Apollo Commercial Real Estate Finance, Inc.
Form 424B3
July 27, 2016
Table of Contents

Filed pursuant to Rule 424(B)(3)
Registration No. 333-210632

PROXY STATEMENT/PROSPECTUS

To the Stockholders of Apollo Residential Mortgage, Inc.:

On February 26, 2016, Apollo Residential Mortgage, Inc., which we refer to as AMTG, and Apollo Commercial Real Estate Finance, Inc., which we refer to as ARI, entered into an Agreement and Plan of Merger, which we refer to as the merger agreement, pursuant to which (i) a subsidiary of ARI, which we refer to as Merger Sub, will merge with and into AMTG after which AMTG will become the surviving company and a direct subsidiary of ARI (the First Merger), and (ii) promptly following the effective time of the First Merger, AMTG will merge with and into ARI, after which AMTG will cease to exist (the Second Merger and, together with the First Merger, the mergers). The board of directors of AMTG, upon the unanimous recommendation of a special committee of the AMTG board of directors comprised solely of independent directors, has determined that the mergers and the merger agreement are advisable and in the best interests of AMTG and its stockholders and has approved the mergers and the merger agreement.

The obligations of ARI and AMTG to effect the mergers are subject to the satisfaction or waiver of certain customary conditions as described in *The Agreements Description of the Merger Agreement Conditions to Completion of the First Merger* beginning on page 175.

If the mergers are completed, each outstanding share of AMTG common stock will convert into the right to receive (i) 0.417571 shares of ARI common stock and (ii) $6.86 in cash, without interest, which we collectively refer to as the merger consideration; provided, however, that the cash portion of the merger consideration may be subject to certain adjustments. As described in more detail in the attached proxy statement/prospectus, the cash portion of the merger consideration will be (i) increased in the event that the closing of the mergers does not occur on or prior to September 5, 2016 and (ii) reduced to the extent a dividend or other distribution to AMTG stockholders is declared or paid at any time following July 22, 2016 (the Pricing Date) but with a record date prior to the closing of the mergers. The merger consideration will not be adjusted to reflect changes in the price of ARI common stock or the price of AMTG common stock. Based on the closing price of ARI common stock of $16.68 on July 22, 2016, the latest practicable date before the mailing date of the accompanying proxy statement/prospectus, the merger consideration to be received by holders of AMTG common stock is valued at approximately $13.83 per share of AMTG common stock. **The value of the merger consideration will fluctuate with changes in the market price of ARI common stock prior to the closing of the mergers. We urge you to obtain current market quotations for ARI common stock and AMTG common stock.**

Upon completion of the mergers, we estimate that the former holders of AMTG common stock will own approximately 16.58% of the issued and outstanding shares of ARI common stock.

In addition, if the mergers are completed, each outstanding share of 8.00% Series A Cumulative Redeemable Perpetual Preferred Stock of AMTG, $0.01 par value per share (the AMTG Series A Preferred Stock) will convert into the right to receive one newly issued share of ARI preferred stock, which ARI has classified and designated as 8.00% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share (the ARI Series C Preferred Stock). The ARI Series C Preferred Stock will have preferences, rights and privileges substantially similar to the preferences, rights and privileges of the AMTG Series A Preferred Stock.

In connection with the proposed mergers, AMTG will hold a special meeting of its common stockholders (the AMTG special meeting). At the AMTG special meeting, holders of AMTG common stock will be asked to consider and vote on a proposal (i) to approve the First Merger and the other transactions contemplated by the merger agreement, (ii) to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and (iii) to approve, on a non-binding, advisory basis, the merger-related compensation of AMTG s named executive officers (the Merger-Related Named Executive Officer Compensation Proposal) as disclosed under the heading Merger-Related Named Executive Officer Compensation Proposal beginning on page 126 of this proxy statement/prospectus.

The AMTG Board has fixed the close of business on July 12, 2016 as the record date for the determination of AMTG common stockholders entitled to receive notice of, and to vote at, the AMTG special meeting and any adjournments or postponements of the AMTG special meeting. Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo Global Management, LLC approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

The board of directors of AMTG, upon the recommendation of a special committee of AMTG directors composed solely of independent directors, recommends that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal.

The accompanying proxy statement/prospectus contains important information about ARI, AMTG, the merger agreement, the mergers and the other transactions contemplated by the merger agreement, and the AMTG special meeting. The document serves as both a proxy statement with respect to the AMTG special meeting and a prospectus with respect to the issuance of ARI securities in connection with the mergers. **We encourage you to read the accompanying proxy statement/prospectus (and the documents incorporated by reference into the accompanying proxy statement/prospectus) carefully before voting, including the section entitled *Risk Factors* beginning on page 109.**

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the AMTG special meeting please authorize a proxy to vote your shares as promptly as possible to make sure that your shares of AMTG common stock are represented at the AMTG special meeting.

Sincerely,

/s/ Michael A. Commaroto

Michael A. Commaroto

President and Chief Executive Officer

Neither the Securities Exchange Commission nor any state securities commission has approved or disapproved of the transactions contemplated by the merger agreement or the securities to be issued under the accompanying proxy statement/prospectus, passed upon the merits or fairness of the transactions contemplated by the merger agreement or passed upon the adequacy or accuracy of the disclosures in this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated July 27, 2016 and is first being mailed to stockholders of AMTG on or about July 27, 2016.

Table of Contents

Notice of Special Meeting of AMTG s Stockholders

Apollo Residential Mortgage, Inc.

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON AUGUST 24, 2016

To the Stockholders of Apollo Residential Mortgage, Inc.:

A special meeting of the stockholders (the AMTG special meeting) of Apollo Residential Mortgage, Inc., a Maryland corporation, which we refer to as AMTG, will be held at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York, 10022, on August 24, 2016, commencing at 9:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the merger of Arrow Merger Sub, Inc., a wholly owned subsidiary of Apollo Commercial Real Estate Finance, Inc., a Maryland corporation, which we refer to as ARI, with and into AMTG (the First Merger) pursuant to the Agreement and Plan of Merger, dated February 26, 2016, as it may be amended from time to time, which we refer to as the merger agreement, by and among ARI, AMTG and Arrow Merger Sub, Inc. (a copy of the merger agreement is attached as Annex A to the proxy statement/prospectus accompanying this notice), and the other transactions contemplated by the merger agreement;

2. to consider and vote on a proposal to adjourn the AMTG special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement; and

3. to consider and vote on a proposal to approve, on a non-binding, advisory basis, the merger-related compensation of AMTG s named executive officers (the Merger-Related Named Executive Officer Compensation Proposal) as disclosed under the heading *Merger-Related Named Executive Officer Compensation Proposal* beginning on page 126 of this proxy statement/prospectus.

We do not expect to transact any other business at the AMTG special meeting. The board of directors of AMTG, which we refer to as the AMTG Board, has fixed the close of business on July 12, 2016 as the record date for determination of AMTG common stockholders entitled to receive notice of, and to vote at, the AMTG special meeting and any postponement or adjournment of the AMTG special meeting. Only holders of record of AMTG common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the AMTG special meeting. Holders of record of AMTG Series A Preferred Stock at the close of business on the record date are entitled to notice of, but may not vote at, the AMTG special meeting. This notice to holders of record of AMTG Series A Preferred Stock also constitutes notice of the Second Merger (as defined below).

Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG

common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo Global Management, LLC approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. Approval of the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on such proposal. Approval of the Merger-Related Named Executive Officer Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal. The AMTG stockholders vote regarding the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote and therefore is not binding on AMTG or the AMTG Board or the AMTG Special Committee.

Promptly after the completion of the First Merger, AMTG will merge with and into ARI, with ARI as the surviving entity in the merger (the Second Merger and, together with the First Merger, the mergers).

The AMTG Board, acting upon the unanimous recommendation of the special committee of the AMTG Board, has unanimously, with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers, (i) determined that the merger agreement, the mergers and the other transactions contemplated thereby are advisable and in the best interests of AMTG and its stockholders, and (ii) approved the merger agreement, the mergers and the other transactions contemplated thereby. The AMTG Board, acting upon the unanimous recommendation of the special committee of the AMTG Board, unanimously, with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers, recommends that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the AMTG special meeting, please authorize a proxy to vote your shares as promptly as possible. If you hold your shares of AMTG common stock of record in your own name on the books of AMTG, then in order to authorize a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card. Authorizing a proxy to vote your shares will assure that your vote is counted at the AMTG special meeting if you do not attend in person. If you hold your shares of AMTG common stock in street name through your broker or other nominee, only your broker or other nominee is entitled to vote your shares of AMTG common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote. In this regard, you should consult the voting instruction card provided by your broker or other nominee. Alternatively, you may obtain a legal proxy from your broker or other nominee and vote your shares in person at the AMTG special meeting, a process that may take several days. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of AMTG common stock. You may revoke your proxy at any time before it is exercised at the AMTG special meeting. Please review the proxy statement/prospectus accompanying this notice for more complete information regarding the mergers and the AMTG special meeting.

By Order of the Board of Directors of AMTG

/s/ Gregory W. Hunt

Chief Financial Officer, Treasurer and Secretary

New York, New York

July 27, 2016

Table of Contents

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about ARI and AMTG from documents previously filed with the Securities and Exchange Commission (SEC) that are not included in or delivered with this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, see *Where You Can Find More Information; Incorporation by Reference* on page 233. This information is available for you to review at the SEC s Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may obtain these documents through the SEC website at http://www.sec.gov. Investors may also consult ARI s or AMTG s website for more information about ARI or AMTG, respectively. ARI s website is *www.apolloreit.com*. AMTG s website is *www.apolloresidentialmortgage.com*. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

You may also obtain these documents at no charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Apollo Commercial Real Estate Finance, Inc.

Attention: Secretary

c/o Apollo Global Management, LLC

9 W. 57th Street, 43rd Floor

New York, NY 10019

Telephone: (212) 515-3200

Apollo Residential Mortgage, Inc.

Attention: Secretary

c/o Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

Telephone: (212) 515-3200

You may also obtain these documents at no charge by requesting them in writing or by telephone from AMTG s proxy solicitor, Alliance Advisors, LLC at the address and telephone number below.

If you have questions or need assistance voting your shares please contact:

Alliance Advisors, LLC

200 Broadacres Drive, 3rd Floor

Bloomfield, NJ 07003

Toll-Free: 855-928-4478

Apollo@allianceadvisorsllc.com

To receive timely delivery of the requested documents in advance of the AMTG special meeting, you should make your request no later than August 16, 2016.

Table of Contents

ABOUT THIS DOCUMENT

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by ARI with the SEC, constitutes a prospectus of ARI for purposes of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the ARI securities to be issued to holders of AMTG common stock and AMTG Series A Preferred Stock in connection with the mergers. This proxy statement/prospectus also constitutes a proxy statement of AMTG for purposes of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and a notice of meeting with respect to the AMTG special meeting.

Information contained in this proxy statement/prospectus regarding ARI has been provided by ARI, and information contained in this proxy statement/prospectus regarding AMTG has been provided by AMTG.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated July 27, 2016. You should not assume that information contained in this proxy statement/prospectus is accurate as of any other date, nor should you assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither the mailing of this proxy statement/prospectus to AMTG stockholders nor the issuance by ARI of securities will create an implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGERS AND THE SPECIAL MEETING

The following are answers to some questions that you may have regarding AMTG, ARI, the merger agreement, the mergers and other transactions contemplated by the merger agreement and the AMTG special meeting. ARI and AMTG urge you to read carefully this entire proxy statement/prospectus, including the Annexes, and the other documents to which this proxy statement/prospectus refers or incorporates by reference because the information in this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this proxy statement/prospectus to ARI are to Apollo Commercial Real Estate Finance, Inc., a Maryland corporation; all references to AMTG are to Apollo Residential Mortgage, Inc., a Maryland corporation; and all references to Merger Sub are to Arrow Merger Sub, Inc., a Maryland corporation and a wholly owned subsidiary of ARI.

Q: What is the proposed transaction?

A: ARI and AMTG have entered into a merger agreement pursuant to which (i) Merger Sub will merge with and into AMTG, with AMTG as the surviving entity in such merger (the First Merger), and (ii) promptly thereafter, AMTG will merge with and into ARI, with ARI as the surviving entity in such merger (the Second Merger and, together with the First Merger, the mergers).

The consideration payable to the AMTG common stockholders will consist of a combination of cash and ARI common stock, par value $0.01 per share (ARI common stock). Each share of AMTG common stock, par value $0.01 per share (AMTG common stock) outstanding as of immediately prior to the effective time of the First Merger will be converted into the right to receive (i) 0.417571 shares of ARI common stock (the Per Share Stock Consideration) and (ii) an amount of cash (the Per Share Cash Consideration) equal to (A) $6.86 per share less (B) the per share amount of any dividend declared or paid by AMTG between July 22, 2016 (the Pricing Date) and the consummation of the mergers, plus (C) in the event the consummation of the mergers does not occur by September 5, 2016, an amount of cash equal to $0.001283 per share per day from and including September 5, 2016, to but excluding the last business day before the consummation of the mergers. The Per Share Stock Consideration and the Per Share Cash Consideration are collectively referred to as the Per Common Share Merger Consideration.

Each outstanding share of 8.00% Series A Cumulative Redeemable Perpetual Preferred Stock of AMTG, par value $0.01 per share (AMTG Series A Preferred Stock) will remain issued and outstanding as a result of the First Merger, and at the effective time of the Second Merger, will automatically be converted into the right to receive one newly issued share of 8.00% Series C Cumulative Redeemable Perpetual Preferred Stock of ARI, par value $0.01 per share (ARI Series C Preferred Stock).

Immediately prior to the consummation of the First Merger, each outstanding share of restricted stock or restricted stock unit that settles for shares of AMTG common stock (collectively, the AMTG Restricted Shares) which was not then vested shall vest and be converted into the right to receive, with respect to the share of the AMTG common stock underlying such AMTG Restricted Share, the Per Common Share Merger Consideration.

Because the Per Share Stock Consideration consists of a fixed number of shares of ARI common stock, AMTG common stockholders will be adversely affected by any decrease in the trading price of shares of ARI common stock between the Pricing Date and the completion of the mergers, which would not have been the case had ARI been obligated to issue a number of shares of ARI common stock equal to an agreed-upon aggregate market value. AMTG is not permitted to terminate the merger agreement solely because of changes in the market price of shares of ARI

common stock.

To review the description of the transaction in greater detail, see *The Mergers and Related Transactions The Mergers* beginning on page 128.

Table of Contents

Q: Why are ARI and AMTG proposing the mergers?

A: The residential mortgage REIT sector has faced significant headwinds in recent years for a variety of reasons, including volatility in the fixed income markets, significant uncertainty regarding the outlook for interest rates and, more recently, widening spreads on RMBS.

Since 2013, AMTG common stock has traded at a substantial discount to AMTG s net asset value per share (book value), which has both resulted in unsatisfactory returns to AMTG s long-term common stockholders and limited AMTG s ability to grow. This discount has widened since the first quarter of 2015.

In the last several years, AMTG explored a number of potential acquisitions and joint ventures to increase its size and scope which did not occur, in part, given that shares of AMTG common stock were trading at a discount to book value.

Over a similar period, ARI has had stronger financial performance and has grown significantly, reaching a total equity capitalization of $1.4 billion as of December 31, 2015.

As a result of these trends and the relative trading prices of AMTG common stock and ARI common stock, the board of directors of AMTG (the AMTG Board) believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of AMTG common stock on February 25, 2016 and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company.

As of the Pricing Date, the Per Common Share Merger Consideration represented an implied premium of approximately 36.3% to the closing price of AMTG common stock of $10.14 per share on February 25, 2016 (the last trading day prior to announcement of the transaction) and using the closing price of $16.68 per share of the ARI common stock on July 22, 2016.

The Combined Company is expected to have increased liquidity and scale and will focus on investing in the commercial mortgage sector, which has performed significantly better than the residential mortgage sector. To review the reasons of the special committee of independent directors (the ARI Special Committee) of the board of directors of ARI (the ARI Board) and the special committee of independent directors (the AMTG Special Committee) of the AMTG Board in greater detail, see *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 and *Special Factors ARI s Reasons for the Transaction*s beginning on page 42.

Q: Why am I receiving this proxy statement/prospectus?

A:

The AMTG Board is using this proxy statement/prospectus to solicit proxies of holders of AMTG common stock in connection with the merger agreement and the mergers and to provide notice to holders of AMTG Series A Preferred Stock of the mergers though such holders are not entitled to vote on the mergers. In addition, ARI is using this proxy statement/prospectus as the prospectus by which ARI will register the ARI common stock and ARI Series C Preferred Stock to be issued to AMTG stockholders in the mergers.

In order to complete the mergers, holders of AMTG common stock must vote to approve the First Merger and the other transactions contemplated by the merger agreement.

Table of Contents

AMTG will hold the AMTG special meeting to obtain this approval. This proxy statement/prospectus contains important information about the mergers and the AMTG special meeting, and you should read it carefully. The enclosed materials allow holders of AMTG common stock to have their shares voted at the AMTG special meeting.

We encourage you to authorize a proxy to vote your shares of AMTG common stock as promptly as possible.

Q: When and where will the AMTG special meeting be held?

A: The AMTG special meeting will be held at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, on August 24, 2016, commencing at 9:00 a.m., local time.

Q: Who is entitled to vote at the AMTG special meeting?

A: All holders of AMTG common stock of record (or their duly authorized proxy) as of the close of business on July 12, 2016 (the Record Date) the record date for determining stockholders entitled to notice of and to vote at the AMTG special meeting, are entitled to receive notice of and to vote at the AMTG special meeting. As of the record date, there were 31,895,226 shares of AMTG common stock outstanding and entitled to vote at the AMTG special meeting, held by approximately 174 holders of record. Each share of AMTG common stock is entitled to one vote on each proposal presented at the AMTG special meeting.

As of the record date, there were 6,900,000 shares of AMTG Series A Preferred Stock outstanding, held by 1 holder of record. Holders of record of AMTG Series A Preferred Stock at the close of business on the record date are entitled to notice of, but may not vote at, the AMTG special meeting as well as notice of the Second Merger though they will not be entitled to vote in connection with the Second Merger.

Q: What constitutes a quorum?

A: AMTG s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders.

Shares that are voted and shares abstaining from voting are treated as being present at the AMTG special meeting for purposes of determining whether a quorum is present.

Q: What vote is required to approve the proposals at the AMTG special meeting?

A: Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo

Global Management, LLC (Apollo) approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

Approval of the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

Approval of the Merger-Related Named Executive Officer Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal. The AMTG stockholders vote regarding the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote only and therefore is not binding on AMTG or the AMTG Board or the AMTG Special Committee.

Your vote is important. We encourage you to authorize a proxy as promptly as possible.

Table of Contents

Q: If my shares of AMTG common stock are held in street name by my broker or other nominee, will my broker or other nominee vote my shares of AMTG common stock for me?

A: Under Rule 452 of the New York Stock Exchange (the NYSE), brokers and other nominees are not permitted to vote on non-routine matters without instructions. The only proposals to be voted on at the AMTG special meeting are non-routine under Rule 452 of the NYSE and, accordingly, unless you instruct your broker or other nominee how to vote your shares of AMTG common stock, as applicable, your shares will NOT be voted. If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide your broker or other nominee with instructions on how to vote your shares. Please follow the voting instructions provided by your broker or other nominee on the enclosed voting instruction card. You should also be aware that you may not vote shares of AMTG common stock held in street name by returning a proxy card directly to AMTG or by voting in person at the AMTG special meetings unless you provide a legal proxy, which you must obtain from your broker or other nominee.

Q: What happens if I do not vote for a proposal?

A: Abstentions will have the same effect as votes cast AGAINST the proposal to approve the First Merger and the other transactions contemplated by the merger agreement but will have no effect on the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement or on the Merger-Related Named Executive Officer Compensation Proposal. Abstentions will be counted in determining the presence of a quorum.

There can be no broker non-votes at the AMTG special meeting, so failure to provide instructions to your broker or other nominee on how to vote will result in your shares not being counted as present at the AMTG special meeting and will have the same effect as votes cast AGAINST the proposal to approve the First Merger and the other transactions contemplated by the merger agreement but will have no effect on the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement or on the Merger-Related Named Executive Officer Compensation Proposal. A broker non-vote is a vote that is not cast on a non-routine matter because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner.

Q: If I am an AMTG common stockholder, should I send in my stock certificates with my proxy card?

A: **NO**. Please **DO NOT** send your AMTG stock certificates with your proxy card. If the First Merger and the other transactions contemplated by the merger agreement are approved, you will be sent written instructions for exchanging your stock certificates.

Q: What are the anticipated U.S. federal income tax consequences to me of the proposed mergers?

A: AMTG stockholders should read the discussion under the heading *The Mergers and Related Transactions Material U.S. Federal Income Tax Considerations* beginning on page 129 of this proxy statement/prospectus and consult their tax advisors as to the U.S. federal income tax consequences of the mergers and of the acquisition, holding and disposition of ARI common stock and ARI Series C Preferred Stock received in the mergers, as well as the effects of state, local and non-U.S. tax laws.

Q: Will I continue to receive distributions on my AMTG common stock?

A: From the Pricing Date until the closing of the mergers (or termination of the merger agreement), AMTG generally is prohibited by the merger agreement from paying dividends or other distributions to its common stockholders without the prior written consent of ARI. However, the merger agreement provides that AMTG

Table of Contents

may continue to pay dividends as necessary to maintain its qualification as a real estate investment trust (REIT) and avoid incurring certain taxes under the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). The Per Share Cash Consideration will be reduced to the extent a dividend or other distribution to AMTG stockholders is declared or paid at any time following the Pricing Date but with a record date prior to the closing of the mergers.

Q: Are AMTG stockholders entitled to appraisal rights?

A: No. AMTG s charter provides that AMTG s stockholders shall not be entitled to exercise any rights of an objecting stockholder provided for under the Maryland General Corporation Law (the MGCL) unless the AMTG Board, upon the affirmative vote of a majority of the AMTG Board, determines that such rights apply. The AMTG Board has not made (and is not permitted to make under the terms of the merger agreement) such determination.

Q: How do the AMTG Special Committee and the AMTG Board recommend that AMTG common stockholders vote?

A: AMTG delegated authority to the AMTG Special Committee to consider, analyze, review, evaluate, determine and recommend whether to pursue the mergers and related matters and if a determination to pursue the mergers and related matters was made, to negotiate the terms and conditions of such mergers and related matters.

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, has unanimously, with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers, (i) determined that the merger agreement, the mergers and the other transactions contemplated thereby are advisable and in the best interests of AMTG and its stockholders, and (ii) approved the merger agreement, the mergers and the other transactions contemplated by the merger agreement.

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, unanimously, with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers, recommends that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal. For a more complete description of the recommendation of the AMTG Special Committee and the AMTG Board, see *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39.

Q: Do any of AMTG s executive officers or directors have interests in the mergers that may differ from those of AMTG stockholders?

A: Yes. AMTG s executive officers and directors have interests in the mergers that are different from, or in addition to, their interests as AMTG stockholders. The members of the AMTG Special Committee and the AMTG Board

were aware of and considered these interests, among other matters, in evaluating the merger agreement and the mergers, and in recommending that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

AMTG is managed by ARM Manager, LLC (the AMTG Manager), an indirect subsidiary of Apollo. Certain of the members of the AMTG Board have relationships with Apollo as set forth below:

Michael A. Commaroto is the president and chief executive officer of the AMTG Manager, an affiliate of Apollo, and has been an officer of Vantium Management, L.P., a portfolio company of a fund managed by an affiliate of Apollo;

James E. Galowski is an employee of an entity affiliated with Apollo; and

Frederick N. Khedouri is an employee of an entity affiliated with Apollo.

Table of Contents

In addition, (i) Mark C. Biderman is a member of both the AMTG Board and the ARI Board and has recused himself from all deliberations relating to the mergers and (ii) Hope S. Taitz is a member of both the AMTG Board and the board of directors of Athene Holding Ltd. (together with its subsidiaries, Athene), an affiliate of Apollo and the parent company of Athene USA Corporation (Athene USA). Ms. Taitz is also a member of the conflicts committee of the board of directors of Athene Holding Ltd., but she was not a member of the special sub-committee of the conflicts committee that considered the transactions between ARI and Athene.

For a description of these interests, refer to the section entitled *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84.

Q: What happens to AMTG s management agreement with the AMTG Manager if the mergers are consummated?

A: AMTG s management agreement with AMTG Manager will continue in full force and effect until the consummation of the mergers, at which point the AMTG management agreement will be assigned to ARI. If the mergers are consummated, ACREFI Management, LLC (the ARI Manager) has agreed, pursuant to a letter agreement between ARI and the ARI Manager, that any management fees paid by ARI to the AMTG Manager pursuant to the AMTG management agreement will offset, and therefore reduce (but not below zero), ARI s obligation to pay corresponding management fees to the ARI Manager under ARI s management agreement.

In addition, AMTG has entered into a letter agreement with the AMTG Manager, pursuant to which the AMTG Manager has agreed to perform such services as may be necessary to enable AMTG to consummate the mergers and other transactions contemplated by the merger agreement in accordance with the terms thereof, including assisting AMTG and its subsidiaries in performing and complying with AMTG s obligations under the merger agreement.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed preaddressed postage-paid envelope or, if available, by authorizing a proxy by one of the other methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of AMTG common stock will be represented and voted at the AMTG special meeting.

Please refer to your proxy card or voting instruction card forwarded by your broker or other nominee to see which voting options are available to you.

The method by which you authorize a proxy will in no way limit your right to vote at the AMTG special meeting if you later decide to attend the meeting in person. However, if your shares of AMTG common stock are held in the name of a broker or other nominee, you must obtain a legal proxy, executed in your favor, from your broker or other nominee, to be able to vote in person at the AMTG special meeting.

Q: How will my proxy be voted?

A: All shares of AMTG common stock entitled to vote and represented by properly completed proxies received prior to the AMTG special meeting, and not revoked, will be voted at the AMTG special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of AMTG common stock should be voted on a matter, the shares of AMTG common stock represented by your proxy will be voted as the AMTG Board recommends and therefore FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger

Table of Contents

agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal. If you do not provide voting instructions to your broker or other nominee, your shares of AMTG common stock will NOT be voted at the meeting and will be considered broker non-votes.

Q: May I revoke my proxy or change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is exercised at the AMTG special meeting, as applicable. If you are a holder of record of AMTG common stock as of the close of business on the record date, you may do this in any of the three following ways:

by sending a written notice to the Secretary of AMTG at the address set forth below in time to be received before the AMTG special meeting stating that you are revoking your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the AMTG special meeting or by authorizing a later dated proxy by the Internet or telephone in which case your later-dated proxy will be recorded and your earlier proxy revoked; or

by attending the AMTG special meeting and voting in person. Simply attending the AMTG special meeting without voting will not revoke your proxy or change your vote.

