Cash	\$156,797	\$108,619
Securities available-for-sale, at estimated fair value	52,909	67,079
Securities, at estimated fair value	184,208	211,809
Commercial mortgage loans, held for investment	143,492	142,921
Subordinate loans, held for investment	354,865	246,246
Repurchase agreements, held for investment	—	6,598
Interest receivable	4,830	4,277
Deferred financing costs, net	1,018	678
Other assets	—	203
Total Assets	\$898,119	\$788,430
Liabilities and Stockholders' Equity		
Liabilities:		
Borrowings under repurchase agreements	\$191,312	\$225,158
Derivative instruments, net	25	155
Accounts payable and accrued expenses	1,367	1,265
Payable to related party	2,600	2,037
Dividends payable	16,821	12,891
Total Liabilities	212,125	241,506
Commitments and Contingencies (see Note 13)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and 3,450,000 shares issued and outstanding in 2013 and 2012	35	35
Common stock, \$0.01 par value, 450,000,000 shares authorized, 36,880,410 and 28,044,106 shares issued and outstanding in 2013 and 2012, respectively	369	280
Additional paid-in-capital	695,572	546,065
Retained earnings (accumulated deficit)	(9,320)	) 574
Accumulated other comprehensive loss	(662)	) (30)
Total Stockholders' Equity	685,994	546,924
Total Liabilities and Stockholders' Equity	\$898,119	\$788,430

See notes to unaudited condensed consolidated financial statements.

Table of Contents

Apollo Commercial Real Estate Finance, Inc. and Subsidiaries
 Condensed Consolidated Statement of Operations (Unaudited)
 (in thousands—except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net interest income:				
Interest income from securities	\$3,014	\$3,230	\$6,101	\$8,552
Interest income from commercial mortgage loans	3,676	2,791	7,268	5,026
Interest income from subordinate loans	11,498	5,859	22,953	11,172
Interest income from repurchase agreements	—	2,000	2	3,559
Interest expense	(955	) (1,929	) (2,024	) (5,171
Net interest income	17,233	11,951	34,300	23,138
Operating expenses:				
General and administrative expenses (includes \$428 and \$1,311 of equity based compensation in 2013 and \$886 and \$1,969 in 2012, respectively)	(1,437	) (2,762	) (3,333	) (4,798
Management fees to related party	(2,600	) (1,292	) (4,759	) (2,581
Total operating expenses	(4,037	) (4,054	) (8,092	) (7,379
Interest income from cash balances	16	—	16	1
Realized gain on sale of securities	—	—	—	262
Unrealized gain (loss) on securities	(1,421	) 2,078	(2,500	) 3,463
Loss on derivative instruments (includes \$57 and \$130 of unrealized gains in 2013 and \$192 and \$188 of unrealized gains in 2012, respectively)	(2	) (65	) (3	) (482
Net income	11,789	9,910	23,721	19,003
Preferred dividends	(1,860	) —	(3,720) —
Net income available to common stockholders	\$9,929	\$9,910	\$20,001	\$19,003
Basic and diluted net income per share of common stock	\$0.27	\$0.47	\$0.59	\$0.91
Basic and diluted weighted average shares of common stock outstanding				