If your shares of AMTG common stock are held in an account at a broker or other nominee and you desire to change your vote or vote in person, you should contact your broker or other nominee for instructions on how to do so.

Q: What happens if I sell my shares of AMTG common stock after the record date but before the AMTG special meeting?

A. The record date for the AMTG special meeting (the close of business on July 12, 2016) is earlier than the date of the AMTG special meeting and the date that the mergers are expected to be completed. If you sell or otherwise transfer your shares of AMTG common stock after the record date but before the date of the AMTG special meeting, you will retain your right to vote at the AMTG special meeting (unless otherwise agreed between you and the transferee). However, you will not have the right to receive the merger consideration to be received by AMTG s common stockholders in the First Merger. In order to receive the merger consideration, you must hold your shares of AMTG common stock through completion of the First Merger.

Q: What should I do if I receive more than one set of voting materials for the AMTG special meeting?

A: You may receive more than one set of voting materials for the AMTG special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of AMTG common stock in more than one brokerage account, you will receive a separate voting

instruction card for each brokerage account in which you hold shares of AMTG common stock. If you are a holder of record and your shares of AMTG common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or, if available, please authorize your proxy by telephone or over the Internet.

Q: Is completion of the mergers subject to any conditions?

A. Yes. In addition to the approval of the First Merger and the other transactions contemplated by the merger agreement by the requisite holders of AMTG common stock, completion of the mergers requires the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement. For a more complete summary of the conditions that must be satisfied (or, to the extent permitted by applicable law, waived) prior to completion of the mergers, see *The Agreements Description of the Merger Agreement Conditions to Completion of the First Merger* beginning on page 175 of this proxy statement/prospectus.

Table of Contents

Q: When are the proposed mergers expected to be completed?

A: AMTG and ARI are working towards completing the mergers promptly. AMTG and ARI currently expect to complete the mergers in the second half of 2016, subject to receipt of AMTG common stockholder approval and satisfaction of the other closing conditions. However, no assurance can be given as to when, or if, the mergers will occur.

Q: What happens if the mergers are not completed?

A: If the First Merger and the other transactions contemplated by the merger agreement are not approved by the AMTG common stockholders or if the mergers are not completed for any other reason, you will not receive any form of consideration in connection with the mergers. Instead, AMTG will remain an independent public company and its shares of common stock and AMTG Series A Preferred Stock will continue to be listed and traded on the NYSE. If the merger agreement is terminated under certain circumstances, AMTG may be required to pay ARI a termination payment of $12,000,000 (or in certain circumstances, $7,500,000) or to reimburse ARI in respect of certain expenses related to the mergers, as described under *The Agreements Description of the Merger Agreement Termination of the Merger Agreement* beginning on page 177.

Q: Does AMTG expect to hold its regularly scheduled 2016 annual meeting of stockholders?

A. If the mergers are consummated, AMTG will not hold its 2016 annual meeting of stockholders. If, however, the mergers are not consummated as contemplated by the merger agreement, AMTG will determine at a later date the time and place for its 2016 annual meeting of stockholders for, among other things, the election of directors.

Q: Who can answer my questions?

A: If you have any questions about the mergers or how to authorize a proxy to vote your shares or need additional copies of this proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

Apollo Residential Mortgage, Inc.

Attention: Secretary

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

www. apolloresidentialmortgage.com

Proxy Solicitor:

Alliance Advisors, LLC

200 Broadacres Drive, 3rd Floor

Bloomfield, NJ 07003

Toll-Free: 855-928-4478

Apollo@allianceadvisorsllc.com

Table of Contents

SUMMARY

The following summary highlights only selected information contained elsewhere in this proxy statement/prospectus and may not contain all the information that is important to you. Accordingly, you are encouraged to read this proxy statement/prospectus carefully and in its entirety, including its Annexes and the documents incorporated by reference into this proxy statement/prospectus. See the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 233.

References to AMTG or the Company are references to Apollo Residential Mortgage, Inc., a Maryland corporation. References to ARI are references to Apollo Commercial Real Estate Finance, Inc., a Maryland corporation. References to we or our and other first person references in this proxy statement/prospectus refer to both AMTG and ARI, before completion of the mergers. We sometimes refer to ARI following the closing of the mergers as the Combined Company.

Parties to the Transaction

Apollo Commercial Real Estate Finance, Inc. (See page 90)

ARI is a Maryland corporation that was incorporated in 2009 and that has elected to be taxed as a REIT for U.S. federal income tax purposes. ARI generally is not subject to U.S. federal income taxes on its net taxable income to the extent that it annually distributes its net taxable income to stockholders and maintains its qualification as a REIT. ARI also operates its business in a manner intended to allow it to remain excluded from registration as an investment company under the Investment Company Act of 1940, as amended (the 1940 Act). ARI primarily originates, acquires, invests in and manages performing first mortgage loans, subordinate financings, commercial mortgage-backed securities (CMBS) and other commercial real estate-related debt investments. These asset classes are referred to as ARI s target assets.

ARI is externally managed and advised by ACREFI Management, LLC (the ARI Manager), an indirect subsidiary of Apollo, which together with its subsidiaries, is a leading global alternative investment manager with a contrarian and value oriented investment approach in private equity, credit and real estate. The ARI Manager is led by an experienced team of senior real estate professionals who have significant experience in underwriting and structuring commercial real estate financing transactions. ARI benefits from Apollo s global infrastructure and operating platform, through which ARI is able to source, evaluate and manage potential investments in ARI s target assets. ARI does not have any employees; all of its officers are employees of the ARI Manager or one of its affiliates.

ARI s principal business objective is to make investments in its target assets in order to provide attractive risk adjusted returns to its stockholders over the long term, primarily through dividends and secondarily through capital appreciation.

Arrow Merger Sub, Inc. (See page 91)

Arrow Merger Sub, Inc., or Merger Sub , a direct wholly owned subsidiary of ARI, is a Maryland corporation formed on February 22, 2016 for the purpose of entering into the merger agreement. Pursuant to the First Merger (described below), Merger Sub will be merged with and into AMTG, with AMTG surviving as a subsidiary of ARI. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

Apollo Residential Mortgage, Inc. (See page 91)

AMTG was incorporated in Maryland on March 15, 2011 and commenced operations on July 27, 2011. AMTG is structured as a holding company and conducts its business primarily through ARM Operating, LLC and its other

Table of Contents

operating subsidiaries. AMTG has elected to be taxed as a REIT for U.S. federal income tax purposes. AMTG generally is not subject to U.S. federal income taxes on its net taxable income to the extent that it annually distributes its net taxable income to stockholders and maintains its qualification as a REIT. AMTG also operates its business in a manner that it believes will allow it to remain excluded from registration as an investment company under the 1940 Act. AMTG is externally managed and advised by ARM Manager, LLC (the AMTG Manager and, together with the ARI Manager, the Managers), an indirect subsidiary of Apollo. AMTG does not have any employees; all of its officers are employees of the AMTG Manager.

At March 31, 2016, AMTG s portfolio was comprised of approximately $3.1 billion of Agency RMBS (comprised of pass-through and interest-only (IO) securities), non-Agency RMBS, securitized mortgage loans, and other mortgage and mortgage related investment securities and other mortgage related investments. Agency when used herein refers to a federally chartered corporation, such as Fannie Mae or Freddie Mac, or an agency of the United States (or, U.S.) Government, such as Ginnie Mae or the U.S. Small Business Administration.

The Mergers

ARI and AMTG have entered into a merger agreement pursuant to which (i) Merger Sub will merge with and into AMTG, with AMTG as the surviving entity in such merger, and (ii) promptly thereafter, AMTG will merge with and into ARI, with ARI as the surviving entity in such merger.

The consideration payable to the holders of AMTG common stock consists of a combination of cash and ARI common stock. Each share of AMTG common stock outstanding as of immediately prior to the effective time of the First Merger will be converted into the right to receive (i) the Per Share Stock Consideration and (ii) an amount of cash equal to (A) $6.86 per share less (B) the per share amount of any dividend declared or paid by AMTG in respect of the AMTG common stock between the Pricing Date and the consummation of the transaction, plus (C) in the event the consummation of the mergers does not occur by the date that is 45 days after the Pricing Date, an amount of cash equal to $0.001283 per share per day from and including September 5, 2016, to but excluding the last business day before the consummation of the mergers.

Each outstanding share of AMTG Series A Preferred Stock will remain issued and outstanding as a result of the First Merger, and at the effective time of the Second Merger, will automatically be converted into the right to receive one newly issued share of ARI Series C Preferred Stock, having preferences, rights and privileges substantially similar to the preferences, rights and privileges of the AMTG Series A Preferred Stock.

Immediately prior to the consummation of the First Merger, each outstanding AMTG Restricted Share which was not then vested shall vest and be converted into the right to receive, with respect to the share of the AMTG common stock underlying such AMTG Restricted Share, the Per Common Share Merger Consideration.

As of the Pricing Date, the Per Common Share Merger Consideration represented an implied premium of approximately 36.3% to the closing price of AMTG common stock of $10.14 per share on February 25, 2016 (the last trading day prior to announcement of the transaction) and using the closing price of $16.68 per share of ARI common stock on July 22, 2016.

Board Reasons & Recommendation

The residential mortgage REIT sector has faced significant headwinds in recent years for a variety of reasons, including volatility in the fixed income markets, significant uncertainty regarding the outlook for interest rates and, more recently, widening spreads on RMBS.

Since 2013, AMTG common stock has traded at a substantial discount to AMTG s net asset value per share (book value), which has both resulted in unsatisfactory returns to AMTG s long-term common stockholders and limited AMTG s ability to grow. This discount has widened since the first quarter of 2015.

Table of Contents

In the last several years, AMTG explored a number of potential acquisitions and joint ventures to increase its size and scope which did not occur, in part, given that shares of AMTG common stock were trading at a discount to book value.

Over a similar period, ARI has had stronger financial performance and has grown significantly, reaching a total equity capitalization of $1.4 billion as of December 31, 2015.

As a result of these trends and the relative trading prices of AMTG common stock and ARI common stock, the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of AMTG common stock on February 25, 2016 and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company.

AMTG Board Reasons & Recommendation

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, has unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, (i) determined that the merger agreement, the mergers and the other transactions contemplated by the merger agreement are advisable and in the best interests of AMTG and its stockholders, and (ii) approved the merger agreement, the mergers and the other transactions contemplated thereby.

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, recommends that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement and FOR the Merger-Related Named Executive Officer Compensation Proposal.

The AMTG Special Committee and the AMTG Board consulted with their respective advisors and considered many factors in making their respective determinations that it is in the best interests of AMTG and its stockholders for AMTG to enter into the mergers and the other transactions contemplated by the merger agreement at this time, including the fact that, based on the relative trading prices of AMTG common stock and ARI common stock, the AMTG Special Committee and the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received by the AMTG common stockholders for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the Proposed Transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value for AMTG common stock in the Proposed Transaction of 89.75% of the book value per share as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to

the trading price of AMTG common stock on February 25, 2016 in light of historical levels of changes to AMTG s book value, offset in part by the possibility there would be no or a negative premium if AMTG s book value decreased at a

Table of Contents

greater rate than historically and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company. Although some of these factors were present for a period of time prior to the decision to enter into the Proposed Transaction, the AMTG Special Committee and the AMTG Board believed that the relative book values of ARI and AMTG as compared to their trading prices on February 25, 2016, when considered in light of the foregoing factors, provided a situation that in the view of the AMTG Special Committee and the AMTG Board was in the best interests of the common stockholders of AMTG at that time. For a discussion of these factors, see *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 of this proxy statement/prospectus.

ARI Board Reasons

The ARI Board, acting upon the unanimous recommendation of the ARI Special Committee, unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, determined that the merger agreement, the mergers and the other transactions contemplated by the merger agreement, including the issuance of shares of ARI stock to AMTG stockholders in the mergers, are advisable and in the best interests of ARI and its stockholders.

In evaluating the mergers and the other transactions contemplated by the merger agreement, the ARI Special Committee and the ARI Board consulted with their respective advisors and considered many factors in making its determination that it is in the best interests of ARI and its stockholders to enter into the mergers and the other transactions contemplated by the merger agreement at this time. For a discussion of these factors, see *Special Factors ARI s Reasons for the Transaction*s beginning on page 42 of this proxy statement/prospectus.

Opinion of the Financial Advisor to the AMTG Special Committee

Morgan Stanley & Co. LLC, which is referred to as Morgan Stanley, was retained by the AMTG Special Committee to act as its financial advisor in connection with the mergers. On February 25, 2016, Morgan Stanley rendered its oral opinion, which was subsequently confirmed in writing, to the AMTG Special Committee to the effect that, as of that date and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in the written opinion, the merger consideration to be received by the holders of shares of AMTG common stock (excluding shares of AMTG common stock (i) held by ARI or Merger Sub or (ii) held by any subsidiary of ARI, Merger Sub or AMTG) pursuant to the merger agreement was fair from a financial point of view to the holders of shares of AMTG common stock.

The full text of the written opinion of Morgan Stanley, dated February 25, 2016, is attached as Annex G and is incorporated by reference into this proxy statement/prospectus in its entirety. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. The summary of the opinion of Morgan Stanley in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. You are encouraged to, and should, read Morgan Stanley s opinion and the section below captioned *Special Factors Opinion of the Financial Advisor to the AMTG Special Committee* summarizing Morgan Stanley s opinion carefully and in their entirety. Morgan Stanley s opinion was directed to the AMTG Special Committee, in its capacity as such, and addresses only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of AMTG common stock (excluding shares of AMTG common stock (i) held by ARI or Merger Sub or (ii) held by any subsidiary of ARI, Merger Sub or AMTG) pursuant to the merger agreement, as of the date of the opinion, and does not address any other aspects or implications of the mergers. It was not intended to, and does not, constitute advice or a recommendation to any

stockholder of AMTG as to how to vote at any stockholders meeting to be held in connection with the mergers or whether to take any other action with respect to the mergers.

Table of Contents

Opinion of the Financial Advisor to the ARI Special Committee

On February 25, 2016, Houlihan Lokey Capital, Inc., which we refer to as Houlihan Lokey, orally rendered its opinion to the ARI Special Committee (which was confirmed by delivery of Houlihan Lokey s written opinion, dated February 25, 2016, to the ARI Special Committee) as to the fairness, from a financial point of view and as of such date, to ARI of the Per Common Share Merger Consideration to be paid by ARI in the First Merger, which opinion was based on and subject to the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection with its opinion. For purposes of Houlihan Lokey s opinion, the term Per Common Share Merger Consideration refers to a pro rata portion of consideration consisting of cash and ARI common stock equal to 89.25% of the common equity book value of AMTG determined in accordance with the methodologies and a pricing date contemplated by the merger agreement.

Houlihan Lokey s opinion was directed to the ARI Special Committee (in its capacity as such), only addressed the fairness, from a financial point of view and as of February 25, 2016, to ARI of the Per Common Share Merger Consideration to be paid by ARI in the First Merger and did not address any other portion, aspect or implication of the First Merger, the related transactions or otherwise or any other agreement, arrangement or understanding. The summary of Houlihan Lokey s opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex H to this proxy statement/prospectus and describes the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection with its opinion. However, neither Houlihan Lokey s opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to the ARI Special Committee, the ARI Board, any security holder or any other party as to how to act or vote with respect to any matter relating to the First Merger, any related transactions or otherwise. See *Special Factors Opinion of the Financial Advisor to the ARI Special Committee.*

Key Terms of the Merger Agreement

Conditions to Closing of the Mergers (See page 175)

The mergers cannot be consummated unless and until a number of customary conditions have been satisfied or waived, where legally permissible. These conditions include, among others:

- approval of the First Merger and the other transactions contemplated by the merger agreement by the holders of a majority of the outstanding shares of AMTG common stock, including a majority of those shares that are beneficially owned by persons who are not affiliates of Apollo;
- the Form S-4 registration statement, of which this proxy statement/prospectus is a part, having been declared effective and no stop order suspending the effectiveness of such Form S-4 having been issued and no proceeding to that effect having been commenced or threatened by the SEC;
- the absence of any law, order or injunction issued by any governmental entity of competent jurisdiction or other legal restraint preventing, prohibiting or making illegal the consummation of the mergers or the other transactions contemplated by the merger agreement;

the accuracy of each party s representations and warranties in the merger agreement (subject to materiality standards);

performance by each party in all material respects of all obligations required to be performed or complied with by it under the merger agreement;

no material adverse effect with respect to either party shall have occurred;

Table of Contents

the receipt by each party of a tax opinion from such other party s counsel regarding such other party s qualification as a REIT;

ARI s receipt of good standing certificates in respect of AMTG and each of its subsidiaries; and

the shares of ARI common stock and ARI Series C Preferred Stock to be issued to AMTG stockholders in the mergers having been approved for listing on the NYSE, subject to official notice of issuance at or prior to the closing of the mergers, and the articles supplementary (the Articles Supplementary) classifying the ARI Series C Preferred Stock to be issued in the mergers will have been filed with and accepted for record by the State Department of Assessments and Taxation of Maryland.

Neither AMTG nor ARI can give any assurance as to when or if all the conditions to the consummation of the mergers will be satisfied or waived or that the mergers will occur.

For more information regarding the conditions to the consummation of the mergers and a complete list of such conditions, see *The Agreements Description of the Merger Agreement Conditions to Completion of the First Merger* beginning on page 175.

Go-Shop Period; No Shop Period; Change in Recommendation (See page 166)

From the date of the merger agreement until 11:59 p.m. (Eastern Time) on April 1, 2016, which period we refer to as the go-shop period, AMTG and its subsidiaries and their respective representatives had the right to:

initiate, solicit, facilitate and encourage (publicly or otherwise) any inquiry or the making of any proposals or offers relating to certain acquisition proposals, including by providing access to non-public information relating to AMTG and its subsidiaries to any person or entity and their representatives pursuant to an acceptable confidentiality agreement with such person or entity, as long as AMTG promptly made available the same non-public information to ARI if such information was not previously made available to ARI; and

engage or enter into, continue or otherwise participate in discussions or negotiations with any person or entity and their representatives with respect to certain acquisition proposals or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any such acquisition proposals.

Upon the conclusion of the go-shop period, AMTG and its subsidiaries and their respective representatives were required to (i) immediately cease any solicitation activity with respect to any acquisition proposals or any discussions or negotiations with any person or entity (other than an excluded party (as defined in *The Agreements Description of the Merger Agreement Covenants and Agreements* beginning on page 163)) with respect to any acquisition proposals and (ii) request that each person or entity (other than an excluded party) promptly return to AMTG or its representatives any non-public information previously furnished to such person or entity by AMTG or its representatives and terminate access of any person or entity (other than an excluded party) to any electronic data room maintained by AMTG with respect to the mergers and the other transactions contemplated by the merger agreement.

As promptly as reasonably practicable, and in any event within three business days following the end of the go-shop period, AMTG was required to provide ARI with a written list identifying each excluded party, if any. Following the

end of the go-shop period, the AMTG Special Committee confirmed to the ARI Special Committee that there were no excluded parties.

From and after 12:01 a.m. on April 2, 2016, AMTG is prohibited from furnishing non-public information to, engaging in discussions or negotiations with, or otherwise initiating or soliciting an Acquisition Proposal (as defined in *The Agreements Description of the Merger Agreement Covenants and Agreements* beginning on page 163) from, any person, in each case subject to certain limited exceptions necessary to comply with the

Table of Contents

duties of the AMTG Board. Prior to receiving AMTG common stockholder approval of the First Merger and the other transactions contemplated by the merger agreement, in the event that AMTG receives an unsolicited Acquisition Proposal not resulting from a violation of the merger agreement, AMTG may:

- contact the person making such Acquisition Proposal solely to clarify the terms and conditions of the proposal;
- provide non-public information and data concerning AMTG and its subsidiaries to the person making such proposal and such person s representatives and potential financing sources (subject to such person s execution of a confidentiality agreement prior to being provided with any such information); provided that AMTG makes all such non-public information and data available to ARI within twenty-four hours of providing it to such person; and
- engage or participate in discussions or negotiations with such person, if the AMTG Board (or any committee thereof) has determined in good faith, after consulting with outside legal counsel and a nationally recognized third party financial advisor, that such proposal constitutes a Superior Proposal to the contemplated transaction or that such proposal would reasonably be likely to result in a Superior Proposal.

The merger agreement provides that the AMTG Board will not withdraw, withhold, qualify, amend or modify, in any manner adverse to ARI, the AMTG Board s recommendation that AMTG common stockholders approve the First Merger and the transactions contemplated by the merger agreement, or authorize, adopt, approve, recommend or otherwise declare advisable, or propose publicly to approve or recommend or enter into any alternative Acquisition Proposal.

Notwithstanding the above, subject to certain procedural requirements and limitations as provided for in the merger agreement and described under *The Agreements Description of the Merger Agreement Covenants and Agreements* beginning on page 163 of this proxy statement/prospectus, if AMTG receives a written unsolicited bona fide Acquisition Proposal or in response to an intervening event, the AMTG Board may effect a change of recommendation under certain circumstances.

For more information regarding the limitations on AMTG and the AMTG Board to consider other competing proposals and its ability to withdraw the AMTG Board recommendation, see *The Agreements Description of the Merger Agreement Covenants and Agreements* beginning on page 163.

Termination of the Merger Agreement (See page 177)

The merger agreement may be terminated at any time before the effective time of the First Merger by the mutual consent of ARI and AMTG in a written instrument, even after approval by AMTG common stockholders.

In addition, the merger agreement may also be terminated prior to the effective time of the First Merger by either AMTG or ARI under the following circumstances, each subject to certain exceptions:

the First Merger has not been consummated on or before September 9, 2016 (which may be extended to October 26, 2016 upon written notice by either AMTG or ARI, in the event that all of the conditions for the closing of the mergers have been satisfied or waived but a governmental entity of competent jurisdiction has issued a law, order or injunction which prevents or prohibits the consummation of the mergers or the other transactions contemplated by the merger agreement);

the requisite stockholders of AMTG fail to approve the First Merger and the other transactions contemplated by the merger agreement at a duly convened special meeting;

a governmental entity of competent jurisdiction has issued a final, non-appealable law, order or injunction permanently restraining, enjoining or otherwise prohibiting the mergers (whether before or after the stockholders of AMTG approve the First Merger and the other transactions contemplated by the merger agreement); or

Table of Contents

there has been a breach by the other party of any of the covenants or agreements or any inaccuracy in any of the representations or warranties set forth in the merger agreement on the part of such other party, which breach cannot be or is not cured prior to the earlier of 30 days after written notice of the breach is given by the terminating party and the Outside Date.

The merger agreement may also be terminated by ARI prior to the approval of the First Merger by AMTG common stockholders, (i) if the AMTG Board has withdrawn or modified its recommendation to the AMTG common stockholders with respect to the First Merger, (ii) if the AMTG Board fails to reaffirm its recommendation to the AMTG common stockholders within 10 business days after (x) a competing proposal has been made public and (y) ARI has requested that the AMTG Board reaffirm its recommendation, or (iii) if AMTG has materially breached its obligations under non-solicitation provisions of the merger agreement.

The merger agreement may also be terminated by AMTG (i) at any time prior to the approval of the First Merger by AMTG common stockholders, in order to enter into an alternative acquisition agreement with respect to a competing proposal that the AMTG Board determines is more favorable to AMTG stockholders than the mergers; provided, that AMTG must substantially concurrently pay ARI the termination fee (described below) or (ii) if (x) all of the conditions to ARI s obligation to consummate the First Merger have been satisfied or waived, (y) AMTG has confirmed in writing to ARI that it is ready, willing and able to consummate the First Merger and (z) ARI fails to consummate the First Merger within four business days of the date the consummation of the First Merger otherwise should have occurred under the merger agreement.

For more information regarding the termination rights of ARI and AMTG to terminate the merger agreement, see *The Agreements Description of the Merger Agreement Termination of the Merger Agreement* beginning on page 177.

Termination Fees and Expenses (See page 178)

Generally, all fees and expenses incurred in connection with the mergers and the transactions contemplated by the merger agreement will be paid by the party incurring those fees and expenses; however, ARI and AMTG will share equally all expenses relating to the printing, filing and mailing of this proxy statement/prospectus and the registration statement on Form S-4 of which this forms a part and certain transfer taxes and other similar expenses.

In addition, if the merger agreement is terminated by AMTG in order to enter into an agreement with respect to a Superior Proposal (as defined in *The Agreements Description of the Merger Agreement Termination Fee and Expenses Payable by AMTG to ARI* beginning on page 178) or by ARI because AMTG makes an adverse change in recommendation, AMTG may be obligated to pay ARI a termination fee of up to $12.0 million. In certain circumstances, if the AMTG common stockholders approve the First Merger at the AMTG special meeting, AMTG will reimburse ARI s out-of-pocket fees and expenses up to a maximum of $6.0 million. For more information regarding payment of the termination fee and expenses payable by AMTG to ARI see *The Agreements Description of the Merger Agreement Termination Fee and Expenses Payable by AMTG to ARI* beginning on page 178.

Listing of Newly Issued ARI Common Stock

ARI is required to list the shares of ARI common stock that will be issued to holders of AMTG common stock in the First Merger on the NYSE, subject to official notice of issuance. For additional information on the listing of the shares of ARI common stock, see *The Mergers and Related Transactions Listing of Newly Issued ARI Common Stock* beginning on page 128.

16

Table of Contents

Listing of Newly Issued ARI Series C Preferred Stock

ARI is required to list the shares of ARI Series C Preferred Stock that will be issued to holders of AMTG Series A Preferred Stock in connection with the Second Merger on the NYSE, subject to official notice of issuance. For additional information on the listing of the shares of ARI Series C Preferred Stock, see *The Mergers and Related Transactions Listing of Newly Issued ARI Series C Preferred Stock* beginning on page 129.

Delisting and Deregistration of AMTG Stock

After the mergers are completed, AMTG common stock and AMTG Series A Preferred Stock will be delisted from the NYSE and deregistered under the Exchange Act, and AMTG will no longer file periodic reports with the SEC. For additional information on the delisting and deregistering of the AMTG common stock and AMTG Series A Preferred Stock, see *The Mergers and Related Transactions Delisting and Deregistration of AMTG Capital Stock* beginning on page 129.

Restriction on Sales of ARI Common Stock and ARI Series C Preferred Stock

The shares of ARI common stock and ARI Series C Preferred Stock issued in the mergers will not be subject to any restrictions on transfers arising under the Securities Act, except for those shares issued to any holder of AMTG common stock or AMTG Series A Preferred Stock who may be deemed an affiliate of ARI after the completion of the mergers. The shares of ARI common stock and ARI Series C Preferred Stock issued in the mergers will be subject to restrictions on ownership and transfers set forth in ARI s charter, including the Articles Supplementary. For additional information on the restrictions on the ARI common stock and ARI preferred stock, see *The Mergers and Related Transactions Restriction on Sales of ARI Common Stock and Preferred Stock* beginning on page 129.

Material U.S. Federal Income Tax Consequences

The receipt of the merger consideration in exchange for AMTG common stock or AMTG Series A Preferred Stock, as applicable, pursuant to the mergers will be a taxable transaction for U.S. federal income tax purposes. Generally, an AMTG common stockholder will recognize gain or loss for U.S. federal income tax purposes measured by the difference, if any, between (1) the amount of cash received and the fair market value of the ARI common stock received on the effective date of the First Merger and (2) such stockholder s adjusted tax basis in its AMTG common stock exchanged for such merger consideration. Generally, a holder of AMTG Series A Preferred Stock will recognize gain or loss for U.S. federal income tax purposes measured by the difference, if any, between (1) the fair market value of the ARI Series C Preferred Stock received on the effective date of the Second Merger and (2) such holder s adjusted tax basis in its AMTG Series A Preferred Stock exchanged for such merger consideration.

AMTG stockholders should read *The Mergers and Related Transactions Material U.S. Federal Income Tax Considerations* beginning on page 129 for a more complete discussion of the U.S. federal income tax consequences of the mergers and of the acquisition, holding and disposition of ARI common stock and ARI Series C Preferred Stock received in the mergers. Tax matters can be complicated and the tax consequences of the mergers to an AMTG stockholder will depend on such holder s particular circumstances. AMTG stockholders should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws, and applicable reporting requirements) of the mergers.

Management and Board of the Combined Company

The ARI Board immediately prior to the effective time of the Second Merger will serve as the board of directors of the Combined Company following the mergers, with Jeffrey M. Gault continuing to serve as the Chairman.

Table of Contents

The executive officers of ARI immediately prior to the effective time of the Second Merger will serve as the executive officers of the Combined Company, with Stuart A. Rothstein continuing to serve as President and Chief Executive Officer.

Interests of AMTG s Directors and Officers in the Transaction

Certain of AMTG s executive officers and directors may have interests in the transaction that are different from, or in addition to, those of AMTG s and ARI s stockholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The AMTG Board was aware of these interests during its deliberations on the merits of the transaction and in deciding to approve the merger agreement and the transactions contemplated thereby. For additional information on the interests of AMTG s directors and officers in the transaction, see *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84.

Conversion of Outstanding Shares Pursuant to the First Merger

Shares of AMTG common stock owned by executive officers and directors of AMTG will be converted into the right to receive the Per Common Share Merger Consideration on the same terms and conditions as the other stockholders of AMTG. As of the Record Date, the executive officers and directors of AMTG beneficially owned, in the aggregate, 274,284 shares of AMTG common stock, excluding outstanding AMTG Restricted Shares. If all of the shares of AMTG common stock beneficially owned by the executive officers and directors of AMTG as of the Record Date (other than AMTG Restricted Shares) were converted into the right to receive the Per Common Share Merger Consideration in the First Merger, then the executive officers and directors would receive, based on the closing price of ARI common stock on July 22, 2016, total consideration with an aggregate value of $3,792,132.

Treatment of AMTG Restricted Shares

Under the merger agreement, immediately prior to the First Merger, each outstanding AMTG Restricted Share which was not then vested will vest and, upon consummation of the First Merger, will be converted into the right to receive the Per Common Share Merger Consideration, less applicable tax withholdings.

As a result of the transactions contemplated under the merger agreement, AMTG s directors and executive officers who hold AMTG Restricted Shares would receive the following consideration in connection with the accelerated vesting prior to the First Merger:

Name	AMTG Restricted Shares (#)	Cash Consideration ($)	ARI Shares (#)	Aggregate Consideration ($)[1]
Mark C. Biderman	8,673	$59,507	3,621	$119,905
Thomas D. Christopoul	8,673	$59,507	3,621	$119,905
Frederick N. Khedouri	4,151	$28,482	1,733	$57,388
Frederick J. Kleisner	8,673	$59,507	3,621	$119,905
Hope S. Taitz	8,673	$59,507	3,621	$119,905
Michael A. Commaroto[2]	94,900	$651,024	39,627	$1,312,002

(1)

Aggregate consideration determined by adding the cash consideration to the value of the shares of ARI common stock using the closing price of ARI common stock on July 22, 2016.

(2) This amount includes 72,380 AMTG Restricted Shares which were granted to Mr. Commaroto following the execution of the merger agreement (on March 17, 2016). Consistent with the treatment of AMTG Restricted Shares described above, these AMTG Restricted Shares will vest and be converted into the Per Common Share Merger Consideration upon the consummation of the First Merger.

Table of Contents

Other Compensation Arrangements

It is anticipated that Mr. Commaroto will enter into arrangements with the AMTG Manager that will provide for a retention bonus in the amount of $400,000, plus an additional bonus in the amount of $66,667 for each full month Mr. Commaroto s employment continues after July 1, 2016 (subject to proration for any partial month) and severance in the amount of $500,000 in connection with his continuing to provide services for a specified period following the closing of the mergers and his anticipated termination of employment thereafter. The payments will be made by the AMTG Manager or one or more of its affiliates and, other than with respect to liabilities relating to AMTG Restricted Shares, AMTG will have no liability with respect to these arrangements. In addition, at the time of the execution of the merger agreement, Mr. Commaroto was granted ARI restricted stock units with respect to 30,900 shares of ARI common stock that vest based upon the achievement of certain conditions.

Section 16 Matters

Pursuant to the merger agreement, AMTG is permitted to take all steps as may be required to cause to be exempt under Rule 16b-3 under the Exchange Act any dispositions of shares of AMTG common stock (including derivative securities with respect to such shares) that are treated as dispositions under Rule 16b-3 and result from the transactions contemplated under the merger agreement by each officer or director of AMTG who is or will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to AMTG.

Indemnification and Insurance

For a period of 10 years after the effective time of the mergers, pursuant to the terms of the merger agreement and subject to certain limitations, the surviving entity will indemnify, defend and hold harmless among others, each individual covered by the AMTG governing documents or any indemnification or similar agreements, for actions at or prior to the effective time of the mergers, including with respect to the transactions contemplated by the merger agreement. In addition, pursuant to the terms of the merger agreement and subject to certain limitations, prior to the effective time of the mergers, AMTG may obtain and pay for a directors and officers liability insurance tail or runoff insurance program for a period of ten years after the closing date with respect to wrongful acts and/or omissions committed or allegedly committed at or prior to the time of the First Merger (such coverage shall have an aggregate coverage limit over the term of such policy in an amount not to exceed the annual aggregate coverage limit under AMTG s existing directors and officers liability policy, and in all other respects shall be comparable to such existing coverage); provided, however, that the annual cost of such program may not exceed 250% of the annual premiums paid as of the date of the merger agreement by AMTG for directors and officers liability insurance (such 250% amount, the Base Premium); provided, further, if such insurance coverage cannot be obtained at all, or can only be obtained at an annual cost in excess of the Base Premium, AMTG may purchase the most advantageous policies of tail or run-off directors and officers insurance obtainable for an annual cost equal to the Base Premium. If AMTG obtains such insurance policy prior to the effective time of the First Merger, ARI shall cause such policy to be maintained in full force and effect, for its full term, and shall honor its obligations thereunder. Some of the directors and executive officers of AMTG are entitled to certain contractual payments, benefits and incentive awards in connection with the mergers, as described below.

For a description of these interests in greater detail, refer to the section entitled *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84.

Interests of ARI s Directors and Officers in the Transaction

Certain of ARI s executive officers and directors may have interests in the transaction that are different from, or in addition to, those of AMTG s and ARI s stockholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The ARI Board was aware of these interests

Table of Contents

during its deliberations on the merits of the transaction and in deciding to approve the merger agreement and the other transactions contemplated thereby. For additional information on the interests of ARI s directors and officers in the transaction, see *Special Factors Interests of ARI s Directors and Officers in the Transaction* beginning on page 89.

Accounting Treatment of the Transaction

ARI prepares its financial statements in accordance with U.S. generally accepted accounting principles, which we refer to as GAAP. The mergers will be accounted for by applying the acquisition method. See *The Mergers and Related Transactions Accounting Treatment of the Transaction* beginning on page 128.

Voting by AMTG s Directors and Officers

AMTG is making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act.

Under SEC rules, AMTG is required, to the extent known to AMTG after making reasonable inquiry, to state how any executive officer, director or affiliate of AMTG currently intends to vote its subject securities, within the meaning of Rule 13e-3, including any securities the person has proxy authority for and to state the reasons for such intended actions. Currently, there are no formal arrangements between AMTG and any of its executive officers, directors or affiliates relating to the manner in which such individuals in their capacity as AMTG common stockholders will vote for the First Merger and the other transactions contemplated by the merger agreement. After reasonable inquiry, AMTG has concluded that each executive officer, director or affiliate currently intends to vote its shares of AMTG common stock for (i) the approval of the First Merger and the transactions contemplated by the merger agreement, (ii) the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and (iii) the Merger-Related Named Executive Officer Compensation Proposal, based on the factors considered by, and the analysis, discussion and resulting conclusions of, the AMTG Special Committee and the AMTG Board described in the section entitled *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 of this proxy statement/prospectus. In particular, the executive officers, directors or affiliates have based their consideration on the following factors, among others:

- the fact that the merger agreement and the transactions contemplated thereby, including the mergers, were negotiated, determined to be advisable and in the best interests of AMTG and its stockholders, and approved by the AMTG Special Committee and the AMTG Board;

- the fact that, based on the relative trading prices of AMTG common stock and ARI common stock, the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of

AMTG common stock on February 25, 2016 and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company;

the fact that the Per Common Share Merger Consideration and the other terms and conditions of the merger agreement were negotiated on an arm s-length basis under Maryland Law between the ARI Special Committee and the AMTG Special Committee;

Table of Contents

the fact that the merger agreement permitted AMTG, subject to specific limitations and requirements set forth therein, to actively solicit alternative acquisition proposals from third parties, and to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal through April 1, 2016, and thereafter AMTG may consider and respond to an unsolicited third-party acquisition proposal, and continue to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement;

the fact that the merger agreement permits the AMTG Board, subject to specific limitations and requirements set forth therein, to withdraw or change its recommendation that AMTG s common stockholders vote in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement and to terminate the merger agreement and accept a superior proposal, in each case prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, subject to AMTG paying ARI a termination fee of $7.5 million or, in certain circumstances, $12.0 million; and

the fact that the First Merger is conditioned upon, among other matters, the AMTG stockholders approval of the First Merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock entitled to vote on the First Merger, including the affirmative vote of the holders of at least a majority of the then outstanding shares of AMTG common stock that are beneficially owned by persons who are not affiliates of Apollo.

The foregoing discussion of the factors considered by executive officers, directors and affiliates of AMTG is not intended to be exhaustive but is believed to include all material factors considered by such holders of AMTG common stock in making a determination regarding whether to vote for (i) the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, (ii) the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and (iii) the Merger-Related Named Executive Officer Compensation Proposal, for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. Such executive officers, directors and affiliates did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to whether to vote in favor of the mergers. Rather, such executive officers, directors and affiliates made their decision whether to vote in favor of the mergers after considering all of the factors as a whole.

Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. The executive officers, directors and affiliates discussed in this *Voting by AMTG s Directors and Officers* section will be not be entitled to vote as holders of outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo.

Voting by Apollo Participants and ARI s Directors and Officers

Certain of the Apollo Participants and certain of the directors and officers of ARI hold and are entitled to vote shares of the AMTG common stock at the AMTG special meeting. We believe that the Apollo Participants and such directors and officers of ARI intend to vote all of their shares of AMTG common stock FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or

Table of Contents

appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal. Notwithstanding the foregoing, the First Merger is conditioned upon, among other things, the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the First Merger is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. For additional information on the intended voting by the Apollo Participants and the directors and officers of ARI and the conditions to the First Merger, see *Special Factors Voting by Apollo Participants and ARI s Directors and Officers* beginning on page 122 and *The Agreements Description of the Merger Agreement Conditions to Completion of the First Merger* beginning on page 175.

Stockholder Appraisal Rights in the Mergers

Holders of AMTG common stock and AMTG Series A Preferred Stock are not entitled to exercise appraisal, dissenters or similar rights in connection with the mergers or the other transactions contemplated by the merger agreement. See *No Appraisal Rights* on page 232.

Comparison of Rights of AMTG Stockholders and ARI Stockholders

If the mergers are consummated, stockholders of AMTG will become stockholders of the Combined Company. As a result, the rights of the former AMTG stockholders will be governed by the MGCL and the charter and bylaws of ARI, rather than the charter and bylaws of AMTG. For a summary of certain differences between the rights of AMTG stockholders and ARI stockholders, see *Comparison of Stockholder Rights* beginning on page 228.

Financing of the Mergers

ARI s obligation to consummate the mergers is not conditioned upon ARI having received any financing. In connection with the merger agreement and the transactions contemplated thereby, ARI entered into a commitment letter (the Bridge Loan Commitment Letter) with Athene s subsidiary, Athene USA, dated February 26, 2016, pursuant to which Athene USA agreed to provide a senior secured term loan in an aggregate amount of up to $200.0 million subject to certain adjustments (the Bridge Loan). At or prior to the consummation of the mergers, ARI expects to enter into definitive documentation for the Bridge Loan. ARI will have the option to draw on the bridge loan facility to fund a portion of the cash component of the merger consideration and to pay fees and expenses incurred in connection with the mergers. The amount drawn will depend on a number of factors. The Bridge Loan s stated maturity date will be the 364th day following the day on which the First Merger occurs. ARI will be required to use the net cash proceeds of the sale of assets under the asset purchase agreement (as defined in *Key Terms of the Asset Purchase Agreement* below) to repay the Bridge Loan. This requirement is anticipated to result in the entire repayment of the Bridge Loan prior to its stated maturity date.

For more information regarding the financing of the mergers, see *The Agreements Description of the Bridge Loan Commitment* beginning on page 184. We encourage you to carefully read the Bridge Loan Commitment Letter, a copy of which is attached as Annex C to this proxy statement/prospectus, in its entirety because it is the legal document governing the transactions contemplated thereby.

Key Terms of the Asset Purchase Agreement

In connection with ARI s entry into the merger agreement, on February 26, 2016 ARI entered into an asset purchase and sale agreement (the asset purchase agreement) with Athene USA subsidiaries Athene Annuity & Life Assurance Company and Athene Annuity and Life Company (collectively, Athene Annuity), pursuant to

Table of Contents

which Athene Annuity has agreed to buy approximately $1.2 billion of certain assets of AMTG, primarily consisting of non-Agency residential mortgage backed securities, immediately following the effectiveness of the First Merger, which we refer to as the asset sale transaction. In order to consummate the asset sale transaction, Athene Annuity is required to obtain certain approvals from its applicable state insurance regulators. A copy of the asset purchase agreement is attached as Annex B to this proxy statement/prospectus and incorporated herein by reference. For a summary of the material provisions of the asset purchase agreement, see *The Agreements Description of the Asset Purchase Agreement* beginning on page 180. We encourage you to carefully read the asset purchase agreement, a copy of which is attached as Annex B to this proxy statement/prospectus, in its entirety because it is the legal document governing the transactions contemplated thereby.

Key Terms of the Stock Purchase Agreement

On February 26, 2016 ARI also entered into a stock purchase agreement (referred to herein as the stock purchase agreement) with Athene USA. Under the stock purchase agreement, during the first 30 trading days following the closing of the mergers (or, under certain circumstances, a later date as set forth in the stock purchase agreement), Athene USA agreed to purchase (or cause one or more of its subsidiaries to purchase) up to $20 million (subject to reduction in certain circumstances) of shares of ARI common stock in the open market at the then-current market price if the quoted price per share of ARI common stock on the NYSE at any time during the 30-trading-day period is less than the per share value of the shares of ARI common stock issued to holders of AMTG common stock in the First Merger (which is fixed at $16.75) and hold such shares for 180 days thereafter. Athene USA s commitment to purchase shares of ARI common stock is subject to certain limitations, restrictions and conditions, including that all purchases will be made only pursuant to a Rule 10b5-1 plan and in accordance with Rule 10b-18 under the Exchange Act and other restrictions imposed by applicable law. A copy of the stock purchase agreement is attached as Annex C to this proxy statement/prospectus and incorporated herein by reference. For a summary of the material provisions of the stock purchase agreement, see *The Agreements Description of the Stock Purchase Agreement* beginning on page 185. We encourage you to carefully read the stock purchase agreement, a copy of which is attached as C to this proxy statement/prospectus, in its entirety because it is the legal document governing the transactions contemplated thereby.

Letter Agreements with the ARI Manager and the AMTG Manager

On February 26, 2016, ARI entered into a letter agreement (referred herein as the ARI Manager letter agreement) with the ARI Manager and ACREFI Operating, LLC, pursuant to which the ARI Manager agreed to perform such services and activities as may be necessary to enable ARI to consummate the mergers and the other transactions contemplated by the merger agreement in exchange for certain payments from ARI. On February 26, 2016, AMTG entered into a letter agreement (referred herein as the AMTG Manager letter agreement) with the AMTG Manager and ARM Operating, LLC, pursuant to which the AMTG Manager agreed to perform such services and activities as may be necessary to enable AMTG to consummate the mergers and the other transactions contemplated by the merger agreement. The AMTG Manager letter agreement also contains provisions that will reduce the aggregate amounts of management fees that otherwise would be payable to the AMTG Manager and the ARI Manager after the consummation of the mergers. Copies of the ARI Manager letter agreement and the AMTG Manager letter agreement are attached as Annexes E and F, respectively, to this proxy statement/prospectus and incorporated herein by reference. For a summary of the material provisions of the ARI Manager letter agreement and the AMTG Manager letter agreement, see *The Agreements Description of Letter Agreements with the Managers* beginning on page 186.

Relationships among Apollo, AMTG, ARI and Athene

The ARI Manager and the AMTG Manager are the external managers of ARI and AMTG, respectively, pursuant to management agreements that provide for investment advisory services to be rendered to ARI and AMTG subject to the supervision of the respective boards of directors of ARI and AMTG. Each of the ARI Manager and

Table of Contents

the AMTG Manager is an indirect subsidiary of Apollo. As of June 2, 2016, certain affiliates of Apollo and the Apollo-affiliated directors and officers of ARI and AMTG collectively held approximately 2.3% of the outstanding shares of ARI common stock and approximately 1.8% of the outstanding shares of AMTG common stock (excluding from such percentages 94,900 AMTG restricted stock units held by Michael Commaroto and 30,900 and 146,667 ARI restricted stock units held by Michael Commaroto and Stuart Rothstein, respectively, in each case that have not yet settled in the form of common stock of AMTG and ARI as applicable).

Certain of the members of the AMTG Board have relationships with Apollo as set forth below:

Michael A. Commaroto is the president and chief executive officer of the AMTG Manager, an affiliate of Apollo, and has been an officer of Vantium Management, L.P., a portfolio company of a fund managed by an affiliate of Apollo;

James E. Galowski is an employee of an entity affiliated with Apollo; and

Frederick N. Khedouri is an employee of an entity affiliated with Apollo.

In addition, (i) Mark C. Biderman is a member of both the AMTG Board and the ARI Board and has recused himself from all deliberations relating to the mergers and (ii) Hope S. Taitz is a member of both the AMTG Board and the board of directors of Athene Holding Ltd. Ms. Taitz is also a member of the conflicts committee of the board of directors of Athene Holding Ltd., but she was not a member of the special sub-committee of the conflicts committee that considered the transactions between ARI and Athene.

AMTG does not have any employees; all of its officers are employees of the AMTG Manager. ARI does not have any employees; all of its officers are employees of the ARI Manager.

Apollo is a significant shareholder of Athene Holding Ltd., through which Apollo holds approximately 45% of the total voting power of Athene Holding Ltd. Athene s invested assets are also managed by Athene Asset Management, L.P. (AAM), which is a subsidiary of Apollo. Certain of Athene Holding Ltd. s directors are also employees of Apollo and directors of AAM, and Athene Holding Ltd. s Chief Executive Officer is the Chief Executive Officer and an equity holder of AAM.

Litigation Related to the Mergers and Related Transactions

After the announcement of the execution of the merger agreement, two putative class action lawsuits challenging the proposed First Merger, captioned *Aivasian v. Apollo Residential Mortgage, Inc., et al.*, No. 24-C-16-001532 and *Wiener v. Apollo Residential Mortgage, Inc., et al.*, No. 24-C-16-001837 were filed in the Circuit Court for Baltimore City (or, the Court). A putative class and derivative lawsuit was later filed in the same Court captioned Crago v. Apollo Residential Mortgage, Inc., No. 24-C-16-002610. Following a hearing on May 6, 2016, the Court entered orders among other things, consolidating the three actions under the caption In Re Apollo Residential Mortgage, Inc. Shareholder Litigation, Case No.: 24-C-16-002610. The plaintiffs have designated the Crago complaint as the operative complaint. The operative complaint includes both direct and derivative claims, names as defendants AMTG, the AMTG Board, ARI, Merger Sub, Apollo and Athene and alleges, among other things, that the members of the AMTG Board breached their fiduciary duties to the AMTG stockholders and that the other corporate defendants aided and abetted such fiduciary breaches. The operative complaint further alleges, among other things, that the proposed

First Merger involves inadequate consideration, was the result of an inadequate and conflicted sales process, and includes unreasonable deal protection devices that purportedly preclude competing offers. It also alleges that the transactions with Athene are unfair and that the registration statement on Form S-4 filed with the SEC on April 6, 2016 contains materially misleading disclosures and omits certain material information. The operative complaint seeks, among other things, certification of the proposed class, declaratory relief, preliminary and permanent injunctive relief, including enjoining or rescinding the First Merger, unspecified damages, and an award of other unspecified attorneys and other fees and costs. On May 6, 2016, counsel for the plaintiffs filed with the Court a stipulation seeking the appointment of interim co-lead counsel, which stipulation was approved by the court on June 9, 2016. The defendants believe that the claims asserted in the complaints are without merit and intend to vigorously defend the lawsuits. See *Litigation Related to the Mergers and Related Transactions* on page 187.

Table of Contents

SPECIAL FACTORS

Purposes, Alternatives, Reasons and Effects

Background of the Transactions

Since AMTG s inception, the AMTG Board periodically has reviewed possible ways of growing AMTG s equity capitalization and total assets and of increasing stockholder value. Since 2013, AMTG s ability to accomplish these objectives has been adversely impacted by market conditions and other factors. The residential mortgage REIT sector has faced significant headwinds in recent years for a variety of reasons, including volatility in the fixed income markets, significant uncertainty regarding the outlook for interest rates and, more recently, widening spreads on RMBS. Also since 2013, AMTG s shares of common stock have traded at a substantial discount to AMTG s net asset value per share, which results in unsatisfactory returns to long-term stockholders and makes any equity capital raising activity dilutive. Because of these circumstances, since 2013 AMTG has been and continues to be unable to raise growth capital on acceptable terms, and accordingly, has been unable to increase its size and scale through capital market transactions. Pursuant to its obligations under the AMTG management agreement, the AMTG Manager similarly has been focused on the various challenges faced by AMTG.

The issues faced by AMTG were rendered more acute by the fact that AMTG s net book value per share declined by 14% or $2.72 per share during 2015.

Since 2013, the AMTG Board and the AMTG Manager have considered various different approaches to addressing the challenges facing AMTG. The possible means considered by the AMTG Board and the AMTG Manager to address these challenges included changing AMTG s strategic focus; changing its investment strategy; changing its capital allocation policies; and exploring various business combination transactions, including acquisitions, dispositions and joint ventures, both with third parties and with Apollo affiliates and/or portfolio companies of funds managed by affiliates of Apollo. These various alternatives were considered by the AMTG Board and the AMTG Manager because they potentially might have improved AMTG s financial performance, helped it grow, or both.

These various strategic alternatives included the following potential transactions:

In December 2013 through February 2014, the ARI Manager and the AMTG Manager considered the possibility of combining ARI and AMTG. No proposal was made to the ARI Board or AMTG Board at that time. The ARI Manager and the AMTG Manager concluded that, based upon the relative market values of the two companies, any combination at that time would either not be accretive to ARI or would likely provide insufficient value to AMTG stockholders.

From late 2013 to July 2014, AMTG held discussions with an unrelated mortgage originator of non-qualified residential mortgages with respect to AMTG acquiring mortgages from, as well as an equity interest in, the third party. AMTG and the third party were unable to come to terms and ceased discussions.

From April through August 2014, AMTG entered into negotiations to acquire an unrelated private company engaged in making residential mortgage loans to investors interested in acquiring residential real estate properties for investment purposes. Ultimately, AMTG was unable to come to acceptable terms with the

sellers.

From August 2014 to January 2015, AMTG considered investing in small business and small commercial mortgage loans by starting a business to originate these assets. Ultimately AMTG determined that the expected returns from such investments did not justify the investment.

From December 2014 to October of 2015, AMTG considered acquiring assets as well as potentially an equity interest in another non-qualified residential mortgage origination business from an unrelated third party which AMTG ultimately declined to pursue in October 2015 because it determined that the business and management team were not a good fit.

Table of Contents

From January 2015 to March 2015, AMTG explored with a fund managed by an affiliate of Apollo, the possible acquisition of an acquirer of mortgage servicing assets. This transaction was not consummated when the third party target was acquired by an unrelated party.

In February 2015, AMTG explored acquiring, together with Apollo Credit Opportunity Fund III L.P. (COF III), single family rental properties. Both AMTG, in November 2015, and COF III, in July 2015, determined not to pursue this acquisition because the assets were outside of their core investment strategies and the expected returns did not justify the investment.

At various times from 2013 to 2015, AMTG explored either investing in AmeriHome Mortgage LLC (AmeriHome), a mortgage company, acquiring mortgage servicing rights from AmeriHome or forming a joint venture with AmeriHome. Athene holds a significant investment in the investment fund that indirectly owns AmeriHome, and certain officers of Athene and AAM as well as Mr. Khedouri are on the board of AmeriHome s parent company. AMTG and AmeriHome ultimately determined not to pursue a transaction because the transaction would not have been economically accretive to AMTG s dividend yield.

In light of the continuing and increasing challenges facing AMTG, in mid- to late-2015 the AMTG Manager, on behalf of AMTG, increased its efforts to find a means of addressing these challenges in a way that would maximize value for AMTG s stockholders. These efforts included considering changes to AMTG s investment policies and strategies as well as considerations with Apollo and various Apollo affiliates and/or funds, or portfolio companies of funds, managed by affiliates of Apollo, including ARI and Athene, regarding possible business combinations and other strategic transactions.

In mid-October 2015, Apollo and the managers began exploring the possibility of combining ARI and AMTG. The ARI Manager recognized that, in the event of such a transaction, ARI may need to obtain debt financing to fund a portion of the purchase price for AMTG, to find a buyer for the AMTG assets that are not within the types of assets held by ARI and to explore ways of managing fluctuations in the market value of those assets.

At a meeting held on November 10, 2015, representatives of Apollo, the ARI Manager and the AMTG Manager determined that in their view it might be possible to combine ARI and AMTG on terms that would address AMTG s sub-scale issue, provide liquidity to AMTG s stockholders on potentially attractive terms, and afford ARI an opportunity to grow its capital base on terms attractive to ARI and its stockholders. Shortly thereafter, James Zelter, the Managing Director of Apollo s credit business, on behalf of Apollo, approached James Belardi, the Chief Executive Officer of Athene Holding Ltd. and AAM, to determine whether Athene might be interested in entering into certain transactions with ARI in connection with ARI s acquisition of AMTG, and Mr. Belardi indicated Athene might be interested in doing so. James Zelter and Stuart Rothstein, on behalf of Apollo and the ARI Manager, kept Fred Khedouri, on behalf of the AMTG Manager, informed of the progress in evaluating the feasibility of such a transaction. Although Apollo recognized a combination of ARI and AMTG would likely result in a reduction in the aggregate fees paid to the ARI Manager and the AMTG Manager pursuant to their respective management agreements, Apollo nevertheless continued to explore the merits of a combination of the two companies.

On November 11, 2015, James Zelter and Anthony Civale, the lead partner and Chief Operating Officer of Apollo s credit business on behalf of the AMTG Manager, approached Michael Commaroto, the Chief Executive Officer of AMTG, to inform him about the on-going discussions among representatives of Apollo, ARI, the ARI Manager and Athene regarding ARI s potential acquisition of AMTG (the Potential Transaction). Given his deep knowledge of AMTG s assets and the residential mortgage REIT sector, Mr. Zelter and Mr. Civale discussed with Mr. Commaroto having him assist as appropriate in the Potential Transaction and the possibility of a continuing role for

Mr. Commaroto for a transitional period following the consummation of the Potential Transaction to assist ARI in effecting a potential liquidation of AMTG s assets. No specific financial terms of any such role were discussed with Mr. Commaroto. Mr. Commaroto indicated he would assist as appropriate in the Potential Transaction and consider staying on at the Combined Company following closing to assist in the

liquidation of AMTG s assets, all subject to reaching agreement on (i) satisfactory compensation terms; (ii) the scope of Mr. Commaroto s role during the Potential Transaction and the ensuing liquidation; and (iii) the retention and compensation of Mr. Commaroto s team to assist as appropriate in the Potential Transaction and the ensuing liquidation.

On November 19, 2015, Stuart Rothstein, on behalf of the ARI Manager, discussed with the ARI Board (other than Mark C. Biderman, who recused himself) the potential merits and considerations of the Potential Transaction, as well as Athene s possible participation in the related transactions with ARI. In light of the fact that Apollo and the ARI Manager would be subject to potential conflicts of interest in respect of any Potential Transaction, and certain of ARI s directors had relationships with Apollo, including being current and/or former employees of affiliates of Apollo and/or portfolio companies of funds managed by affiliates of Apollo, the ARI Board resolved to form the ARI Special Committee consisting of independent directors Jeffrey M. Gault and Scott S. Prince. The ARI Board resolved, among other things, not to approve any Potential Transaction without the affirmative recommendation of the ARI Special Committee. On December 2, 2015, the ARI Board approved the appointment of Robert A. Kasdin, a third independent director, to the ARI Special Committee. From November 27, 2015 to February 25, 2016, the ARI Special Committee held approximately 22 formal meetings, in addition to various calls and other correspondence, to discuss and analyze the Potential Transaction and the other transactions related thereto. All members of the ARI Special Committee were present at meetings of the ARI Special Committee described below, unless otherwise noted.

In early December, the ARI Special Committee retained Fried, Frank, Harris, Shriver & Jacobson LLP, (Fried Frank), to represent it in connection with the Potential Transaction. Prior to being retained, Fried Frank had disclosed to the ARI Special Committee that it had performed or was performing certain legal services for Apollo and current or former affiliates of Apollo and/or portfolio companies of funds managed by affiliates of Apollo and had represented counterparties to Athene Holding Ltd. As noted below, the ARI Special Committee also interviewed Latham & Watkins LLP, (Latham), during the process of engaging counsel. The ARI Special Committee later retained Hogan Lovells US LLP (Hogan Lovells) to serve as Maryland legal counsel. Also during this time, the ARI Special Committee considered and interviewed several investment banks to serve as its financial advisor. The ARI Special Committee determined to engage Houlihan Lokey to act as its financial advisor in connection with the Potential Transaction, based on, among other things, Houlihan Lokey s experience in providing financial advisory services in connection with mergers and acquisitions, financings, and financial restructurings, its familiarity with and understanding of the financial and banking industries and residential mortgage assets, and its fee proposal. Houlihan Lokey disclosed to the ARI Special Committee that during the two years prior to its engagement as financial advisor to the ARI Special Committee in connection with the Potential Transaction, it had provided certain financial advisory and financing services to, and received fees from, Apollo, Athene and certain related entities. After deliberation with its legal advisors, the ARI Special Committee determined that such relationships would not impede Houlihan Lokey s ability to provide financial advice to the ARI Special Committee in connection with its consideration of the Potential Transaction.

On December 1, 2015, the ARI Special Committee held a meeting with representatives of Fried Frank at which the ARI Special Committee authorized Stuart A. Rothstein, the Chief Executive Officer of ARI, to contact the management team of AMTG to discuss ARI s interest in the Potential Transaction. The ARI Special Committee instructed Mr. Rothstein not to discuss any financial terms of the Potential Transaction at that time.

In furtherance of the foregoing, on December 1, 2015, Mr. Rothstein called Frederick Khedouri, Chairman of the AMTG Board, to indicate ARI s interest in exploring the Potential Transaction. The executives did not discuss specific financial terms of the Potential Transaction. Mr. Khedouri then informed Mr. Commaroto that the Chief Executive Officer of ARI had called regarding ARI s potential interest. The following day, on December 2, 2015, during a special telephonic meeting of the AMTG Board, Mr. Khedouri, together with Mr. Commaroto, informed the AMTG Board

about ARI s interest in exploring the Potential Transaction. The AMTG Board discussed the fact that the AMTG Manager would be subject to potential conflicts of interest in respect of the Potential Transaction, and certain of AMTG s directors may be subject to potential conflicts of interest in considering the

Potential Transaction given their connections with Apollo, including as current and/or former employees of affiliates of Apollo and/or portfolio companies of funds managed by affiliates of Apollo. In addition, the directors discussed the fact that AMTG director Mark C. Biderman was a director of both AMTG and ARI. The AMTG Board discussed its view that, if the AMTG Board determined to consider the Potential Transaction, the AMTG Board should form a special committee of independent directors. The AMTG Board resolved to form the AMTG Special Committee consisting of independent directors Thomas D. Christopoul and Frederick J. Kleisner. Ms. Taitz who was otherwise independent, recused herself from participation on the AMTG Special Committee because she was a director of Athene and Athene was a potential financing source for ARI s proposal. The AMTG Special Committee was authorized to take all actions with respect to the Potential Transaction and to undertake any review, discussion, consideration, deliberation, examination, investigation, analysis, assessment, evaluation, exploration, response, negotiation, termination, rejection, approval and/or authorization on behalf of AMTG with respect to the terms and conditions of the Potential Transaction. The AMTG Special Committee was further authorized to hire independent legal and financial advisors, to consider, evaluate and respond to any proposal that might be received from ARI regarding the Potential Transaction, to explore potential strategic alternatives that might maximize stockholder value, and to make recommendations, if any, to the AMTG Board in accordance with Maryland law. The AMTG Board also resolved not to approve any Potential Transaction without the affirmative recommendation of the AMTG Special Committee. All members of the AMTG Special Committee were present at the meetings of the AMTG Special Committee described below, unless otherwise noted.

On or about December 3, 2015, the AMTG Special Committee initiated a search for its own legal and financial advisors to assist the AMTG Special Committee in its consideration of the Potential Transaction and other strategic alternatives available to AMTG. The AMTG Special Committee considered and interviewed three legal advisor candidates. On December 4, 2015, and again on December 7, 2015, the AMTG Special Committee interviewed Latham to serve as legal counsel to the AMTG Special Committee. During the interview process, Latham informed the AMTG Special Committee that it previously had been interviewed by the ARI Special Committee to serve as legal advisor to the ARI Special Committee in connection with the Potential Transaction, and that it had performed or was performing certain legal services for Apollo and other current or former affiliates of Apollo, including Athene and portfolio companies of funds managed by affiliates of Apollo, and serving as counsel to the underwriters of securities offerings for ARI and AMTG, as well as jointly representing Mr. Commaroto, certain other members of the AMTG management team and their former employer in connection with matters related to their former employment and unrelated to the Potential Transaction, and disclosed to the AMTG Special Committee the fees it had received for such services during the past two years. The AMTG Special Committee concluded, following discussion, that such relationships were unrelated to the Potential Transaction, immaterial insofar as they constituted less than 1% of Latham s and Venable s respective revenue in each of the prior two years, and would not affect Latham s or Venable s ability to provide disinterested legal advice to the AMTG Special Committee in connection with the consideration of the Potential Transaction. In addition, the AMTG Special Committee concluded that the potential impact of such relationships was deemed immaterial and therefore outweighed by Latham s and Venable s respective knowledge and familiarity of the REIT industry, and in particular, the mortgage REIT industry, as well as Latham s and Venable s extensive experience representing special committees of publicly traded REITs in connection with mergers and acquisition transactions. On December 8, 2015, the AMTG Special Committee executed an engagement letter to formally retain Latham as its legal counsel. On December 15, 2015, the AMTG Special Committee retained Venable to serve as Maryland legal counsel to the AMTG Special Committee.

On December 9, 2015, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Latham at which they discussed the process for receiving and evaluating a proposal from ARI regarding a Potential Transaction and the ongoing search for a financial advisor and Maryland legal counsel. At this time, the AMTG Special Committee also decided to hold weekly telephonic meetings and additional in-person and telephonic meetings as necessary.

In furtherance of the foregoing, from December 4, 2015 through December 15, 2015, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, together with representatives of Latham,

reviewed information from five investment banks with significant experience advising REITs, including Morgan Stanley, and considered their qualifications to serve as financial advisor to the AMTG Special Committee. The AMTG Special Committee s criteria for selecting an investment bank to act as the AMTG Special Committee s financial advisor included, among other things, the investment bank s relative lack of potential conflicts of interest with respect to the Potential Transaction compared to other banks, its institutional knowledge of the commercial and residential mortgage REIT industries, its capacity to provide the functions of a full service investment bank, including its knowledge of the trading market for mortgage-backed securities, and the investment banking team s past experience advising other companies in connection with similar transactions. Based upon these criteria, the AMTG Special Committee selected three of the five initial investment banks to be interviewed by the AMTG Special Committee and Latham. In connection with its interview, each investment banking team reviewed with the AMTG Special Committee its experience in the mortgage REIT industry and its views on the current state of the financial markets as well as potential strategic alternatives that might be available to AMTG to enhance AMTG s stockholder value.

On December 11, 2015, the ARI Special Committee sent a letter to the AMTG Special Committee indicating its interest in exploring the Potential Transaction. Such letter did not propose any specific financial terms for the Potential Transaction. Later that afternoon, following discussion with representatives of Latham, the AMTG Special Committee sent a response letter to the ARI Special Committee indicating that, while the AMTG Special Committee was not yet prepared to determine whether the Potential Transaction would be attractive, the AMTG Special Committee believed the matter merited further consideration and that the respective legal advisors to the ARI Special Committee and the AMTG Special Committee should negotiate an appropriate mutual non-disclosure agreement to permit the exchange of additional information in connection with each parties respective evaluation of the Potential Transaction. On December 13, 2015, Fried Frank sent an initial draft of a mutual non-disclosure agreement to Latham.

On December 15, 2015, the AMTG Special Committee retained Venable LLP (Venable) to serve as Maryland legal counsel to the AMTG Special Committee based on, among other things, the breadth of Venable s experience advising REITs engaged in mergers and acquisition transactions and its prior experience in representing AMTG. Although Venable also provides legal advice to ARI unrelated to the Potential Transaction, the AMTG Special Committee determined this would not affect Venable s ability to provide legal advice to the AMTG Special Committee in connection with the Potential Transaction.

On December 16, 2015, the ARI Special Committee and the AMTG Special Committee entered into a mutual non-disclosure agreement, which included customary standstill provisions. Shortly thereafter, the advisors to the ARI Special Committee were granted access to an electronic data room (the AMTG Data Room) containing certain non-public information concerning AMTG s business and operations in order to facilitate their due diligence investigation of AMTG. Due diligence continued until the execution of the definitive transaction agreements.

On December 18, 2015, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Latham during which they discussed proposals received from the three potential financial advisors interviewed by the AMTG Special Committee, including disclosures of the relationships between each potential financial advisor and the counterparties to the Potential Transaction and their respective affiliates. After careful consideration, the AMTG Special Committee determined to engage Morgan Stanley to act as its financial advisor in connection with the Potential Transaction and its consideration of other strategic alternatives based on Morgan Stanley s relevant deal experience, its familiarity with AMTG by virtue of acting as the lead underwriter in connection with AMTG s initial public offering and follow-on offerings, and its fee proposal. Morgan Stanley disclosed to the AMTG Special Committee that during the two years prior to its retention as financial advisor in connection with a Potential Transaction, it had provided certain financial advisory and financing services to, and received fees from, Apollo, Athene, AMTG and their respective affiliates, including the amount of such fees. After deliberation with representatives of Latham, the AMTG Special Committee determined that such relationships would

not affect Morgan Stanley s ability to provide financial advice to the AMTG Special Committee in connection with the Potential Transaction or the AMTG

Table of Contents

Special Committee s review of other strategic alternatives. On December 29, 2015, the AMTG Special Committee formally engaged Morgan Stanley as financial advisor to the AMTG Special Committee in connection with the Potential Transaction and the AMTG Special Committee s consideration of other strategic alternatives.

Also on December 18, 2015, the ARI Special Committee held a meeting with representatives of Fried Frank and Houlihan Lokey to discuss the potential involvement of Athene as a financing source for ARI in connection with the Potential Transaction. After discussing the merits of Athene s potential involvement in the Potential Transaction, the ARI Special Committee instructed Mr. Rothstein to contact Athene s management team to discuss further Athene s potential involvement in the Potential Transaction. In furtherance of the foregoing, on December 23, 2015, ARI and Athene entered into a joinder agreement to the mutual non-disclosure agreement between ARI and AMTG.

During late December 2015 and early January 2016, Mr. Gault, Mr. Prince and Mr. Kasdin, as the members of the ARI Special Committee, and Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, and their respective legal and financial advisors, engaged in discussions relating to the process and timeline for the Potential Transaction, including with respect to reciprocal due diligence investigations. No price or transaction terms were discussed. Following discussion with its legal and financial advisors regarding the various approaches to valuing AMTG, including liquidation analyses, AMTG s trading history and the historical trading prices of comparable companies, the AMTG Special Committee concluded that a discounted cash flow analysis would not be the most useful method for valuing AMTG as a whole or other companies in the residential mortgage REIT industry because, among other things, a discounted cash flow analysis does not take into account changes in the underlying market value of the debt securities and loan portfolio that constitute substantially all of the assets of AMTG or most residential mortgage REITs. Furthermore, a discounted cash flow analysis of AMTG would be heavily dependent on predicting the net spread income and purchase and sale prices for AMTG s target assets, which can vary significantly with relatively small changes in future interest rates and credit spreads which are inherently difficult to predict accurately. The AMTG Special Committee concluded that net book value would be a more useful metric for valuing AMTG because the mark-to-market calculation of the book value of its debt securities and loan portfolio more accurately reflects the value of its assets and their income generation potential as determined through data provided by third party market sources.

Athene s board of directors has a standing conflicts committee to address certain transactions between Athene, on the one hand, and Apollo and its affiliates, on the other hand. Because certain directors on Athene s conflicts committee may have a potential conflict of interest with respect to Athene s involvement in the Potential Transaction, the conflicts committee established a special sub-committee of the conflicts committee (the Athene Special Committee) in December 2015 comprised of directors with no relationship to ARI or AMTG, to oversee Athene s possible entry into certain transactions with ARI in connection with ARI s participation in the Potential Transaction and ultimately to determine whether to approve such transactions.

On January 5, 2016, Athene (through its asset manager, AAM, a subsidiary of Apollo) delivered to ARI a draft term sheet regarding Athene s potential involvement in the Potential Transaction. During the period from January 6, 2016 through February 26, 2016, Mr. Gault, Mr. Prince and Mr. Kasdin, as the members of the ARI Special Committee, and Mr. Rothstein, on behalf of ARI at the direction of the ARI Special Committee, Mr. Zelter, and Scott Weiner, the head of Apollo s commercial real estate debt business and the Chief Investment Officer of the ARI Manager, and Mr. Belardi and Nancy De Liban, an Executive Vice President of AAM, both on behalf of Athene acting under the oversight, and subject to the ultimate approval, of the Athene Special Committee, and their respective legal and financial advisors, engaged frequently to discuss and negotiate the terms of Athene s potential involvement in the Potential Transaction, including, among other things, (i) the potential acquisition by Athene of certain assets of AMTG following the consummation of the Potential Transaction, and the pricing methodology for such assets, (ii) the potential debt financing to be provided to ARI by Athene in connection with the Potential Transaction, and (iii) the

potential commitment by Athene to purchase a certain amount of ARI common stock in the open market under certain circumstances following consummation of the Potential Transaction. At various meetings of the ARI Special Committee during this period, members of the ARI Special Committee reviewed and

discussed with the ARI Special Committee s advisors potential strategic alternatives to the proposed transactions with Athene, including the benefits and disadvantages of these potential alternatives. Potential alternatives reviewed by the ARI Special Committee and its advisors at such meetings included (i) obtaining traditional debt financing from a third-party lender, (ii) liquidating certain of AMTG s assets in the open market over time following the consummation of the mergers, (iii) retaining certain of AMTG s assets following the consummation of the mergers until the conditions for the sale of such assets in the open market were more favorable, and (iv) soliciting indications of interest from other potential alternative buyers of the assets potentially to be acquired by Athene. The ARI Special Committee also considered the merits of a potential transaction with Athene, including (a) the potential acquisition of certain of AMTG s assets by Athene following the consummation of the mergers would reduce the total market risk exposure to ARI in the transaction by providing ARI with an immediate acquiror for such assets that would otherwise be liquidated over time by ARI, (b) the potential debt financing to be provided to ARI by Athene would provide ARI with a financing source which would enable ARI to have sufficient funds to consummate the transaction, (c) then-current market conditions could make it difficult for ARI potentially to find an alternative source of financing with the financial strength and stability of Athene, (d) Athene s pricing for the assets to be acquired by Athene following consummation of the mergers relative to ARI Management s expected range of net liquidation values for the acquired assets, and (e) the strategic benefits of a joint transaction with Athene as compared to any strategy with respect to the acquired assets which ARI would be prepared to undertake on a stand-alone basis. Based on these considerations, the ARI Special Committee determined that entering into the potential transactions with Athene was in the best interest of ARI and the ARI stockholders, and declined to pursue the potential strategic alternatives considered by the ARI Special Committee.

On January 11, 2016, the ARI Special Committee delivered a preliminary non-binding indicative proposal to the AMTG Special Committee to acquire AMTG at a purchase price equal to 82.5% of the book value of AMTG as reported under U.S. GAAP, less the liquidation value of the AMTG Series A Preferred Stock of $172,500,000. This proposed purchase price reflected the ARI Special Committee s determination to seek to acquire AMTG at a discount to AMTG s book value, while still offering AMTG and its stockholders a premium to the then-current trading price of AMTG common stock. Such proposal indicated that this proposed price represented a premium of approximately 18% to the closing price per share of AMTG common stock on January 8, 2016, and that the proposed consideration would consist of approximately 13 million newly issued-shares of ARI common stock and the remainder in cash consideration, in addition to the assumption of the AMTG Series A Preferred Stock. The ARI Special Committee believed that this proposed price and the premium it represented would be attractive to AMTG and its stockholders, as it would provide immediate cash value while also allowing them the opportunity to participate in the future growth of ARI. The purchase price of 82.5% of the book value of AMTG, and the approximate split of 48% stock and 52% cash (based on the closing prices as of the close of business on January 8, 2016), was quantified by Morgan Stanley to equal roughly $14.09 per share and a total common stock equity value for AMTG of $447 million (based on a September 30, 2015 book value of $17.08 per share). The ARI Special Committee s preliminary non-binding indicative proposal included (i) a 90-day exclusivity period during which the AMTG Special Committee would conduct exclusive negotiations with the ARI Special Committee regarding the Potential Transaction and (ii) a go-shop period following signing of the Potential Transaction during which the AMTG Special Committee would be permitted to solicit alternative transaction proposals.

On January 12, 2016, and again on January 15, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held meetings with representatives of Morgan Stanley and Latham during which they discussed the indicative proposal received from the ARI Special Committee. Specifically, at the January 15, 2016 meeting, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, and the AMTG Special Committee s advisors discussed whether such indicative proposal (i) proposed a sufficient purchase price for each outstanding share of AMTG common stock; (ii) provided the optimal mix of stock and cash consideration and (iii) adequately addressed the treatment of ordinary quarterly dividends, special dividends and earn-out potential. Also at the January 15, 2016

meeting, the AMTG Special Committee and its advisors discussed the state of the mortgage REIT industry, book value projections of AMTG and other potential strategic alternatives available to AMTG, including changing AMTG s strategic focus, targeting alternative investment

Table of Contents

classes, increasing share buybacks, converting AMTG into a publicly traded partnership, commencing a process to sell AMTG to a third party and liquidating AMTG s assets. At the conclusion of the January 15, 2016 meeting, the AMTG Special Committee instructed representatives of Morgan Stanley to (i) communicate to the ARI Special Committee that the AMTG Special Committee considered the proposal from the ARI Special Committee to be financially inadequate and (ii) suggest that the advisors of the AMTG Special Committee and the ARI Special Committee meet to discuss whether there could be a path forward. Shortly after the January 15, 2016 meeting, the representatives of Morgan Stanley communicated these messages to representatives of Houlihan Lokey.

On January 18, 2016, the ARI Special Committee and the AMTG Special Committee, and their respective legal and financial advisors, held a meeting, at the request of the AMTG Special Committee, to discuss the Potential Transaction and certain transaction terms. In particular, the parties discussed the proposed purchase price set forth in the January 11, 2016 proposal letter (based on 82.5% of the book value of AMTG), the proposed mix of cash and stock consideration offered and the methodology for determining AMTG s book value, including the timing of the valuation determination.

During these discussions, Morgan Stanley communicated to Houlihan Lokey the AMTG Special Committee s view that the proposed purchase price set forth in the January 11, 2016 proposal letter (based on 82.5% of the book value of AMTG) was financially inadequate, and therefore the AMTG Special Committee was not willing to agree to a period of exclusive negotiations at this time, as had been requested by the ARI Special Committee. However, Morgan Stanley indicated that the AMTG Special Committee and its representatives would arrange for increased access to AMTG management and provide additional diligence information to the ARI Special Committee and its representatives, which the AMTG Special Committee hoped would enable the ARI Special Committee to refine its proposal and potentially result in an increase in the proposed purchase price.

At the direction of the AMTG Special Committee and the ARI Special Committee, representatives of Morgan Stanley and Houlihan Lokey engaged in multiple discussions to explore whether ARI could make possible improvements in the proposed purchase price and discussed other transaction terms such as the method for valuing the ARI stock to be received by AMTG stockholders as part of the merger consideration and the timing of the determination of the AMTG book value calculation. Neither Morgan Stanley nor Houlihan Lokey discussed any specific purchase price increase.

On January 19, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley and Latham during which representatives of Morgan Stanley reported that they had engaged in further discussions with representatives of Houlihan Lokey and that the representatives of Houlihan Lokey indicated that they would relay to the ARI Special Committee the feedback received from Morgan Stanley regarding its indicative proposal.

On January 23, 2016, the ARI Special Committee delivered a revised non-binding indicative proposal to the AMTG Special Committee to acquire AMTG at an increased purchase price equal to 85.25% of the common equity book value of AMTG, in addition to the assumption of the AMTG Series A Preferred Stock. The ARI Special Committee s revised proposal continued to propose a mix of cash and ARI common stock as consideration and further proposed that the stock component of the consideration be determined based on the 90-day average trading multiple of ARI s common equity book value per share and that AMTG s common equity book value be determined as of a time shortly before the filing with the SEC of a definitive proxy statement/prospectus regarding the Potential Transaction. The purchase price of 85.25% of the book value of AMTG, and the approximate split of 44% stock and 56% cash (based on the closing prices as of the close of business on January 22, 2016), was quantified by Morgan Stanley to equal roughly $14.56 per share and a total common stock equity value for AMTG of $462 million (based on a September 30, 2015 book value of $17.08 per share). The revised proposal from the ARI Special Committee also proposed certain other transaction terms, including the requirement that AMTG adhere to an agreed upon hedging strategy to

maintain the value of the assets in its portfolio between the date of determination of AMTG s book value and the closing date of the Potential Transaction. In addition, the revised proposal reiterated the ARI Special Committee s request for a 90-day

exclusivity period during which the AMTG Special Committee would negotiate exclusively with the ARI Special Committee regarding the Potential Transaction and a go-shop period following signing of the Potential Transaction during which the AMTG Special Committee would be permitted to solicit alternative transaction proposals.

On January 25, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley and Latham during which they discussed the revised proposal received from the ARI Special Committee, including the proposed increased purchase price, the method for determining AMTG s common equity book value, the method for valuing the ARI common stock to be issued as consideration in the Potential Transaction, the proposed hedging obligation and the exclusivity period. The AMTG Special Committee also considered other strategic alternatives to the ARI proposal such as seeking proposals from third parties, liquidating AMTG s assets or staying the course as a public company. After an in-depth discussion of these and related matters, the AMTG Special Committee determined that the strategic alternatives were unlikely to result in greater value to AMTG s stockholders, and while the improved terms of the ARI Special Committee s revised proposal were still insufficient as final transaction terms, they were nevertheless a sufficient basis on which to enter into a period of exclusive negotiations with the ARI Special Committee and instructed Morgan Stanley to inform Houlihan Lokey that the AMTG Special Committee would be willing to enter into a 30-day exclusivity period. The AMTG Special Committee further instructed representatives of Morgan Stanley to continue to evaluate other potential strategic alternatives available to AMTG, including preparing a risk-adjusted assessment of AMTG management s liquidation analysis of AMTG to evaluate whether a liquidation of AMTG would return greater value to AMTG s stockholders than the Potential Transaction. After further discussion, the AMTG Special Committee instructed Morgan Stanley and Latham to continue discussions with the ARI Special Committee s advisors regarding the terms and conditions of the Potential Transaction.

On January 26, 2016, following the exchange of multiple drafts between Latham and Fried Frank, the ARI Special Committee and AMTG Special Committee entered into an exclusivity agreement relating to the Potential Transaction, providing for a period of exclusive negotiations between the parties expiring at 5:00 p.m. (Eastern Time) on February 29, 2016.

On January 27, 2016, Morgan Stanley and Latham were provided access to an electronic data room containing certain non-public information concerning ARI s business and operations in order to facilitate the AMTG Special Committee s reverse due diligence investigation of ARI (in light of the fact that the consideration proposed to be offered for each outstanding share of AMTG common stock included shares of ARI common stock). The reverse due diligence investigation of ARI by the AMTG Special Committee and its advisors continued until the execution of the definitive transaction agreements.

On February 1, 2016, representatives of Morgan Stanley and Latham had a discussion with representatives of Fried Frank and management of ARI regarding questions arising from Morgan Stanley s and Latham s due diligence investigation of ARI. Periodic discussions, meetings, and correspondence concerning due diligence and reverse due diligence continued until the execution of the merger agreement.

On February 2, 2016, the AMTG Board held a meeting with representatives of Morgan Stanley and Latham to, among other things, receive an update from Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, and its advisors on the status of discussions with the ARI Special Committee. During that portion of the meeting, Hope S. Taitz and Mark C. Biderman recused themselves. The AMTG Board reviewed the latest indicative proposal received from the ARI Special Committee and further discussed (i) the possibility that AMTG might be able to obtain a higher price from ARI Special Committee by mitigating the risk of downward fluctuations in the value of some of AMTG s more volatile assets, (ii) whether AMTG would have the right to issue dividends to its stockholders during the period between the signing of a definitive merger agreement and the closing of the Potential Transaction

and (iii) the retention and severance arrangements proposed for Mr. Commaroto and his management team. During the period, between November 11, 2015 and February 2, 2016, no proposals were made, or negotiations undertaken, with Michael Commaroto or the AMTG

Table of Contents

Board relating to the retention and severance arrangements for Mr. Commaroto and his management team. A representative of Morgan Stanley reviewed management s liquidation analysis of AMTG and how the possible range of values projected to be received by AMTG common stockholders in a liquidation of AMTG compared to the consideration per share of AMTG common stock proposed to be paid in the Potential Transaction. The liquidation analysis also noted that one of the largest expenses in a liquidation would be the termination fee payable under the AMTG management agreement, and that such fee would not be payable in a transaction with ARI since the AMTG Special Committee believed ARI would be assuming the obligations under the AMTG management agreement. Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, asked their legal and financial advisors to confirm with the ARI Special Committee and its advisors how the AMTG management agreement would be treated under their proposal. Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, and the AMTG Special Committee s advisors also discussed with the other AMTG Board members the state of the mortgage industry in general and of the residential mortgage REIT industry in particular and the future prospects for AMTG.

On February 3, 2016, at the direction of the AMTG Special Committee and the ARI Special Committee, representatives of Morgan Stanley and Houlihan Lokey continued to discuss the revised proposal from the ARI Special Committee.

Also on February 3, 2016, at the direction of the ARI Special Committee, representatives of Houlihan Lokey relayed to representatives of Morgan Stanley the ARI Special Committee s draft indicative non-binding term sheet setting forth in greater detail the terms and conditions of the ARI Special Committee s further revised proposal to acquire AMTG. Specifically, the term sheet provided for (i) a purchase price equal to 85.25% of the common equity book value of AMTG as of a date shortly before the filing of a definitive proxy statement/prospectus regarding the Potential Transaction, (ii) the assumption of the AMTG Series A Preferred Stock, (iii) a 30-day go-shop period following signing of a definitive merger agreement during which AMTG would be permitted to solicit alternative acquisition proposals, (iv) termination fees equal to 2% of the purchase price upon termination in connection with an alternative acquisition proposal received during the go-shop period and 4% of the purchase price upon termination in connection with an alternative acquisition proposal received after the go-shop period, (v) a prohibition on the declaration or payment of dividends following the determination date of the purchase price and (vi) a nine month termination date.

On February 4, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, met with representatives of Morgan Stanley and Latham to review the terms of the draft indicative non-binding term sheet received from Fried Frank the previous day. The AMTG Special Committee and its advisors discussed the terms and determined that they had a number of follow-up questions for the ARI Special Committee.

On February 4, 2016, Mr. Gault, as chairman of the ARI Special Committee, and Mr. Kleisner as a member of the AMTG Special Committee, together with their respective legal and financial advisors, held an in-person meeting at the offices of Latham to further negotiate the terms and conditions of the Potential Transaction. The parties negotiated the proposed terms, including the price as a percentage of AMTG s common equity book value, the mechanism for determining the value of ARI common stock to be issued as part of the merger consideration, the length of the go-shop period and the amount of the termination fees. Following extensive discussion, the ARI Special Committee and the AMTG Special Committee agreed in principle to recommend to the ARI Board and the AMTG Board, respectively, (i) a valuation of the ARI common stock to be issued as part of the merger consideration at 1.0x ARI s common equity book value as of December 31, 2015, (ii) a 35-day go-shop period and (iii) a termination fee equal to 1.5% of the purchase price upon a termination in connection with an alternative acquisition proposal received during the go-shop period. The ARI Special Committee also confirmed that under its proposal, ARI would assume the obligations under the AMTG management agreement so that the termination fee payable thereunder would not be triggered in the Potential Transaction. However, the committees were unable, at that time, to agree on the purchase price for the

Potential Transaction or the termination fee payable upon a termination in connection with alternative acquisition proposals received after the go-shop period.

Table of Contents

On February 5, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley and Latham to further discuss open points between the parties. At the meeting, the AMTG Special Committee determined, based on the various presentations that it had received from Morgan Stanley relating to the valuation of AMTG and similar mortgage REITs in the industry, to make a counterproposal to the ARI Special Committee providing for (i) a proposed aggregate purchase price equal to 87.75% of the common equity book value of AMTG as of a date shortly before the filing of a definitive proxy statement/prospectus regarding the Potential Transaction, which the AMTG Special Committee believed would provide for a significant premium to the holders of AMTG common stock and (ii) a termination fee equal to 2.5% of the purchase price upon a termination in connection with an alternative acquisition proposal received after the go-shop period. The purchase price of 87.75% of the book value of AMTG, and the approximate split of 47% stock and 53% cash (for illustrative purposes only using AMTG s preliminary book value per share of $16.40 as of December 31, 2015), was quantified by Morgan Stanley to equal roughly $14.39 per share and a total common stock equity value of AMTG of $458 million (for illustrative purposes only using AMTG s preliminary book value per share of $16.40 as of December 31, 2015). That same day, representatives of Morgan Stanley delivered to representatives of Houlihan Lokey a revised indicative non-binding term sheet with respect to the Potential Transaction which reflected the foregoing terms.

On February 7, 2016, Houlihan Lokey, at the direction of the ARI Special Committee, indicated to representatives of the AMTG Special Committee that the terms of the AMTG Special Committee s counterproposal were an acceptable basis on which to proceed, subject to the negotiation of definitive transaction documents. In addition, Mr. Gault, as a member of the ARI Special Committee, informed Mr. Rothstein, on behalf of the ARI Manager, and Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, informed Mr. Khedouri, as the Chairman of the AMTG Board, and Mr. Commaroto, as the CEO of AMTG and the AMTG Manager, respectively, that the key deal terms had been agreed and that the special committees and their respective advisors were proceeding to negotiate definitive documents.

On February 8, 2016, at the direction of the ARI Special Committee, representatives of Houlihan Lokey sent to representatives of Morgan Stanley the ARI Special Committee s proposed timeline for the Proposed Transaction through the signing of definitive transaction documents.

On February 9, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley and Latham to discuss the process and proposed timeline for the Potential Transaction. Later that day, the AMTG Board held a meeting with representatives of Morgan Stanley and Latham during which Mr. Christopoul provided an update regarding the Potential Transaction, including the principal terms tentatively agreed to between the parties and the process and timeline to reach agreement on definitive transaction documents. Also on February 9, 2016, representatives for the AMTG Manager presented Mr. Commaroto with a proposed initial term sheet with employment terms for the period through the consummation of the Potential Transaction and for a period thereafter, if a transaction were to occur.

On February 10, 2016, at the direction of the AMTG Special Committee and the ARI Special Committee, the respective legal and financial advisors of such committees participated on a due diligence call with the AMTG Manager.

Also on February 10, 2016, Fried Frank delivered to Latham an initial draft of the definitive merger agreement in connection with the Potential Transaction.

During the period from February 11, 2016 through February 26, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, and the members of the ARI Special Committee, and their respective

legal and financial advisors, met frequently to discuss and negotiate the terms of the definitive merger agreement and the Potential Transaction, including, among other things, guidelines for the operation of AMTG s business during the pre-closing period with the intention of mitigating the risk of downward fluctuations in the value of some of AMTG s more volatile assets, which we refer to as the Investment Guidelines, the methodology for determining AMTG s common equity book value, the terms of the no-shop covenants and certain severance

and compensation arrangements for the management of AMTG. In addition, during the period from February 18, 2016 through February 26, 2016, the terms of the AMTG Manager letter agreement and the ARI Manager letter agreement were discussed, negotiated and finalized among Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, Mr. Gault, Mr. Prince and Mr. Kasdin, as members of the ARI Special Committee, and Jessica Lomm on behalf of the AMTG Manager and the ARI Manager.

On February 18 and 19, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held meetings with representatives of Latham, Morgan Stanley and Michael A. Commaroto, AMTG s Chief Executive Officer, to discuss, among other things, the Investment Guidelines.

On February 19, 20, 21 and 23, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held meetings with representatives of Morgan Stanley, Latham and Venable, and, together with such representatives, engaged in various communications with management of AMTG to discuss the Investment Guidelines, the right of AMTG to pay a dividend for the first quarter of 2016 and the impact of the dividend on the cash portion of the consideration and the mechanics for calculating the common equity book value of AMTG. At the AMTG Special Committee meetings held during this period, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, together with representatives of Morgan Stanley, Venable and Latham, also discussed the advisability of AMTG s adoption of an exclusive forum bylaw, which would designate specific courts in Maryland as the exclusive forum for certain types of litigation involving, among others, AMTG and its directors, officers and other employees.

On February 23, 2016, the ARI Special Committee held a meeting, together with representatives of Fried Frank, Hogan Lovells and Houlihan Lokey to discuss the status of the Potential Transaction, including the then-current drafts of the transaction agreements.

Following the ARI Special Committee meeting on February 23, 2016, the ARI Board held a meeting, together with representatives of Fried Frank, Hogan Lovells and Houlihan Lokey, to discuss the Potential Transaction and the matters that had been reviewed earlier that day at the ARI Special Committee meeting.

Also on February 23, 2016, Latham sent to Fried Frank a revised draft of the merger agreement. Later that day and on February 24, 2016, the respective legal advisors of the ARI Special Committee and AMTG Special Committee continued to negotiate the terms of the merger agreement, the Investment Guidelines and the other transaction documents, and continued to exchange drafts of such documents.

Also on February 24, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley, Latham and Venable. During the meeting, representatives of Morgan Stanley, referring to a presentation that was included in the meeting materials, (i) provided the AMTG Special Committee with a summary of the Potential Transaction from a financial perspective, a review of prevailing market conditions, a summary of Morgan Stanley s valuation analysis of AMTG, and a summary of Morgan Stanley s analysis with respect to the value of the ARI common stock to be received as part of the consideration and (ii) indicated that it was prepared to deliver its oral opinion, to be confirmed by delivery of a written opinion, to the effect that, as of the date of such opinion and based on and subject to various assumptions and limitations described in its opinion, the consideration to be received by AMTG common stockholders pursuant to the merger agreement was fair from a financial point of view to the AMTG common stockholders. Also during the meeting, a representative of Latham, referring to a presentation that was included in the meeting materials, provided the AMTG Special Committee with an overview of the terms of the Potential Transaction. The representatives of both Morgan Stanley and Latham noted that certain terms of the Potential Transaction, including the mechanics for valuing the ARI common stock, were still under discussion with the ARI Special Committee and its advisors.

On February 25, 2016, the AMTG Special Committee and the ARI Special Committee, together with their respective advisors, worked to finalize the merger agreement and other documents. Given certain changes affecting the value of ARI common stock, the parties agreed to increase the purchase price to 89.25% of the common equity book value of AMTG and to value the ARI common stock to be received in the mergers at

Table of Contents

$16.75 per share (representing a discount of $0.18 per share to ARI s common stock s closing price of $16.93 per share on February 25, 2016). The purchase price of 89.25% of the book value of AMTG, and the approximate split of 48% stock and 52% cash (for illustrative purposes only using AMTG s preliminary book value per share of $16.40 as of December 31, 2015), was quantified by Morgan Stanley to equal roughly $14.64 per share and a total common stock equity value of AMTG of $466 million (for illustrative purposes only using AMTG s preliminary book value per share of $16.40 as of December 31, 2015). The parties also agreed that the termination fees upon a termination in connection with an alternative acquisition proposal received during the go-shop period would be $7.5 million and in connection with an alternative proposal received after the go-shop period would be $12 million.

Also on February 25, 2016, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, met with representatives of Morgan Stanley, Latham and Venable to discuss the status of the Potential Transaction. Representatives of Latham reported that the merger agreement and other transaction documents had been finalized without any material changes from the summaries thereof provided to the AMTG Special Committee the previous evening. Representatives of Morgan Stanley delivered Morgan Stanley s oral opinion, to be confirmed by delivery of a written opinion, to the effect that, as of the date of such opinion and based on and subject to various assumptions and limitations described in its opinion, the consideration to be received by AMTG common stockholders pursuant to the merger agreement was fair from a financial point of view to AMTG common stockholders. Based on these facts, the AMTG Special Committee (i) determined that the mergers, the other transactions contemplated by the merger agreement and the merger agreement were advisable and in the best interests of AMTG and the AMTG stockholders (i) recommended that the AMTG Board determine that the mergers, the other transactions contemplated by the merger agreement and the merger agreement are advisable and in the best interests of AMTG and the AMTG stockholders (iii) recommended that the AMTG Board approved and authorize AMTG to enter into, execute and deliver the merger agreement and (iv) recommended that the AMTG Board direct that the First Merger and the other transactions contemplated by the merger agreement be submitted for consideration by the AMTG common stockholders at the AMTG special meeting.

Later on February 25, 2016, the AMTG Board, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the Potential Transaction, held a meeting with representatives of Morgan Stanley, Latham and Venable to discuss the Potential Transaction. A representative of Venable, referring to a presentation that was included in the meeting materials, provided the AMTG Board with an overview of the duties of directors under Maryland law. Representatives of Latham, referring to the same presentation, provided the AMTG Board with an overview of potential conflicts of interest and an overview of the terms of the Potential Transaction. Representatives of Morgan Stanley, referring to a presentation that was included in the meeting materials, (i) provided the AMTG Board with a summary of the Potential Transaction from a financial perspective, prevailing market conditions, a summary of Morgan Stanley s valuation analysis of AMTG, and a summary of Morgan Stanley s valuation of the ARI common stock to be received by AMTG common stockholders as part of the consideration and (ii) rendered its oral and written opinion to the effect that, as of the date of such opinion and based on and subject to various assumptions and limitations described in its opinion, the consideration to be received by AMTG common stockholders pursuant to the merger agreement was fair from a financial point of view to such stockholders. Thereafter, the AMTG Board members in attendance unanimously (i) authorized AMTG to enter into and to perform its obligations under the merger agreement, (ii) determined that the mergers, the other transactions contemplated by the merger agreement and the merger agreement were advisable, and in the best interests of AMTG and the AMTG stockholders, (iii) directed that the First Merger and the other transactions contemplated by the merger agreement be submitted for consideration by the AMTG common stockholders at the AMTG special meeting and (iv) recommended that the AMTG common stockholders vote in favor of the First Merger and the other transactions contemplated by the merger agreement. The AMTG Board authorized the execution of the merger agreement, subject to confirmation the following morning by the AMTG Special Committee that there were no material changes in the final execution version of the merger agreement from the version reviewed by and approved by the AMTG Board or any development that would require the AMTG

Board to change its recommendation. In addition, the AMTG Board members in attendance unanimously approved the adoption of an exclusive forum bylaw for AMTG.

Table of Contents

On February 25, 2016, after the close of U.S. stock markets, the ARI Special Committee held a meeting, together with representatives of Fried Frank, Hogan Lovells and Houlihan Lokey, to discuss the status of the Potential Transaction. Representatives of Fried Frank reported that the merger agreement and other transaction documents had been finalized and provided an overview of certain changes and open items that had been resolved since the ARI Special Committee meeting on February 23, 2016. At the request of the ARI Special Committee, Houlihan Lokey, referring to a presentation that was included in the meeting materials, then reviewed and discussed its financial analyses and orally rendered its opinion to the ARI Special Committee (which was confirmed by delivery of Houlihan Lokey s written opinion, dated February 25, 2016, to the ARI Special Committee) to the effect that, as of such date and based on and subject to the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection with its opinion, the Per Common Share Merger Consideration (which, for purposes of Houlihan Lokey s analyses and opinion, refers to a pro rata portion of consideration consisting of a mix of cash and ARI common stock equal to 89.25% of the common equity book value of AMTG determined in accordance with the methodologies and a pricing date contemplated by the merger agreement) to be paid by ARI in the First Merger was fair to ARI from a financial point of view. Thereafter, the ARI Special Committee unanimously resolved to recommend the mergers, merger agreement, asset purchase agreement, stock purchase agreement and Bridge Loan Commitment Letter to the ARI Board.

On the morning February 26, 2016, before the U.S. stock markets opened, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee, held a meeting with representatives of Morgan Stanley and Latham, during which representatives of Latham reported to the AMTG Special Committee that there were no material changes in the final execution version of the merger agreement from the version reviewed by and approved by the AMTG Board at the prior day s AMTG Board meeting or any other development that would require the AMTG Board to change its recommendation in favor of the transaction. Accordingly, the AMTG Special Committee, on behalf of the AMTG Board authorized the execution and delivery of the merger agreement and the accompanying AMTG disclosure letter by an authorized officer of AMTG.

Also on the morning of February 26, 2016, before the U.S. stock markets opened, the ARI Board held a meeting, together with representatives of Fried Frank, Hogan Lovells and Houlihan Lokey, to discuss the status of the Potential Transaction. Representatives of Fried Frank reported that the merger agreement and other transaction documents had been finalized, providing an overview of the material changes and open items that had been resolved since the ARI Special Committee meeting on February 23, 2016. Houlihan Lokey, referring to a presentation that was included in the meeting materials and had been reviewed with the ARI Special Committee at its February 25, 2016 meeting, provided the ARI Board with an overview of financial aspects of the Proposed Transaction as reviewed with the ARI Special Committee. Thereafter, the ARI Board approved the mergers, merger agreement and the arrangements with Athene and determined that the mergers, the merger agreement and the transactions contemplated by the merger agreement and the other transactions are advisable and in the best interests of ARI. In addition, the ARI Board approved the adoption of an exclusive forum bylaw for ARI.

On the morning of February 26, 2016, before the U.S. stock markets opened, ARI and AMTG executed and delivered the merger agreement and certain ancillary documents and issued a joint press release announcing the mergers and the related transactions and commencement of the go-shop period (which ended on April 1, 2016).

From February 26, 2016, through April 1, 2016, in connection with the go-shop process provided for under the merger agreement, Morgan Stanley contacted 10 parties, consisting of six residential mortgage REITs and four commercial mortgage REITs, which the AMTG Special Committee and Morgan Stanley believed had the financial ability and potential strategic interest in reviewing the opportunity, to solicit their interest in a possible alternative transaction with AMTG. In addition, one other asset manager contacted AMTG to express interest in a possible acquisition of AMTG. None of these discussions progressed to the point where any party was willing to enter into a non-disclosure

agreement in order to obtain non-public information regarding AMTG. At 12:00 midnight on April 1, 2016, the go-shop period expired without the AMTG Special Committee having received any indications of interest or alternative proposals from any potential buyer.

Table of Contents

On June 30, 2016, the parties entered into an amendment to the merger agreement that extended the termination date of the merger agreement from August 26, 2016 to September 9, 2016 to provide the parties with additional time to implement the pricing processes provided for in the merger agreement, hold the AMTG shareholder meeting and close the transactions before the termination date. Once the pricing processes were completed, the parties set a Pricing Date of July 22, 2016 and executed the calculations provided for by the merger agreement to determine the per share merger consideration. As a result of these procedures, the price per share of approximately $13.83 as of the Pricing Date was determined based on the closing price of ARI common stock of $16.68 on the Pricing Date.

AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, has unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, (i) approved and ratified the merger agreement, the mergers and the other transactions contemplated by the merger agreement, (ii) authorized AMTG to enter into and perform its obligations under the merger agreement, (iii) determined that the mergers, the other transactions contemplated by the merger agreement and the merger agreement were advisable and in the best interests of AMTG and the AMTG stockholders, (iv) directed that the First Merger and the other transactions contemplated by the merger agreement be submitted for consideration by the AMTG common stockholders at the AMTG special meeting and (v) recommended that the AMTG common stockholders vote in favor of the First Merger and the other transactions contemplated by the merger agreement. The decision of the AMTG Board to approve the mergers, the other transactions contemplated by the merger agreement and the merger agreement at this time was the result of careful consideration by the AMTG Board of many factors, including the following material factors:

- the unanimous recommendation of the AMTG Special Committee that the AMTG Board approve the merger agreement and the transactions contemplated thereby, and the AMTG Board s consideration of the independence of the members of the AMTG Special Committee as well as the independence, experience and expertise of Morgan Stanley as the financial advisor to the AMTG Special Committee and of Latham and Venable as legal counsel to the AMTG Special Committee;

- the challenges facing the mortgage REIT industry in general, including volatility in the fixed income markets, significant uncertainty regarding the outlook for interest rates and, more recently, widening spreads on RMBS;

- the challenges facing AMTG in particular, including that its shares of common stock have traded at a substantial discount to AMTG s net asset value per share, which results in unsatisfactory returns to long-term stockholders and makes any equity capital raising activity dilutive, has been and continues to be unable to raise growth capital on acceptable terms, and accordingly, has been unable to increase its size and scale through capital market transactions;

- the fact that, based on the relative trading prices of AMTG common stock and ARI common stock as of February 25, 2016, the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on

February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83 % of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of AMTG common stock on February 25, 2016 in light of historical levels of changes to book value, offset in part by the possibility there would be no or a negative premium if AMTG s book value decreased at a greater rate than historically and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company. Although some of these factors were present for a period of time prior to the

Table of Contents

decision to enter into the Proposed Transaction, the AMTG Board believed that the relative book values of ARI and AMTG as compared to their trading prices on February 25, 2016, when considered in light of the foregoing factors, provided a situation that in the view of the AMTG Board was in the best interest of the common stockholders of AMTG at that time;

in connection with the transaction, AMTG s common stockholders will receive 13.4 million shares of ARI common stock in the aggregate. Over the 12-month period ended February 25, 2016, ARI s trading volume had been approximately $9.2 million per day as compared to approximately $3.5 million per day for AMTG; consequently, AMTG s stockholders should benefit from the improved liquidity of the Combined Company. In addition, for the quarter ended December 31, 2015, ARI paid a quarterly dividend of $0.46 per share of ARI common stock, which represented a 10.9% annualized dividend yield based upon the closing price of ARI common stock on February 25, 2016 of $16.93. This dividend yield was attractive given that (i) ARI s dividend historically has been more stable than AMTG s and that ARI has never lowered its quarterly dividend and (ii) ARI s book value per share historically has been less volatile than AMTG s;

through the ownership of shares of ARI common stock, AMTG common stockholders will have the opportunity to participate in ARI s potential future growth and success, including any increases in the net common equity book value of the Combined Company following the closing of the mergers and the related transactions as well as any premium paid to ARI stockholders in connection with a future acquisition of ARI. ARI intends to redeploy the net proceeds it expects to receive from the liquidation of AMTG s assets to fund ARI s current investment pipeline and pursue attractive new commercial real estate debt opportunities expected to drive earnings growth. At December 31, 2015, ARI s investment portfolio totaled approximately $2.5 billion and ARI s market capitalization totaled approximately $1.4 billion;

the Combined Company is expected to be able to achieve greater economies of scale than either ARI or AMTG on a standalone basis by allocating ARI s operating platform expenses over a larger portfolio;

since the merger consideration in the First Merger consists of a fixed number of shares of ARI common stock (given that the aggregate number of shares of ARI common stock to be issued in the mergers is fixed at 13.4 million), AMTG common stockholders potentially will benefit from any increase in the trading price of ARI common stock between the announcement and the closing of the mergers;

the mergers are expected to be immediately accretive to ARI s book value in that on December 31, 2015, the book value per share of ARI common stock was $16.21 and the pro-forma estimate of book value per share of common stock of a combined ARI and AMTG was $16.57, a premium of 2.2%, and that the Combined Company s stockholders will benefit from increased cash flow available to pay a dividend;

the AMTG Board s understanding of the information concerning AMTG s and ARI s respective businesses, financial performance, condition, operations, management, competitive positions, prospects and stock performance, including the results of AMTG s due diligence investigation of ARI and its assets, liabilities, earnings, financial condition, business and prospects, which confirmed the AMTG Board s positive view of ARI s business and its belief that the Combined Company would have a stronger foundation for growth and

improved performance as compared to AMTG on a standalone basis;

the likelihood that the merger consideration in the transaction with ARI would result in value to the holders of AMTG common stock that would be as much or more than could be realized if AMTG were liquidated because (i) the liquidation expenses, including the payment of a termination fee to AMTG Manager in connection with terminating the AMTG management agreement, which management of AMTG estimated would cost approximately $33.2 million, would be greater than the expenses of the transaction with ARI, (ii) the possibility that AMTG would receive less than the mark-to-market book value for its securities since potential buyers would be aware that AMTG was required to liquidate when AMTG, as a publicly traded company, adopted a plan of liquidation or announced its intention to liquidate, (iii) additional expenses or liabilities that would have to be paid in a liquidation, which management of AMTG estimated would cost between $15.9 million and $19.9 million, before proceeds could go to the AMTG stockholders, and (iv) of possible declines in the market value of AMTG s

Table of Contents

mortgage securities and loan portfolio at the time of liquidation as compared to the fixed value as of the Pricing Date. In addition, a liquidation would have uncertain value at the time the AMTG stockholders were asked to vote on a plan of liquidation (as would be required under Maryland law) because the value in a liquidation would be based on market values at the time of liquidation, which would be after a meeting of AMTG common stockholders, as compared to the transaction with ARI in which the consideration is fixed as a percentage of an agreed upon book value prior to the vote of AMTG s common stockholders;

the fact that any potential third party buyer would likely have its own manager and wish to terminate AMTG s management agreement, thereby triggering the termination fee payable thereunder, which such third party would consider in determining how much it would be willing to pay to acquire AMTG;

the opinion of Morgan Stanley rendered to the AMTG Special Committee, the analysis and conclusions of which the AMTG Special Committee adopted as its own after careful consideration, to the effect that as of February 25, 2016, and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its written opinion of the same date, the merger consideration to be received by the holders of shares of AMTG common stock, (but excluding shares of AMTG common stock (i) held in treasury, (ii) held by ARI or Merger Sub, or (iii) held by any subsidiary of ARI, Merger Sub or AMTG) pursuant to the merger agreement was fair from a financial point of view to the holders of shares of AMTG common stock. In considering the Morgan Stanley opinion, the AMTG Board, acting upon the recommendation of the AMTG Special Committee, concluded that although Morgan Stanley addressed fairness to AMTG s directors and executive officers as well as to unaffiliated stockholders, nonetheless the Morgan Stanley opinion provided an appropriate basis for the AMTG Board s findings as to fairness to the unaffiliated stockholders, because AMTG s directors and executive officers will receive the same consideration per share in the Mergers as the unaffiliated stockholders. For a discussion of Morgan Stanley s opinion and the financial analyses presented by Morgan Stanley to the AMTG Special Committee in connection with the delivery of its opinion, see *Special Factors Opinion of the Financial Advisor to the AMTG Special Committee* beginning on page 52 of this proxy statement/prospectus;

the ability to complete the mergers within a reasonable period, including the likelihood of obtaining the AMTG common stockholder approval to complete the transaction in a timely manner in light of the efforts agreed upon by ARI and AMTG (and the ARI Manager and AMTG Manager) to complete the transaction;

the determination of the AMTG Special Committee that, after considering other strategic alternatives to enhance stockholder value, none of them was likely to result in greater value to the AMTG stockholders than the mergers and the other transactions contemplated by the merger agreement;

the merger agreement contains a go-shop provision permitting AMTG to initiate, solicit, facilitate and encourage (publicly or otherwise) any inquiry or the making of any proposals or offers that constitute, or may reasonably be expected to lead to, an alternative transaction, for a period of 35 days after the date of merger agreement;

the fact that the merger agreement permits AMTG, even after the expiration of the go-shop period, to furnish non-public information to, and engage in discussions with, a third party that makes an unsolicited bona fide written proposal to engage in a business combination transaction with AMTG, provided that the AMTG Board determines in good faith that the proposal is reasonably likely to result in a transaction that, if consummated, would be more favorable, from a financial point of view, to AMTG stockholders than the mergers, and that failure to take such action would be inconsistent with the directors duties under applicable law (see *The Agreements Description of the Merger Agreement* beginning on page 158 of this proxy statement/prospectus);

the fact that the merger agreement provides that at any time prior to approval by the AMTG stockholders, AMTG may terminate the merger agreement to accept, and enter into an agreement providing for a Superior Proposal if the AMTG Board determines in good faith (after consultation

Table of Contents

with outside legal counsel and a nationally recognized financial advisor) that it has received a Superior Proposal and the failure to take such action would be inconsistent with the AMTG directors duties under applicable law, subject to the right of ARI, for a period of at least five business days, to adjust its proposal such that the new proposal is no longer a Superior Proposal and subject to AMTG s obligation, if it terminates the merger agreement, to pay the termination fee and expense reimbursement referenced below, it may terminate the merger agreement. In addition to the foregoing, in circumstances not involving or relating to a Superior Proposal or Acquisition Proposal, the AMTG Board may, at any time prior to the approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG common stockholders, make a change in recommendation upon the occurrence of a list of specified intervening events (see *The Agreements Description of the Merger Agreement* beginning on page 158 of this proxy statement/prospectus); and

the AMTG common stockholders may choose to not vote in favor of the First Merger if they believe the consideration is insufficient, which mitigates some of the risk associated with the transaction, including, but not limited to, fluctuations in the price of shares of ARI common stock prior to such stockholder vote.

The AMTG Board also considered the interests that certain directors and officers of AMTG may have with respect to the mergers in addition to their interests as stockholders of AMTG generally (see *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84 of this proxy statement/prospectus), which the AMTG Board considered a neutral factor in its evaluation of the Potential Transaction.

Although the foregoing discussion sets forth the material factors considered by the AMTG Board in reaching its recommendation, it may not include all of the factors considered by the AMTG Board, and each director may have considered different factors or given different weights to different factors. In view of the variety of factors and the amount of information considered, the AMTG Board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its recommendation. The AMTG Board realized that there can be no assurance about future results, including results expected or considered in the factors above. However, the AMTG Board concluded that the potential positive factors described above significantly outweighed the neutral and negative factors described above. The recommendation was made after consideration of all of the factors as a whole. THE AMTG BOARD, ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE AMTG SPECIAL COMMITTEE, HAS UNANIMOUSLY, WITH THE EXCEPTION OF MARK C. BIDERMAN, WHO RECUSED HIMSELF FROM DELIBERATIONS RELATING TO THE MERGERS, APPROVED THE MERGER AGREEMENT THE MERGERS AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND DETERMINED AND DECLARED THAT IT IS ADVISABLE AND IN THE BEST INTERESTS OF AMTG AND ITS STOCKHOLDERS TO ENTER INTO THE MERGER AGREEMENT AND TO CONSUMMATE THE MERGERS AND THE OTHER TRANSACTIONS ON THE TERMS AND CONDITIONS SET FORTH THEREIN. ACCORDINGLY, THE AMTG BOARD, ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE AMTG SPECIAL COMMITTEE, UNANIMOUSLY, WITH THE EXCEPTION OF MARK C. BIDERMAN, WHO RECUSED HIMSELF FROM DELIBERATIONS RELATING TO THE MERGERS, RECOMMENDS THAT THE AMTG COMMON STOCKHOLDERS VOTE FOR APPROVAL OF THE FIRST MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT.

In considering the recommendation of the AMTG Board with respect to the First Merger, you should be aware that certain of AMTG s directors and officers have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of AMTG stockholders generally. See *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84 of this proxy statement/prospectus.

42

Table of Contents

The explanation of the reasoning of the AMTG Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled *Cautionary Note Regarding Forward-Looking Statements* beginning on page 118.

ARI s Reasons for the Transactions

On February 25, 2016, Mr. Gault, Mr. Prince and Mr. Kasdin, as the members of the ARI Special Committee, unanimously determined that the merger agreement, and the transactions contemplated by the merger agreement, including the issuance of shares of ARI capital stock to AMTG stockholders in the mergers, were advisable and in the best interests of ARI and its stockholders and recommended that the ARI Board authorize, approve and adopt the merger agreement, the mergers and the other transactions contemplated thereby. The ARI Special Committee also unanimously determined that the asset purchase agreement, the stock purchase agreement and the Bridge Loan Commitment Letter were in the best interests of ARI and its stockholders and recommended that the ARI Board authorize and approve each of the asset purchase agreement, the stock purchase agreement and the Bridge Loan Commitment Letter. In evaluating the mergers and the other transactions contemplated by the merger agreement, the ARI Special Committee consulted with its legal and financial advisors and considered various factors in making its determination, including information it requested and received from ARI s management.

Based upon the determination and recommendation of the ARI Special Committee, the ARI Board, at a meeting held on February 26, 2016, unanimously, with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers, determined that the mergers and related transactions are advisable and in the best interests of ARI and its stockholders and approved the mergers and the other transactions contemplated by the merger agreement, the asset purchase agreement, the stock purchase agreement and the Bridge Loan Commitment Letter, and the transactions contemplated thereby.

The ARI Special Committee and the ARI Board considered the following information and factors to be favorable to, and in support of, its determinations and recommendations to enter into the merger agreement, the mergers and related transactions at this time:

- the results of ARI s due diligence investigations of AMTG, including with respect to AMTG s asset pricing and book value methodologies;

- information and discussions with ARI s management regarding AMTG s business and portfolio of assets and the anticipated benefits of the mergers and related transactions, as well as the recommendation of the mergers and related transactions by ARI s management;

- the fact that the anticipated net proceeds from the sale of AMTG s assets following the closing of the mergers will provide ARI with additional capital, which can be re-deployed into ARI s target assets, with such capital having been obtained by ARI without incurring any underwriting costs or market discounts to its stock price which would have been associated with a typically underwritten common stock offering by ARI;

- the opportunity to enter into the asset purchase agreement with Athene Annuity, which reduces the risk associated with the majority of AMTG s non-Agency assets (which generally comprise the less liquid portion

of AMTG s assets);

the fact that at this time the mergers and related transactions are expected to be accretive to ARI s common equity book value per share;

the fact that the transactions contemplated by the merger agreement are expected to be beneficial to AMTG s stockholders, and therefore likely to receive the requisite approval of AMTG s common stockholders, because the trading value of AMTG measured against its book value will likely allow ARI to offer merger consideration at a significant premium to the trading price of AMTG common stock;

Table of Contents

the financial analysis reviewed by Houlihan Lokey with the ARI Special Committee as well as the oral opinion of Houlihan Lokey rendered to the ARI Special Committee on February 25, 2016 (which was confirmed by delivery of Houlihan Lokey s written opinion, dated February 25, 2016, to the ARI Special Committee) as to the fairness, from a financial point of view and as of such date, to ARI of the Per Common Share Merger Consideration to be paid by ARI in the First Merger, which opinion was based on and subject to the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection with its opinion, as more fully described below under the caption *Opinion of the Financial Advisor to the ARI Special Committee*;

the fact that ARI has received a debt financing commitment from Athene USA in the amount of up to $200 million to provide financing for the transaction;

the fact that the stock consideration is a fixed number of shares and thus avoids fluctuations in the number of shares of ARI common stock payable as consideration in the First Merger;

the fact that the transaction allows ARI to issue common stock at a premium to ARI s common equity book value per share as of December 31, 2015, without taking market risk or paying an underwriting fee;

the conversion in the Second Merger of $172.5 million of AMTG Series A Preferred Stock into an equal amount of ARI Series C Preferred Stock, which ARI s management believes is an attractive rate that would be difficult to replicate in the current market environment;

the ARI Board s belief as to the likelihood that the mergers and related transactions will be consummated, based on, among other things, the conditions to closing contained in the merger agreement, the asset purchase agreement and other transaction documents;

the financial and other terms of the merger agreement, including:

- AMTG s agreement to calculate and determine its book value as of a date within three (3) business days prior to the mailing of this proxy statement/prospectus, which enabled ARI to minimize exposure to the volatility of AMTG s book value until closer to the anticipated closing date;

- AMTG s agreement to enter into certain hedging arrangements from and after the pricing date in order to limit the volatility of (and, therefore, preserve) AMTG s book value through the closing date;

- AMTG s obligation to reimburse ARI for expenses incurred in connection with the mergers under certain circumstances described in the section entitled *The Agreements Description of the Merger Agreement Termination Fee and Expenses Payable by AMTG to ARI* beginning on page 178;

the termination fee payable by AMTG to ARI under certain circumstances described in the section entitled *The Agreements Description of the Merger Agreement Termination Fee and Expenses Payable by AMTG to ARI* beginning on page 178; and

Athene USA s commitment to purchase shares of ARI common stock following the closing in the event the trading price falls below $16.75 per share (which is the per share value of the shares of ARI common stock to be issued in the First Merger), which will provide ARI s common stock with additional liquidity following the closing.

The ARI Special Committee and the ARI Board weighed the foregoing favorable information and factors against a variety of potentially negative factors, including:

the risk that the transactions may not be consummated despite the parties efforts or that the closing of the transactions may be unduly delayed;

the risk that the anticipated benefits expected to be obtained as a result of the mergers and subsequent sale of AMTG assets might not be fully or timely realized;

Table of Contents

the fact that significant costs will be incurred in connection with the transactions;

certain terms of the transaction agreements, including:

- AMTG s right to solicit alternative acquisition proposals from third parties during the go-shop period;
- the provisions of the merger agreement that place restrictions on the interim operations of ARI and its subsidiaries pending the closing (see *The Agreements Description of the Merger Agreement Covenant and Agreements Conduct of Business of ARI Pending the Merger* beginning on page 165);
- the provisions of the stock purchase agreement prohibiting ARI from purchasing shares of ARI common stock during the 30 trading day period following closing which is the period during which Athene USA may be required to purchase shares of ARI common stock;

the risk that the liquidation value of AMTG s assets, net of liabilities, transaction expenses and adjustments, may be less than expected, due to changes in the market, including continuing headwinds facing the residential mortgage REIT sector, fluctuations in interest rates and credit availability or otherwise;

the risk that, despite AMTG s hedging strategies, AMTG s book value decreases between the pricing date and the closing date, and the fact that there would be no corresponding adjustment to the merger consideration;

the fact that the per share value of the stock consideration is fixed at $16.75, and increases in the trading price of ARI common stock or in ARI s book value could result in ARI issuing stock in the First Merger at a discount to the then-current market price or at a price below ARI s common book value per share as of the closing;

the amount of cash that will be required to fund the cash portion of the merger consideration and the fact that ARI s obligation to complete the mergers is not conditioned on its ability to obtain financing;

the risk that ARI may not be able to replace certain financing arrangements relating to AMTG s assets on terms consistent with the terms negotiated by AMTG;

the potential downward pressure on the share price of the Combined Company that may result if AMTG stockholders seek to sell their ARI shares after the closing; and

the risks of the type and nature described under the section entitled *Risk Factors* beginning on page 109.

After consideration of these factors, the ARI Board believed that the potential benefits of the mergers and related transactions to ARI and its stockholders outweighed the potential risks, many of which are mentioned above.

This discussion of the information and factors considered by the ARI Special Committee and the ARI Board includes the material positive and negative factors considered by the ARI Special Committee and the ARI Board but it is not intended to be exhaustive and may not include all the factors considered by the ARI Special Committee or the ARI Board. Neither the ARI Special Committee nor the ARI Board quantified or assigned any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger agreement, the mergers and the related transactions. Rather, the ARI Special Committee and the ARI Board viewed its position and, in the case of the ARI Special Committee, its recommendation as being based on the totality of the information presented to and factors considered by it. In addition, individual members of the ARI Board may have given differing weights to different factors. It should be noted that this explanation of the reasoning of the ARI Special Committee and the ARI Board and certain information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled *Cautionary Statement Regarding Forward-Looking Statement*s beginning on page 118.

Table of Contents

Apollo Participants Reasons for the Transactions

Apollo, the ARI Manager and the AMTG Manager, which are referred to collectively in this proxy statement/prospectus as the Apollo Participants, are making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act. These statements are being made because one individual is a director of both ARI and AMTG, which causes ARI and AMTG to be deemed affiliates for certain purposes including for purposes of Rule 13e-3. The making of these statements is not an admission by the Apollo Participants that AMTG is controlled by Apollo or any affiliate of Apollo such that AMTG should be deemed to be an affiliate of Apollo in connection with the mergers. The individual who is a director of both ARI and AMTG recused himself from all proceedings of the respective boards of directors of ARI and AMTG in which the transactions contemplated by the merger agreement were considered.

The managers are each indirect subsidiaries of Apollo.

For the Apollo Participants, the purposes of the mergers are (1) for AMTG to address the challenges AMTG has been facing because of difficult market conditions in its sector and other factors, which have caused its shares to trade at a significant discount to AMTG s net asset value per share for an extended period of time and have made it difficult to achieve the size and scale considered necessary to be successful; (2) for AMTG s stockholders to receive consideration for their AMTG shares representing immediately a significant premium to the levels at which they recently have traded; and (3) for ARI to increase its capital base on attractive terms.

The Apollo Participants believe that the transaction structure of the mergers is preferable for AMTG and its stockholders to liquidation because it avoids the uncertainties and delays that would be involved in a liquidation, and because it allows the stockholders of AMTG to receive immediate cash consideration while also participating in the potential future profits of ARI.

The Apollo Participants reasons for recommending first to the ARI Board and then to the AMTG Board that those boards consider a business combination transaction involving the two companies, include the following:

- Apollo and its affiliates (including the Managers) continually explore potential means of enhancing investor value relative to the status quo for the various pools of capital that they manage (including ARI and AMTG).

- Apollo and the AMTG Manager believe that AMTG lacks the size and scale needed to be successful in its sector, and because of market conditions has been and continues to be unable to raise growth capital on acceptable terms.

- Apollo and the ARI Manager regularly seek opportunities to grow ARI s capital base, on terms that limit or, ideally, avoid material dilution of ARI s stockholders.

- The Apollo Participants determined that it may be possible to combine ARI and AMTG on terms that address AMTG s size and scale issues while providing liquidity to AMTG s stockholders on potential terms, while affording ARI an opportunity to grow its capital base on terms attractive to ARI and its stockholders.

The Apollo Participants recognized, when they began analyzing the possibility of a business combination between ARI and AMTG, that it would be necessary to obtain funding and that, because AMTG s assets are not within the types of assets held by ARI and therefore would need to be liquidated in connection with any such business combination, it would also be necessary in connection with any such transaction to manage the consequences of potential fluctuations in the values of AMTG s financial assets after the transaction was announced and while it was pending. Accordingly, they approached Mr. Belardi, on behalf of Athene, to determine on a preliminary basis whether Athene would have an interest in entering into certain transactions with ARI in connection with ARI s participation in any business combination that the ARI Board and the AMTG Board might determine to pursue.

Table of Contents

When Mr. Belardi, on behalf of Athene, confirmed Athene s interest in principle to enter into such transactions with ARI, Mr. Rothstein, on behalf of the ARI Manager, presented the idea of the potential business combination to the ARI Board. The ARI Manager discussed with the ARI Board at the time that it made the presentation that the Apollo Participants may be subject to potential conflicts of interest in respect of any potential business combination with AMTG and that, if the ARI Board wished to explore and pursue such a combination, the ARI Manager would support the establishment of a special committee of ARI s independent directors and the negotiation of any transaction with AMTG by that committee. The AMTG Manager subsequently discussed with the AMTG Board at the time that it made the presentation that the Apollo Participants likely could be subject to potential conflicts of interest in respect of any potential business combination with ARI and that, if the AMTG Board wished to explore and pursue such a combination, the AMTG Manager would support the establishment of a special committee of AMTG s independent directors and the negotiation of any transaction with ARI by that committee.

The Apollo Participants believe the mergers and the related transaction with Athene described in this proxy statement/prospectus should be beneficial for AMTG s stockholders, for ARI and its stockholders, and for Athene. The immediate consequence of the consummation of the mergers will be to reduce the aggregate management fees received by the Apollo Participants under the management agreements with ARI and AMTG. The amount of fees paid to the Apollo Participants may increase in the future if ARI is successful in continuing to grow its capital base after the consummation of the mergers.

Position of AMTG as to the Fairness of the Mergers

AMTG is making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act.

Under SEC rules, AMTG is required to express its belief as to the fairness of the mergers to the unaffiliated holders of AMTG common stock. AMTG, through the AMTG Special Committee and the AMTG Special Committee s engagement of Morgan Stanley as its financial advisor, attempted to negotiate a transaction that would be most favorable to the stockholders of AMTG. Although the Morgan Stanley fairness opinion addresses some affiliated stockholders of AMTG, those stockholders are receiving the same merger consideration as the unaffiliated stockholders of AMTG. Because there is no distinction in how these stockholders are treated in the merger, the AMTG Board was able to rely on Morgan Stanley s opinion to make a fairness determination as to unaffiliated stockholders of AMTG. Based on the procedural safeguards implemented during the negotiation of the mergers and the other factors considered by, and the analysis, discussion and resulting conclusions of, the AMTG Special Committee and the AMTG Board described in the section entitled *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 of this proxy statement/prospectus, which analysis, discussion and resulting conclusions AMTG expressly adopts as its own, AMTG believes that the mergers are substantively and procedurally fair to the unaffiliated holders of AMTG common stock. In preparing its fairness opinion, Morgan Stanley reviewed the terms of selected public company precedent transactions announced between January 1, 2001 and December 31, 2015, in which the targets were REITs and the transaction value was at least $500 million. Morgan Stanley presented its findings to the AMTG Board and AMTG Special Committee, and while Morgan Stanley did not present transaction data for comparable companies on an individual basis, AMTG was able to rely on the expertise of Morgan Stanley to provide a summary based on the fifteen years worth of historical data. As is customary in transactions of this type, where the value of the merger consideration is not based upon an estimate, but rather based upon a book value formula that operates in a manner similar to an exchange ratio, the AMTG Special Committee does not intend to request an updated financial opinion be delivered to the AMTG Special Committee. In particular, AMTG believes that the First Merger is both procedurally and substantively fair to the unaffiliated stockholders of AMTG common stock based on its consideration of the following factors, among others:

the fact that the merger agreement and the transactions contemplated thereby, including the mergers, were negotiated, determined to be advisable to and in the best interests of AMTG and its stockholders, and approved by the AMTG Special Committee and the AMTG Board, as applicable;

Table of Contents

the fact that, based on the relative trading prices of AMTG common stock and ARI common stock, the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of AMTG common stock on February 25, 2016 and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company;

the fact that AMTG believes that such Per Common Share Merger Consideration constitutes fair value to the holders of AMTG common stock when considering the following factors: (i) the steady declines of historical market prices of AMTG common stock and the closing price of common shares of AMTG of $10.14 as of February 25, 2016 , (ii) the fact that the ratio of the price per share of AMTG common stock to AMTG s book value during the 52-week period ending February 24, 2016 ranged from a low of approximately 0.59x to a high of approximately 0.86x, (iii) the liquidation value analysis of AMTG which resulted in an implied per share equity value range of AMTG of $14.11 to $14.78, or when incorporating volatility considerations during the liquidation decision and execution process, $13.51 to $15.38 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64), and (iv) the opinion of Morgan Stanley as described below;

the fact that the Per Common Share Merger Consideration and the other terms and conditions of the merger agreement were negotiated on an arm s-length basis under Maryland law between the ARI Special Committee and the AMTG Special Committee;

the fact that the merger agreement permits AMTG, subject to specific limitations and requirements set forth therein, to actively solicit alternative acquisition proposals from third parties, and to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making any such acquisition proposal through April 1, 2016, and thereafter AMTG may consider and respond to an unsolicited third-party acquisition proposal, and continue to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement;

the fact that the merger agreement permits the AMTG Board, subject to specific limitations and requirements set forth therein, to withdraw or change its recommendation that AMTG s common stockholders vote in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement and to terminate the merger agreement and accept a superior proposal, in each case prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, subject to AMTG paying ARI a termination fee of $7.5 million or, in certain circumstances, $12.0 million; and

the fact that the First Merger is conditioned upon, among other matters, the AMTG stockholders approval of the First Merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock entitled to vote on the First Merger, including the affirmative vote of the holders of at least a majority of the then outstanding shares of AMTG common stock that are beneficially owned by persons who are not affiliates of Apollo.

Table of Contents

AMTG also identified and considered the following potentially negative factors in its deliberations:

because the Per Share Stock Consideration consists of a fixed number of shares of ARI common stock, AMTG common stockholders will be adversely affected by any decrease in the trading price of shares of ARI common stock between the Pricing Date and the completion of the mergers, which would not have been the case had ARI been obligated to issue a number of shares of ARI common stock equal to an agreed-upon aggregate market value; and the fact that AMTG is not permitted to terminate the merger agreement solely because of changes in the market price of shares of ARI common stock;

the possible disruption to AMTG s business that may result from the announcement of the mergers and the related transactions and the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the mergers and the related transactions, and the impact that may have on the ongoing business of AMTG in the event the mergers and the related transactions are not consummated;

the risk that the potential cost savings and other benefits of the plan to liquidate some assets of AMTG and re-deploy the proceeds of the liquidation to acquire assets in the target industry of ARI might not be fully realized or not realized at all, which could impair the future value of the ARI common stock to be received by the AMTG common stockholders in the First Merger;

the terms of the merger agreement regarding the restrictions on the operation of AMTG s business during the period between the signing of the merger agreement and the completion of the mergers;

the fact that the (i) $7.5 million termination fee, if the transaction is terminated in connection with an alternative proposal received during the go-shop period or from an Excluded Party (as defined in the merger agreement) or (ii) $12 million termination fee if the transaction is terminated in certain other circumstances, and AMTG s obligation to reimburse ARI for up to $6 million of expenses incurred in connection with the transaction if the merger agreement is terminated under certain circumstances specified in the merger agreement, may discourage third parties that may otherwise have an interest in a business combination with, or an acquisition of, AMTG from pursuing such a transaction with AMTG (see *The Agreements Description of the Merger Agreement* beginning on page 158 of this proxy statement/prospectus);

the terms of the merger agreement limiting the ability of AMTG, following expiration of the 35-day go-shop period, to solicit, initiate, knowingly encourage or facilitate any inquiry, discussion, offer or request that would reasonably be expected to result in alternative business combination transactions and to furnish non-public information to, or engage in discussions or negotiations with, a third party interested in pursuing an alternative business combination transaction (see *The Agreements Description of the Merger Agreement* beginning on page 158 of this proxy statement/prospectus);

the possibility that the mergers may not be completed or may be unduly delayed because AMTG common stockholders may not approve the First Merger and the other transactions contemplated by the merger agreement or other factors outside AMTG s control;

the risk that the mergers might not be completed and the effect of the resulting public announcement of termination of the merger agreement on:

- the market price of shares of AMTG common stock,
- AMTG s operating results, particularly in light of the costs incurred in connection with the transaction, and
- AMTG s ability to attract and retain tenants and personnel;

the substantial costs to be incurred in connection with the transaction;

the absence of appraisal rights for AMTG common stockholders under Maryland law; and

the risks described in the section entitled *Risk Factors* beginning on page 109 of this proxy statement/prospectus.

Table of Contents

The foregoing discussion of the factors considered by AMTG is not intended to be exhaustive but is believed to include all material factors considered by AMTG in making a determination regarding the fairness of the mergers for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. A majority of the directors of AMTG who are not employees of AMTG have not retained an unaffiliated representative to act solely on behalf of unaffiliated security holders for purposes of negotiating the terms of the Rule 13e-3 transaction and/or preparing a report concerning the fairness of the transaction. AMTG did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the mergers. Rather, AMTG made its fairness determination after considering all of the factors as a whole.

Position of the ARI Participants as to the Fairness of the Mergers

ARI and Merger Sub which are referred to collectively in this proxy statement/prospectus as the ARI Participants, are making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act. These statements are being made because one individual is a director of both ARI and AMTG, which causes ARI and AMTG to be deemed affiliates for certain purposes including for purposes of Rule 13e-3. However, the making of such statements is not an admission by the ARI Participants that AMTG is controlled by ARI or any affiliate of ARI such that AMTG should be deemed to be an affiliate in connection with the mergers. The individual who is a director of both ARI and AMTG recused himself from all proceedings of the respective boards of directors of ARI and AMTG in which the transactions contemplated by the merger agreement were considered.

Under SEC rules, the ARI Participants are required to express their belief as to the fairness of the mergers to the unaffiliated holders of AMTG common stock. ARI and Merger Sub, through the ARI Special Committee, attempted to negotiate a transaction that would be most favorable to ARI and Merger Sub and did not negotiate a transaction with a goal of obtaining terms that were fair to the holders of AMTG common stock and did not undertake any independent evaluation of the fairness of the mergers to the unaffiliated holders of AMTG common stock or engage a financial advisor for such purpose. However, based on the procedural safeguards implemented during the negotiation of the mergers and the other factors considered by, and the analysis, discussion and resulting conclusions of, the ARI Special Committee and the ARI Board described in the section entitled *Special Factors ARI s Reasons for the Transactions* beginning on page 42 of this proxy statement/prospectus, which analysis, discussion and resulting conclusions the ARI Participants expressly adopt as their own, the ARI Participants believe that the mergers are substantively and procedurally fair to the unaffiliated holders of AMTG common stock. In particular, ARI and Merger Sub believe that the First Merger is both procedurally and substantively fair to the unaffiliated stockholders of AMTG common stock based on their consideration of the following factors, among others:

- the fact that the merger agreement and the transactions contemplated thereby, including the mergers, were negotiated, determined to be advisable and in the best interests of AMTG and its stockholders, and approved by the AMTG Special Committee and the AMTG Board, as applicable;

- the transactions between ARI and Athene USA were in the best interests of ARI stockholders because Athene USA s agreement to purchase certain assets in AMTG s portfolio alleviated the cost and risk of ARI having to sell those assets or obtain alternative financing;

the fact that the value of the Per Common Share Merger Consideration as of the Pricing Date, which is approximately $13.83 (based on the closing price as of July 22, 2016 on the NYSE for a share of ARI common stock), represents approximately a 36.3% premium over the market closing price of AMTG common stock of $10.14 on February 25, 2016, the last unaffected trading day prior to the announcement of the merger agreement;

the fact that the Per Common Share Merger Consideration and the other terms and conditions of the merger agreement were negotiated on an arm s-length basis under Maryland law between the ARI Special Committee and Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee;

Table of Contents

the fact that the merger agreement permits AMTG, subject to specific limitations and requirements set forth therein, to actively solicit alternative acquisition proposals from third parties, and to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal through April 1, 2016, and thereafter AMTG may consider and respond to an unsolicited third-party acquisition proposal, and continue to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement;

the fact that the merger agreement permits the AMTG Board, subject to specific limitations and requirements set forth therein, to withdraw or change its recommendation that AMTG s common stockholders vote in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement and to terminate the merger agreement and accept a superior proposal, in each case prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, subject to AMTG paying ARI a termination fee of $7.5 million or, in certain circumstances, $12.0 million; and

the fact that the First Merger is conditioned upon, among other matters, the AMTG stockholders approval of the First Merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock entitled to vote on the First Merger, including the affirmative vote of the holders of at least a majority of the then outstanding shares of AMTG common stock that are beneficially owned by persons who are not affiliates of Apollo.

The foregoing discussion of the factors considered by the ARI Participants is not intended to be exhaustive but is believed to include all material factors considered by the ARI Participants in making a determination regarding the fairness of the mergers for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. The ARI Participants did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the mergers. Rather, the ARI Participants made their fairness determination after considering all of the factors as a whole.

Position of the Apollo Participants as to the Fairness of the Mergers

Rule 13e-3 and the related rules under the Exchange Act require the Apollo Participants to express their belief as to the fairness of the mergers to the unaffiliated common stockholders of AMTG. The Apollo Participants are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. These statements are being made because one individual is a director of both ARI and AMTG, which causes ARI and AMTG to be deemed affiliates for certain purposes including for purposes of Rule 13e-3. The making of these statements is not an admission by the Apollo Participants that AMTG is controlled by Apollo or any affiliate of Apollo such that AMTG should be deemed to be an affiliate of Apollo in connection with the mergers. The individual who is a director of both ARI and AMTG recused himself from all proceedings of the respective boards of directors of ARI and AMTG in which the transactions contemplated by the merger agreement were considered.

The Apollo Participants did not set or recommend the financial terms of the mergers or of the transactions with Athene that are described in this proxy statement/prospectus, nor did they participate in the negotiations of the terms of mergers or of the transactions with Athene. The terms of the mergers and of the transactions with Athene were negotiated between the ARI Special Committee, Mr. Kleisner and Mr. Christopoul, as the members of the AMTG

Special Committee, Mr. Rothstein, on behalf of ARI at the direction of the ARI Special Committee, Mr. Zelter and Mr. Weiner, and Mr. Belardi and Ms. De Liban, both on behalf of Athene, acting under the oversight, and subject to the ultimate approval, of the Athene Special Committee. Consistent with their obligations under the respective management agreements with ARI and AMTG, the managers provided support

Table of Contents

and information as and to the extent requested by the special committees in connection with their negotiations of the terms of the mergers. The Apollo Participants did not undertake any independent evaluation of the fairness of the mergers to the unaffiliated common stockholders of AMTG or engage a financial advisor for such purpose. However, based on the procedural safeguards implemented during the negotiation of the merger and the other factors considered by, and the analysis, discussion and resulting conclusions of, the AMTG Board and the AMTG Special Committee described in the section entitled *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 of this proxy statement/prospectus, which analysis, discussion and resulting conclusions the Apollo Participants expressly adopt as their own, the Apollo Participants believe that the mergers are substantively and procedurally fair to AMTG s unaffiliated common stockholders.

The foregoing discussion of the factors considered by the Apollo Participants is not intended to be exhaustive but is believed to include all material factors considered by the Apollo Participants in making a determination regarding the fairness of the mergers for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. The Apollo Participants did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the mergers. Rather, the Apollo Participants made their fairness determination after considering all of the factors as a whole.

For a further description of the effects of the mergers and the transactions contemplated by the merger agreement on AMTG, its affiliates and unaffiliated security holders, including the U.S. federal tax consequences of the transaction, see *Special Factors Interests of AMTG s Directors and Officers in the Transaction*, *The Mergers and Related Transactions Listing of Newly Issued ARI Common Stock*, *The Mergers and Related Transactions Listing of Newly Issued ARI Series C Preferred Stock*, *The Mergers and Related Transactions Delisting and Deregistration of AMTG Capital Stock*, *The Agreements Description of the Merger Agreement*, *Material U.S. Federal Income Tax Consequences of the Mergers*, *Management and Board of the Combined Company*.

Opinion of the Financial Advisor to the AMTG Special Committee

The AMTG Special Committee retained Morgan Stanley to provide it with financial advisory services and to render a financial opinion in connection with the mergers, and, if requested by the AMTG Special Committee, a financial opinion with respect thereto. The AMTG Special Committee selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation, and its knowledge of AMTG s business and affairs. On February 25, 2016, Morgan Stanley rendered its oral opinion, which was subsequently confirmed in writing, to the AMTG Special Committee to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth therein, the merger consideration to be received by the holders of shares of AMTG common stock, (but excluding shares of AMTG common stock (i) held by ARI or Merger Sub, or (ii) held by any subsidiary of ARI, Merger Sub or AMTG) pursuant to the merger agreement was fair from a financial point of view to the holders of shares of AMTG common stock.

The full text of the written opinion of Morgan Stanley, dated February 25, 2016, is attached to this proxy statement/prospectus as *Annex G*, and is incorporated by reference into this proxy statement/prospectus in its entirety. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. The summary of the opinion of Morgan Stanley in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. You are encouraged to, and should, read Morgan Stanley s opinion and this section summarizing Morgan Stanley s opinion carefully and in their entirety. Morgan Stanley s opinion was directed to the AMTG Special Committee, in its capacity as such, and addresses only the fairness from a financial point of view of the merger consideration to be received by the holders of

AMTG common stock (excluding shares of AMTG common stock (i) held by ARI or Merger Sub, or (ii) held by any subsidiary of ARI, Merger Sub or AMTG)

Table of Contents

pursuant to the merger agreement, as of the date of the opinion, and does not address any other aspects or implications of the mergers. It was not intended to, and does not, constitute advice or a recommendation to any stockholder of AMTG as to how to vote at any stockholders meeting to be held in connection with the mergers or whether to take any other action with respect to the mergers.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of AMTG and ARI, respectively;
- reviewed certain internal financial statements and other financial and operating data, including information regarding the net equity book value, concerning AMTG and ARI, respectively;
- reviewed certain financial projections prepared by the managements of AMTG and ARI, respectively;
- discussed the past and current operations and financial condition and the prospects of AMTG, including a range of estimates for outcomes and risks associated with a liquidation of AMTG, with senior executives of AMTG;
- discussed the past and current operations and financial condition and the prospects of ARI with senior executives of ARI, including ARI s plans to liquidate some of AMTG s assets and reduce AMTG s liabilities;
- reviewed the reported prices and trading activity for the AMTG common stock and ARI common stock;
- compared the financial performance of AMTG and ARI and the prices and trading activity of the AMTG common stock and ARI common stock with that of certain other publicly-traded companies comparable with AMTG and ARI, respectively, and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in discussions and negotiations among representatives of AMTG and ARI and their financial and legal advisors;
- reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by AMTG and ARI, and formed a substantial basis for its opinion. With respect to AMTG s financial projections, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of AMTG and ARI of the future financial performance of AMTG and ARI. In addition, Morgan Stanley assumed that the mergers will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions. Morgan Stanley also assumed that the definitive merger agreement would not differ in any material respects from the draft thereof furnished to Morgan Stanley. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory and other approvals and consents required for the mergers, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the mergers. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of AMTG and ARI and their legal, tax or regulatory advisors, if any, with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness

Table of Contents

of the amount or nature of the compensation to any of AMTG s officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of the AMTG common stock in the First Merger.

Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of AMTG or ARI, nor was it furnished with any such valuations or appraisals. Morgan Stanley is not an expert in the evaluation of allowance for loan losses, and it did not (a) make an independent evaluation of the adequacy of the allowance for loan losses at AMTG or ARI or (b) examine any individual loan credit files of AMTG or ARI (nor was Morgan Stanley requested to conduct such a review) and, as a result, it assumed that the aggregate allowance for loan losses of AMTG and ARI was adequate. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, February 25, 2016. Events occurring after such date may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

Summary of Financial Analyses

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with the preparation of its opinion to the AMTG Special Committee. The following summary is not a complete description of Morgan Stanley s opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 24, 2016 (the last trading day immediately preceding the February 25, 2016, presentation by Morgan Stanley to the AMTG Special Committee), and is not necessarily indicative of current market conditions. **Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley s opinion.**

Company Analysis

Historical Trading Range Analysis

Morgan Stanley reviewed the historical trading range of shares of AMTG common stock for the 52-week period ending February 24, 2016 in order to calculate the ratio of the price per share of AMTG common stock to AMTG s Book Value (P/BV) over this period. Over this period, AMTG s P/BV ranged from a low of approximately 0.59x to a high of approximately 0.86x. Using this range, and based upon AMTG s preliminary book value per share of $16.40 as of December 31, 2015, Morgan Stanley calculated an implied per share equity value of AMTG of $9.66 to $14.12 (as compared to the estimated per share of AMTG common stock value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

Comparable Company Analysis

Morgan Stanley performed a comparable company analysis of AMTG, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded.

Morgan Stanley reviewed and compared, using publicly available information, certain current and historical financial information for AMTG with corresponding current and historical financial information, ratios and public market multiples for publicly traded mortgage REITs that (i) share similar business characteristics and have certain comparable operating characteristics with AMTG and (ii) had current market capitalizations of $250

Table of Contents

million to $1 billion (which was comparable to AMTG s market capitalization of approximately $320 million as of February 24, 2016). All companies that Morgan Stanley found that satisfied the foregoing criteria were included in the comparable company analysis. These companies were the following, which we refer to in this section as the AMTG Hybrid REIT Peers:

Dynex Capital, Inc.

Ellington Financial LLC

AG Mortgage Investment Trust, Inc.

American Capital Mortgage Investment Corp.

New York Mortgage Trust, Inc.

Western Asset Mortgage Capital Corporation

For each AMTG Hybrid REIT Peer, Morgan Stanley calculated such company s P/BV using market data as of February 24, 2016. The following table presents the results of this analysis:

AMTG Hybrid REIT Peer	P/BV Ratio
Dynex Capital, Inc.	0.79
Ellington Financial LLC	0.78
AG Mortgage Investment Trust, Inc.	0.63
American Capital Mortgage Investment Corp.	0.69
New York Mortgage Trust, Inc.	0.62
Western Asset Mortgage Capital Corporation	0.79

Based on the results of this analysis and its professional judgment, Morgan Stanley applied a P/BV range of 0.65x to 0.79x to AMTG s preliminary book value per share of $16.40 as of December 31, 2015, which resulted in an implied per share equity value range of AMTG of $10.62 to $12.94 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

For each AMTG Hybrid REIT Peer, Morgan Stanley also calculated such company s dividend yield. The following table presents the results of this analysis:

AMTG Hybrid REIT Peer	Dividend Yield (%)
Dynex Capital, Inc.	15.7

Ellington Financial LLC	11.6
AG Mortgage Investment Trust, Inc.	16.6
American Capital Mortgage Investment Corp.	11.8
New York Mortgage Trust, Inc.	23.6
Western Asset Mortgage Capital Corporation	22.1

Based on the results of this analysis, Morgan Stanley applied a dividend yield range of 20.7% to 12.8% to AMTG s current annualized dividend of $1.92, which resulted in an implied per share equity value range of AMTG of $9.29 to $15.05 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

No company included in the comparable company analysis is identical to AMTG. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of AMTG. These include, among other things, the impact of competition on the business of AMTG and the industry

generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of AMTG and the industry, and in the financial markets in general. Mathematical analysis (such as determining the median) is not, in itself, a meaningful method of using comparable company data.

Premiums Paid Analysis

Using publicly available information, Morgan Stanley reviewed the terms of selected public company precedent transactions announced between January 1, 2001 to December 31, 2015, in which the targets were REITs and the transaction value was at least $500 million. All transactions that Morgan Stanley found that satisfied the foregoing criteria were included in the premiums paid analysis. In light of the very limited number of precedent transactions involving the acquisition of a residential mortgage REIT, Morgan Stanley considered precedent transactions involving acquisitions of equity mortgage REITs and commercial mortgage REITs in order to arrive at a sampling of precedent transactions most analogous to the Transaction. In addition, Morgan Stanley considered such precedent transactions which were announced between January 1, 2001 to December 31, 2015 in order to reduce the impact that any short term volatility in the applicable markets may have had on premiums that were paid in particular precedent transactions. Morgan Stanley reviewed the premium paid in each transaction to the target company s stock price, based on the average price for the 10 trading days ending five days prior to the applicable transaction s announcement. Morgan Stanley noted that the average premium paid in these transactions was 22.8% and the average premium paid in these transactions (excluding those that occurred in 2008) was 17.5%. Based on the results of this analysis, Morgan Stanley applied a premium range of 15% to 35% to AMTG s closing share price of $10.05 on February 24, 2016, which resulted in an implied per share equity value range of AMTG of $11.56 to $13.57 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

Liquidation Analysis

Morgan Stanley performed a liquidation analysis of AMTG, which attempts to calculate the value that holders of shares of AMTG common stock would be expected to receive in the event of a liquidation of AMTG. In performing its analysis, which was based, in part, on information and estimates provided by AMTG s management, Morgan Stanley assumed that:

- the net asset value of AMTG as of December 31, 2015 was $522 million;
- the aggregate discount on the proceeds received by AMTG in a liquidation scenario (as compared to AMTG s net asset value as of December 31, 2015) would be between approximately $2.5 million and $19.7 million; and
- the aggregate fees and expenses incurred by AMTG in a liquidation scenario, including, without limitation, fees and expenses related to terminating AMTG s management agreement and obtaining all requisite approvals by AMTG s common stockholders, would be between $49.2 million and $53.2 million.

Based on the above assumptions, Morgan Stanley calculated an implied per share equity value range of AMTG of $14.11 to $14.78 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

Morgan Stanley also performed a liquidation analysis of AMTG utilizing the same methodology, information and assumptions as described above, but incorporating volatility considerations during the liquidation decision and execution process. Morgan Stanley reviewed the quarterly book value volatility from 2009-2015 for a set of agency and hybrid mortgage REIT companies that share similar business characteristics and have certain comparable operating characteristics with AMTG. Given the liquidation analysis is concerned solely with operating metrics and does not include considerations of trading metrics, the set of companies selected for this purpose was not limited by market capitalization and included AMTG, the AMTG Hybrid REIT Peers and the following:

Two Harbors Investment Corp.

Table of Contents

MFA Financial, Inc. Real Estate Trust

Chimera Investment Corporation

Invesco Mortgage Capital Inc. Real Estate Trust

PennyMac Mortgage Investment Trust

Redwood Trust, Inc.

Arlington Asset Investment Corp.

ZAIS Financial Corp.

Ellington Residential Mortgage REIT

Five Oaks Investment Corp.

JAVELIN Mortgage Investment Corp.

Annaly Capital Management, Inc.

American Capital Agency Corp.

Hatteras Financial Corp.

CYS Investments Inc.

Capstead Mortgage Corporation

ARMOUR Residential REIT, Inc.

Anworth Mortgage Asset Corp.

While Morgan Stanley viewed Orchid Island Capital Inc. as having similar business characteristics and comparable operating characteristics as AMTG, it was excluded from the liquidation analysis on the basis of its limited operational history as a publicly traded mortgage REIT and the impact of its significant capital raising on the measured book value volatility in the measurement period.

Based on one standard deviation of quarterly book value change for these companies as observed from January 1, 2009 to December 31, 2015, and resulting in a book value range of 0.82x to 0.94x, Morgan Stanley calculated an implied per share equity value range of AMTG of $13.51 to $15.38 (as compared to the estimated per AMTG common share value of the merger consideration of $14.64 (using AMTG s preliminary book value per share as of December 31, 2015)).

Buyer Analysis

Historical Trading Range Analysis

Morgan Stanley reviewed the historical trading range of shares of ARI common stock for the 52-week period ending February 24, 2016 and noted that, during such period, the maximum trading price for shares of ARI common stock was $18.25 per share and the minimum trading price for shares of ARI common stock was $12.92 per share. Morgan Stanley also noted that the closing price for shares of ARI common stock on February 25, 2016 was $16.93 per share.

Equity Research Price Target Analysis

Morgan Stanley reviewed the price targets for shares of ARI common stock prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market-trading price of shares of ARI common stock and were not discounted to reflect present value. The range of analyst price targets for shares of ARI common stock was $15.00 to $18.00, with a consensus price target of $16.92.

Table of Contents

The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for shares of ARI common stock and these estimates are subject to uncertainties, including, but not limited to, the future financial performance of ARI and future financial market conditions.

Comparable Company Analysis

Morgan Stanley performed a comparable company analysis of ARI, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded.

Morgan Stanley reviewed and compared, using publicly available information, certain current and historical financial information for ARI with corresponding current and historical financial information, ratios and public market multiples for publicly traded commercial mortgage REITs that (i) share similar business characteristics and have certain comparable operating characteristics with ARI and (ii) had current market capitalizations of approximately $1 billion to $10 billion (which was comparable to ARI s market capitalization of approximately $2.6 billion as of February 24, 2016). All companies that Morgan Stanley found that satisfied the foregoing criteria were included in the comparable company analysis of ARI. These companies were the following, which we refer to in this section as the ARI mREIT Peers:

Ares Commercial Real Estate Corporation

Blackstone Mortgage Trust, Inc.

Colony Capital, Inc.

Starwood Property Trust, Inc.

For each ARI mREIT Peer, Morgan Stanley calculated the P/BV of each company using such company s stock price divided by the book value of its common equity, using market data as of February 24, 2016. Based on the results of this analysis, Morgan Stanley applied a P/BV range of 0.7x to 1.0x to ARI s book value per share of $16.21 as of December 31, 2015, which resulted in an implied per share equity value range of ARI of approximately $11.24 to approximately $16.54 (as compared to ARI s closing common stock price of $16.93 as of February 25, 2016).

For each ARI mREIT Peer, Morgan Stanley also calculated each company s dividend yield as a percentage of such company s stock price. Based on the results of this analysis, Morgan Stanley applied a dividend yield range of 9.7% to 10.8% to ARI s annualized dividend per share of $1.84, which resulted in an implied per share equity value range of ARI of $17.01 to $18.95 (as compared to ARI s closing common stock price of $16.93 as of February 25, 2016).

For each ARI mREIT Peer, Morgan Stanley also calculated such company s Price / 2016 earnings per share ratio by dividing such company s stock price as of February 24, 2016 by its 2016 estimated earnings per share (P/2016E EPS). Based on the results of this analysis, Morgan Stanley applied a P/2016E EPS range of 8.0x to 9.7x, which resulted in an implied per share equity value range of ARI of $15.67 to $18.98 (as compared to ARI s closing common stock price of $16.93 as of February 25, 2016).

No company included in the comparable company analysis is identical to ARI. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of ARI. These include, among other things, the impact of competition on the business of ARI and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of ARI and the industry, and in the financial markets in general. Mathematical analysis (such as determining the mean or median) is not, in itself, a meaningful method of using comparable company data.

Table of Contents

Dividend Discount Analysis

Morgan Stanley performed two dividend discount analyses to calculate a range of implied present values of the distributable cash flows that ARI is forecasted to generate. The first range was determined by adding:

- the present value of an estimated future dividend stream for ARI over the three-year period from 2016 to 2018 based on ARI s projected estimated EPS for those years and an assumed dividend payout ratio of 0.94x; and
- the present value of an estimated terminal value of ARI common stock at the end of the year 2018.

In performing its analysis, Morgan Stanley assumed a cost of equity of 10.25% to 12.25% which it used as the discount rate. The terminal value for ARI was calculated by applying a selected range of P/BV multiples of 0.9x to 1.1x (representing the current average P/BV of the ARI mREIT Peers and the long term median P/BV of the ARI mREIT Peers since January 2011 utilizing market data as of February 24, 2016) to ARI s 2018 estimated book value per share of $16.55. This resulted in an implied per share equity value range of ARI of $15.02 to $18.23 (as compared to ARI s closing common stock price of $16.93 as of February 25, 2016).

The second range was determined by adding:

- the present value of an estimated future dividend stream for ARI over the three-year period from 2016 to 2018 based on ARI s projected estimated EPS for those years and an assumed dividend payout ratio of 0.94x; and
- the present value of an estimated terminal value of ARI common stock at the end of the year 2019.

In performing its analysis, Morgan Stanley assumed a cost of equity of 10.25% to 12.25% which it used as the discount rate. The terminal value for ARI was calculated by applying a terminal perpetuity growth rate range of 1.40% to 3.40% (based on ARI s actual and projected EPS CAGR for 2015-2018) to ARI s 2018 estimated dividend per share of $1.92. This resulted in an implied per share equity value range of ARI of $15.95 to $24.93 (as compared to ARI s closing common stock price of $16.93 as of February 25, 2016).

Preliminary Presentations by Morgan Stanley

In addition to its February 25, 2016 opinion and presentation to the AMTG Special Committee and the underlying financial analyses performed in relation thereto, Morgan Stanley also delivered preliminary presentation materials to the AMTG Special Committee on January 15, 2016, January 25, 2016, February 2, 2016, February 9, 2016 and February 24, 2016. The preliminary financial considerations and other information in such preliminary presentation materials were based on information and data that was available as of the dates of the respective presentations. Morgan Stanley also continued to refine various aspects of its financial analyses. Accordingly, the results and other information presented in such preliminary presentation materials differs slightly from the February 25, 2016 financial analyses.

The preliminary presentation materials referenced above were for discussion purposes only and did not present any findings or make any recommendations or constitute an opinion of Morgan Stanley with respect to the fairness of the merger consideration or otherwise.

The preliminary presentation materials delivered by Morgan Stanley to the AMTG Special Committee contained substantially similar analyses as described above under *Company Analysis* and *Buyer Analysis.* The financial analyses performed by Morgan Stanley in relation to its opinion dated February 25, 2016 supersede all analyses and information presented in the preliminary presentation materials.

Table of Contents

January 15, 2016 Preliminary Presentation Materials

The January 15, 2016 preliminary presentation materials contained a situation overview including a summary of the ARI Special Committee s non-binding indicative proposal as of January 11, 2016, indicating an estimated per AMTG common share value of ARI s preliminary non-binding indicative proposal of $14.09 (using AMTG s book value per share as of September 30, 2015).

The January 15, 2016 preliminary presentation materials contained a preliminary historical trading range analysis of AMTG common stock for the 52-week period ending January 13, 2016 in order to calculate the P/BV range over this period. This preliminary historical trading range analysis indicated that, over this period, AMTG s P/BV ranged from a low of approximately 0.66x to a high of approximately 0.86x and, based on an AMTG book value per share of $17.08 as of September 30, 2015, resulted in an implied per share equity value of AMTG of $11.28 to $14.71 (as compared to the estimated per AMTG common share value of ARI s non-binding indicative proposal of $14.09 (using AMTG s book value per share as of September 30, 2015)).

The January 15, 2016 preliminary presentation materials also contained a preliminary comparable company analysis of AMTG utilizing the same methodology and same comparable company peer group as described under *Company Analysis Comparable Company Analysis,* and market data as of January 13, 2016. This preliminary comparable company analysis revealed a comparable company P/BV range of 0.68x to 0.73x, which Morgan Stanley applied to AMTG s book value per share of $17.08 as of September 30, 2015, resulting in an implied per share equity value range of AMTG of $11.69 to $12.40 (but utilizing for comparative purposes an estimated per AMTG common share value of ARI s preliminary non-binding indicative proposal of $14.09 (using AMTG s book value per share as of September 30, 2015)). The preliminary comparable company analysis also revealed a dividend yield range of 18.8% to 13.3%, which Morgan Stanley applied to AMTG s then current annualized dividend of $1.92, resulting in an implied per share equity value range of AMTG of $10.22 to $14.44 (but utilizing for comparative purposes an estimated per AMTG common share value of ARI s preliminary non-binding indicative proposal of $14.09 (using AMTG s book value per share as of September 30, 2015)).

The January 15, 2016 preliminary presentation materials also contained a preliminary liquidation analysis of AMTG utilizing the same methodology and assumptions as described under *Company Analysis Liquidation Analysis,* but financial information as of September 30, 2015 and excluding adjustments for volatility considerations during the liquidation decision and execution process. This preliminary liquidation analysis revealed an implied per share equity value range of AMTG of $14.76 to $15.46 (but utilizing for comparative purposes an estimated per AMTG common share value of ARI s preliminary non-binding indicative proposal of $14.09 (using AMTG s book value per share as of September 30, 2015)).

The January 15, 2016 preliminary presentation materials further contained certain additional preliminary information, including information relating to the volatile performance of AMTG and certain comparable mortgage REIT market peer groups (as measured by various financial ratios and measures including total return, P/BV, dividend yield, interest rate levels and levels of capital raised), an overview of strategic alternatives (including maintenance of the status quo, changes to strategic focus, an increase in common stock buybacks, a change to the corporate structure of AMTG, a negotiated sale of AMTG and liquidation), an overview of AMTG s total return since IPO as compared to comparable peer group companies with market capitalizations of $250 million to $1 billion, and comparisons of AMTG s dividend yield, P/BV per share and economic return (as measured by the addition of dividends declared and change in book value per share divided by book value per share) against those of comparable mortgage REIT market peer groups.

January 25, 2016 Preliminary Presentation Materials

The January 25, 2016 preliminary presentation materials contained a revised overview of ARI s non-binding indicative proposal as of January 23, 2016, indicating an increase in the estimated per AMTG common share value of ARI s preliminary non-binding indicative proposal to $14.56 (using AMTG s book value per share as of September 30, 2015).

Table of Contents

The January 25, 2016 preliminary presentation materials contained a revised historical trading range analysis of AMTG common stock for the 52-week period ending January 22, 2016 in order to calculate the P/BV range over this period. This revised historical trading range analysis indicated that, over this period, AMTG s P/BV ranged from a low of approximately 0.60x to a high of approximately 0.86x and, based on an AMTG book value per share of $17.08 as of September 30, 2015, resulted in an implied per share equity value of AMTG of $10.23 to $14.71.

The January 25, 2016 preliminary presentation materials also contained a revised comparable company analysis of AMTG utilizing the same methodology and same comparable company peer group as described under *Company Analysis Comparable Company Analysis,* and market data as of January 22, 2016. This revised comparable company analysis revealed a comparable company P/BV range of 0.65x to 0.71x, which Morgan Stanley applied to AMTG s book value per share of $17.08 as of September 30, 2015, resulting in an implied per share equity value range of AMTG of $11.07 to $12.08. The revised comparable company analysis also revealed a dividend yield range of 19.9% to 13.6%, which Morgan Stanley applied to AMTG s then current annualized dividend of $1.92, resulting in an implied per share equity value range of AMTG of $9.66 to $14.12.

The January 25, 2016 preliminary presentation materials also contained the preliminary liquidation analysis of AMTG utilizing the same methodology and assumptions as described under *Preliminary Presentations by Morgan Stanley January 15, 2016 Preliminary Presentation Materials,* revealing the same implied per share equity value range of AMTG of $14.76 to $15.46.

The January 25, 2016 preliminary presentation materials further contained certain additional information relating to AMTG s share price performance, total return performance and P/BV trading performance since November 2015. The January 25, 2016 preliminary presentation materials also contained an overview of ARI s P/BV for the 90-day period beginning September 15, 2015.

February 2, 2016 Preliminary Presentation Materials

The February 2, 2016 preliminary presentation materials contained a revised historical trading range analysis of AMTG common stock for the 52-week period ending January 29, 2016 in order to calculate the P/BV range over this period. This revised historical trading range analysis indicated that, over this period, AMTG s P/BV ranged from a low of approximately 0.59x to a high of approximately 0.86x and, based on an AMTG book value per share of $17.08 as of September 30, 2015, resulted in an implied per share equity value of AMTG of $10.07 to $14.71.

The February 2, 2016 preliminary presentation materials also contained a revised comparable company analysis of AMTG utilizing the same methodology and same comparable company peer group as described under *Company Analysis Comparable Company Analysis,* and market data as of January 29, 2016. This revised comparable company analysis revealed a comparable company P/BV range of 0.67x to 0.73x, which Morgan Stanley applied to AMTG s book value per share of $17.08 as of September 30, 2015, resulting in an implied per share equity value range of AMTG of $11.41 to $12.46. The revised comparable company analysis also revealed a dividend yield range of 19.0% to 13.3%, which Morgan Stanley applied to AMTG s then current annualized dividend of $1.92, resulting in an implied per share equity value range of AMTG of $10.12 to $14.49.

The February 2, 2016 preliminary presentation materials also contained the preliminary liquidation analysis of AMTG utilizing the same methodology and assumptions as described under Preliminary Presentations by Morgan Stanley January 15, 2016 Preliminary Presentation Materials, revealing the same implied per share equity value range of AMTG of $14.76 to $15.46.

The February 2, 2016 preliminary presentation materials also contained preliminary market perspectives on ARI, including P/BV multiples, price-to-tangible book value multiples, price to earnings-per share multiples and dividend yields of ARI and certain market peer groups, a comparison of the historical trading performance of ARI common stock against that of certain market peer groups since September 2009, based on market data as of January 25, 2016, and certain publicly available equity research analysts stock price and other targets for ARI.

Table of Contents

February 9, 2016 Preliminary Presentation Materials

The February 9, 2016 preliminary presentation materials contained an overview of non-binding summary of terms as of February 7, 2016 indicating an estimated per AMTG common share value of the ARI Special Committee s preliminary non-binding indicative proposal of $14.99 (using AMTG s book value per share as of September 30, 2015) together with an anticipated transaction timeline. The February 9, 2016 preliminary presentation materials also contained an overview of AMTG and ARI trading values as represented by P/BV and share price ranges since December 1, 2015 and comparison of the P/BV ratios of AMTG and ARI against certain of their comparable company peers as of February 8, 2016.

February 24, 2016 Preliminary Presentation Materials

The February 24, 2016 preliminary presentation materials contained a revised historical trading range analysis of AMTG common stock utilizing the same methodology and indicating the same approximate implied per share equity value reference range for AMTG as described above under *Company Analysis Historical Trading Range Analysis,* but utilizing for comparative purposes an estimated per AMTG common share value of the merger consideration of $14.39 (using AMTG s preliminary book value per share of $16.40 as of December 31, 2015).

The February 24, 2016 preliminary presentation materials also contained a revised comparable company analysis of AMTG utilizing the same methodology and same comparable company peer group as described under *Company Analysis Comparable Company Analysis,* and market data as of February 19, 2016. This revised comparable company analysis revealed a comparable company P/BV range of 0.69x to 0.78x, which Morgan Stanley applied to AMTG s preliminary book value per share of $16.40 as of December 31, 2015, resulting in an implied per share equity value range of AMTG of $11.28 to $12.78. The revised comparable company analysis also revealed a dividend yield range of 18.9% to 12.9%, which Morgan Stanley applied to AMTG s then current annualized dividend of $1.92, resulting in an implied per share equity value range of AMTG of $10.15 to $14.87.

The February 24, 2016 preliminary presentation materials also contained a preliminary premiums paid analysis utilizing the same methodology and same selected public company precedent transactions as described under *Company Analysis Premiums Paid Analysis* to arrive at the same premium range of 15% to 35%, which was then applied to AMTG s closing share price of $9.93 on February 19, 2016 resulting in an implied per share equity value range of AMTG of $11.42 to $13.41 and utilizing for comparative purposes an estimated per AMTG common share value of the merger consideration of $14.39 (using AMTG s preliminary book value per share as of December 31, 2015).

The February 24, 2016 preliminary presentation materials also contained a revised liquidation analysis of AMTG utilizing the same methodology, assumptions and financial information as described under *Company Analysis Liquidation Analysis,* but utilizing for comparative purposes an estimated per AMTG common share value of the merger consideration of $14.39 (using AMTG s preliminary book value per share as of December 31, 2015).

The February 24, 2016 preliminary presentation materials also contained preliminary historical trading and equity research price target analyses of ARI utilizing the same methodology, assumptions and financial information as described under *Buyer Analysis Historical Trading Range Analysis* and *Buyer Analysis Equity Research Price Targets* but utilizing for comparative purposes for the historical trading analysis a closing price of $16.24 for shares of ARI common stock on February 19, 2016.

The February 24, 2016 preliminary presentation materials also contained a preliminary comparable company analysis of ARI utilizing the same methodology and assumptions as described under *Buyer Analysis Comparable Company*

Analysis, but utilizing market data as of February 19, 2016 and a closing price of $16.24 for shares of ARI common stock on February 19, 2016 for comparative purposes. This preliminary comparable

Table of Contents

company analysis of ARI resulted in implied per share equity value ranges of ARI of approximately $10.93 to $16.43 using the P/BV valuation method, $16.90 to $18.40 using the dividend yield valuation method and $15.39 to $18.43 using the P/2016E EPS valuation method.

The February 24, 2016 preliminary presentation materials also contained a preliminary dividend discount analysis of ARI utilizing the same methodology, assumptions and financial information as described under *Buyer Analysis Dividend Discount Analysis,* but utilizing for comparative purposes a closing price of $16.24 for shares of ARI common stock on February 19, 2016.

General

In connection with the review of the mergers by the AMTG Special Committee, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of AMTG or ARI. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters, many of which are beyond AMTG s control. These include, among other things, the impact of competition on AMTG s businesses and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of AMTG and the industry, and in the financial markets in general. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness from a financial point of view of the merger consideration to be received by the holders of shares of AMTG common stock (excluding shares of AMTG common stock (i) held by ARI or Merger Sub, or (ii) held by any subsidiary of ARI, Merger Sub or AMTG) pursuant to the merger agreement and in connection with the delivery of its opinion to the AMTG Special Committee. These analyses do not purport to be appraisals or to reflect the prices at which shares of AMTG common stock might actually trade.

The merger consideration to be paid by ARI pursuant to the merger agreement was determined through negotiations on an arms-length basis under Maryland law between the AMTG Special Committee and the ARI Special Committee and was approved by the AMTG Board. Morgan Stanley provided advice to the AMTG Special Committee during these negotiations but did not, however, recommend any specific consideration to the AMTG Special Committee, nor did Morgan Stanley opine that any specific consideration to be received by AMTG stockholders constituted the only appropriate merger consideration for the mergers.

Morgan Stanley s opinion and its presentation to the AMTG Special Committee was one of many factors taken into consideration by the AMTG Special Committee in deciding to approve and adopt the merger agreement and the transactions contemplated thereby. Consequently, the analyses as described above should not be viewed as determinative of the recommendation of the AMTG Special Committee with respect to the consideration to be received by AMTG stockholders pursuant to the merger agreement or of whether the AMTG Special Committee would have been willing to agree to a different form or amount of consideration. Morgan Stanley s opinion was

approved by a committee of Morgan Stanley investment banking and other professionals in accordance with Morgan Stanley s customary practice.

Table of Contents

Morgan Stanley s opinion was not intended to, and does not, constitute advice or a recommendation to any stockholder of AMTG as to how to vote at the AMTG special meeting to be held in connection with the mergers or whether to take any other action with respect to the mergers. Morgan Stanley s opinion did not address any other aspect of the mergers, including the prices at which shares of ARI common stock will trade following consummation of the mergers or at any time.

The AMTG Special Committee retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of AMTG, ARI, Apollo, Athene and their respective affiliates, or any other company, or any currency or commodity, that may be involved in the mergers, or any related derivative instrument.

Under the terms of its engagement letter, Morgan Stanley provided the AMTG Special Committee with financial advisory services and a financial opinion, described in this section and attached to this proxy statement/prospectus as Annex G, in connection with the mergers, and ARI has agreed to pay Morgan Stanley a fee estimated to be approximately $3.3 million for its services, of which $1,000,000 was payable upon rendering its opinion and the remainder of which, against which the $1,000,000 opinion fee will be credited, is contingent upon the closing of the mergers. AMTG has also agreed to reimburse Morgan Stanley for its reasonable expenses, including reasonable fees of outside counsel and other professional advisors, incurred in connection with its engagement. In addition, AMTG has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the U.S. federal securities laws, relating to or arising out of Morgan Stanley s engagement.

In the two years prior to the date of its opinion, Morgan Stanley or its affiliates have provided financing services for AMTG, for which Morgan Stanley and its affiliates have received aggregate compensation of less than $50,000, and financing services for certain of AMTG s and ARI s affiliates, namely Apollo, Apollo Management Asia Pacific Limited, Apollo Management International LLP, Athene Annuity & Life Assurance Company and Athene Holding Ltd., for which Morgan Stanley and its affiliates have received aggregate compensation of approximately $7.2 million. The $7.2 million received consisted of approximately $3.9 million earned from bank loans, $3.0 million earned from equity engagements and $0.3 million earned from bond issuances. Additionally, Morgan Stanley or an affiliate thereof is mandated on two current financial advisory assignments and certain current financing assignments unrelated to the transactions contemplated by the merger agreement for certain Apollo affiliates and/or portfolio companies of funds managed by affiliates of Apollo which are not public at this time. Morgan Stanley, as of February 9, 2016, also held small equity positions in each of AMTG, ARI, Apollo and AP Alternative Assets, L.P. Morgan Stanley and its affiliates may also seek to provide financial advisory and financing services to AMTG and ARI and its affiliates in the future and would expect to receive fees for the rendering of these services.

Opinion of the Financial Advisor to the ARI Special Committee

On February 25, 2016, Houlihan Lokey orally rendered its opinion to the ARI Special Committee (which was confirmed by delivery of Houlihan Lokey s written opinion, dated February 25, 2016, to the ARI Special Committee) to the effect that, as of such date and based on and subject to the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection

with its opinion, the Per Common Share Merger Consideration to be paid by ARI in the First Merger was fair to ARI from a financial point of view. For purposes of Houlihan Lokey s opinion, the term

Table of Contents

Per Common Share Merger Consideration refers to a pro rata portion of consideration consisting of cash and ARI common stock equal to 89.25% of the common equity book value of AMTG determined in accordance with the methodologies and a pricing date contemplated by the merger agreement.

Houlihan Lokey s opinion was directed to the ARI Special Committee (in its capacity as such), only addressed the fairness, from a financial point of view and as of February 25, 2016, to ARI of the Per Common Share Merger Consideration to be paid by ARI in the First Merger and did not address any other portion, aspect or implication of the First Merger, the related transactions or otherwise or any other agreement, arrangement or understanding. The summary of Houlihan Lokey s opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex H to this proxy statement/prospectus and describes the procedures followed, assumptions made and limitations and qualifications on the review undertaken and other matters considered by Houlihan Lokey in connection with its opinion. However, neither Houlihan Lokey s opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to the ARI Special Committee, the ARI Board, any security holder or any other party as to how to act or vote with respect to any matter relating to the First Merger, any related transactions or otherwise.

In connection with its opinion, Houlihan Lokey made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey:

- reviewed a draft dated February 25, 2016 of the merger agreement and drafts of certain related documents;
- reviewed certain publicly available business and financial information relating to AMTG and ARI that Houlihan Lokey deemed relevant;
- reviewed certain information relating to the assets and liabilities of AMTG (including prices at which such assets were traded relative to carrying value) and the historical, current and future operations, financial condition and prospects of ARI made available to Houlihan Lokey by the AMTG Manager and the ARI Manager, including estimates of the ARI Manager as to the net liquidation value of AMTG s assets;
- spoke with certain members of the AMTG Manager and the ARI Manager and certain of their respective representatives and advisors regarding the respective businesses, operations, financial condition and prospects of AMTG and ARI and regarding the First Merger, the related transactions and related matters;
- compared the financial and operating performance of AMTG and ARI with that of other public companies that Houlihan Lokey deemed relevant;
- reviewed the current and historical market prices and trading volume for AMTG common stock and ARI common stock, and the current and historical market prices and trading volume of publicly traded securities of certain other companies that Houlihan Lokey deemed relevant;

reviewed certain potential pro forma financial effects of the First Merger and the related transactions on ARI s common equity book value per share utilizing financial projections and other estimates prepared by or discussed with the ARI Manager relating to ARI for the fiscal years ending December 31, 2016 through December 31, 2018 and the estimates relating to AMTG referred to above; and

conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate.

In reaching its conclusions in its opinion, at the direction of the ARI Special Committee, Houlihan Lokey evaluated AMTG and the Per Common Share Merger Consideration after giving effect to the First Merger and

Table of Contents

the related transactions on a pro forma liquidation value basis given ARI s plan to liquidate substantially all of AMTG s assets. Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to Houlihan Lokey, discussed with or reviewed by Houlihan Lokey, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, the ARI Manager advised Houlihan Lokey, and Houlihan Lokey assumed, at the direction of the ARI Special Committee, that the financial projections and other estimates utilized in Houlihan Lokey s analyses were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such external manager as to the net liquidation value of AMTG s assets (including the assets contemplated to be sold pursuant to the asset sale transaction), the future financial results and condition of ARI and the other matters covered thereby. Houlihan Lokey expressed no opinion with respect to any such projections or estimates utilized in its analyses or the assumptions on which they were based. Houlihan Lokey relied upon and assumed, without independent verification, that there were no changes in the businesses, assets, liabilities, financial condition, results of operations, cash flows or prospects of AMTG or ARI since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Houlihan Lokey that would have been material to its analyses or opinion, and that there was no information or any facts that would have made any of the information reviewed by Houlihan Lokey incomplete or misleading. Houlihan Lokey further relied upon, without independent verification, the assessments of the ARI Manager as to, among other things, (i) the related transactions, including with respect to the timing thereof and the assets, liabilities and financial and other terms involved, (ii) AMTG s aggregate common equity book value and the liquidation value of AMTG s assets, including the timing of and the assets, liabilities and financial and other terms involved in any liquidation of such assets, and (iii) the potential impact on AMTG and ARI of certain market, competitive and other trends in and prospects for, and governmental, regulatory and legislative matters relating to, the mortgage and real estate markets and related credit and financial markets, including the potential impact of mortgage loan modification and refinancing programs or other regulatory or legislative matters applicable to AMTG or ARI. Houlihan Lokey assumed that there would be no developments with respect to any such matters that would have an adverse effect on AMTG, ARI, the First Merger or the related transactions or that would otherwise be material to Houlihan Lokey s analyses or opinion.

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the merger agreement and the asset purchase agreement and all other related documents and instruments were true and correct, (b) each party to the merger agreement and the asset purchase agreement and such other related documents and instruments would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the First Merger and the related transactions would be satisfied without waiver thereof, and (d) the First Merger and the related transactions would be consummated in a timely manner in accordance with the terms described in the merger agreement and the asset purchase agreement and such other related documents and instruments, without any amendments or modifications. Houlihan Lokey also assumed, at the direction of the ARI Special Committee, that the First Merger and the related transactions would qualify, as applicable, for the intended tax treatment contemplated by the merger agreement. Houlihan Lokey further relied upon and assumed, without independent verification, that (i) the First Merger and the related transactions would be consummated in a manner that comply in all respects with all applicable foreign, federal and state statutes, rules and regulations and relevant documents and other requirements, (ii) all governmental, regulatory and other consents and approvals necessary for the consummation of the First Merger and the related transactions would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an adverse effect on AMTG, ARI, the First Merger or the related transactions or that would otherwise be material to Houlihan Lokey s analyses or opinion and (iii) AMTG and ARI each has operated in conformity with the requirements for qualification as a REIT since its formation and the First Merger and the related transactions would not adversely affect the status or operations of AMTG or ARI. Houlihan Lokey relied upon and assumed, without independent verification, at the direction of the ARI Special Committee, that (A) any alternative transaction structure or adjustment to the Per Common Share Merger

Consideration (whether as a result of a delay in the consummation of the First Merger or otherwise) would not be material to Houlihan Lokey s analyses or opinion, (B) the value of AMTG s assets to be sold in the asset sale

Table of Contents

transaction would be based on the purchase price payable for such assets as set forth in the asset purchase agreement and substantially all of AMTG s remaining assets would be liquidated following consummation of the First Merger and the related transactions such that AMTG would no longer be operated as a going-concern and (C) there were appropriate reserves, indemnification arrangements or other provisions with respect to the liabilities of or relating to AMTG and no liabilities that were contemplated to be excluded as a result of the related transactions or otherwise would be directly or indirectly assumed or incurred by ARI. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final merger agreement and related documents when executed would not differ in any material respect from the drafts of the merger agreement and such related documents identified above.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance sheet or otherwise) of AMTG, ARI or any other entity nor was Houlihan Lokey provided with any such appraisal. Houlihan Lokey did not express any opinion regarding the liquidation value of ARI or any other entity. Houlihan Lokey did not undertake an independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities to which AMTG, ARI or any other entity was or may be a party or was or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which AMTG, ARI or any other entity was or may be a party or was or may be subject.

Houlihan Lokey was not requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties (other than AMTG and Athene Annuity) with respect to the First Merger or any related transactions, the securities, assets, businesses or operations of AMTG, ARI or any other party, or any alternatives to the First Merger or any related transactions or (b) advise the ARI Special Committee or any other party with respect to alternatives to the First Merger or any related transactions. Houlihan Lokey s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of, the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to Houlihan Lokey s attention after the date of its opinion. Houlihan Lokey also did not express any opinion as to what the value of ARI common stock or ARI Series C Preferred Stock actually will be when issued pursuant to the First Merger and the related transactions or the price or range of prices at which ARI common stock, ARI Series C Preferred Stock, AMTG common stock or AMTG Series A Preferred Stock may be purchased or sold, or otherwise be transferable, at any time.

Houlihan Lokey s opinion was furnished for the use of the ARI Special Committee (in its capacity as such) in connection with its evaluation of the First Merger. Houlihan Lokey s opinion is not intended to be, and does not constitute, a recommendation to the ARI Special Committee, the ARI Board, any security holder or any other party as to how to act or vote with respect to any matter relating to the First Merger, any related transactions or otherwise.

Houlihan Lokey was not requested to opine as to, and did not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the ARI Special Committee, the ARI Board, ARI, its security holders or any other party to proceed with or effect the First Merger or any related transactions, (ii) any aspects relating to the operations of AMTG or ARI following consummation of, or the pro forma effects of, the First Merger or any related transactions, (iii) the fairness, from a financial point of view or otherwise, of the consideration to be paid or received in any related transactions, including upon liquidation of any of AMTG s assets, (iv) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion, aspect or implication of, the First Merger (other than the Per Common Share Merger Consideration to the extent expressly specified herein), the related transactions or otherwise, including, without limitation, any terms, aspects or implications of any debt financing, hedging, derivatives, repurchase, assignment, cooperation or other agreements or arrangements to be entered into in connection with or contemplated by the First Merger, any related transactions or

otherwise, (v) the fairness of any portion or aspect of the First Merger or any related transactions to the holders of any class of securities, creditors or other constituencies of ARI, AMTG or to any other party, (vi) the relative merits of the First Merger or any related

Table of Contents

transactions as compared to any alternative business strategies or transactions that might be available with respect to ARI, AMTG (including the assets thereof upon liquidation or otherwise) or any other party, (vii) the fairness of any portion or aspect of the First Merger or any related transactions to any one class or group of security holders or other constituents vis-à-vis any other class or group of security holders or other constituents (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders or other constituents), (viii) whether or not ARI, AMTG, their respective security holders or any other party is receiving or paying reasonably equivalent value in the First Merger or any related transactions, (ix) the solvency, creditworthiness or fair value of AMTG, ARI or any other participant in the First Merger or any related transactions, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (x) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the First Merger or any related transactions, any class of such persons or any other party, relative to the Per Common Share Merger Consideration or otherwise, including any promote fee or other amount payable to the AMTG Manager or the ARI Manager. Furthermore, no opinion, counsel or interpretation was intended in matters that required legal, regulatory, accounting, insurance, tax or other similar professional advice. Houlihan Lokey assumed that such opinions, counsel or interpretations had been or would be obtained from appropriate professional sources. Furthermore, Houlihan Lokey relied, with the consent of the ARI Special Committee, on the assessments by the ARI Special Committee, the ARI Board, the AMTG Manager, the ARI Manager and their respective advisors as to all legal, regulatory, accounting, insurance and tax matters with respect to AMTG, ARI, the First Merger, any related transactions or otherwise. The issuance of Houlihan Lokey s opinion was approved by a Houlihan Lokey committee authorized to approve opinions of this nature.

In preparing its opinion to the ARI Special Committee, Houlihan Lokey performed certain analyses, including those described below. The summary of Houlihan Lokey s analyses is not a complete description of the analyses underlying Houlihan Lokey s opinion. The preparation of such an opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither Houlihan Lokey s opinion nor its underlying analyses is readily susceptible to summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. While the results of each analysis were taken into account in reaching Houlihan Lokey s overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. Accordingly, Houlihan Lokey believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors, could create a misleading or incomplete view of the processes underlying Houlihan Lokey s analyses and opinion.

In performing its analyses, Houlihan Lokey considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company or business used in Houlihan Lokey s analyses or otherwise reviewed for comparative purposes is identical to AMTG or ARI and an evaluation of the results of those analyses is not entirely mathematical. As a consequence, mathematical derivations (such as the high, low, mean and median) of financial data are not by themselves meaningful and were considered in conjunction with experience and the exercise of judgment. The estimates contained in the financial forecasts and the implied reference range values indicated by Houlihan Lokey s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of AMTG and ARI. Much of the

information used in, and accordingly the results of, Houlihan Lokey s analyses are inherently subject to substantial uncertainty.

Houlihan Lokey s opinion was only one of many factors considered by the ARI Special Committee in evaluating the proposed First Merger. Neither Houlihan Lokey s opinion nor its analyses were determinative of the Per

Table of Contents

Common Share Merger Consideration or of the views of the ARI Special Committee, the ARI Board, the AMTG Manager, the ARI Manager or any other party with respect to the First Merger, any related transactions or the Per Common Share Merger Consideration. Houlihan Lokey was not requested to, and it did not, recommend the specific consideration payable in the First Merger or any related transactions or that any given consideration constituted the only appropriate consideration for the First Merger or any related transactions. The type and amount of consideration payable in the First Merger and the related transactions were not determined by Houlihan Lokey and the decision for ARI to enter into the merger agreement and the asset purchase agreement and related documents was solely that of the ARI Special Committee and the ARI Board.

The following is a summary of the material financial analyses performed by Houlihan Lokey in connection with the preparation of its opinion and reviewed with the ARI Special Committee on February 25, 2016. The order of the analyses does not represent relative importance or weight given to those analyses by Houlihan Lokey. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Houlihan Lokey s analyses.

Introduction

In evaluating AMTG and ARI from a financial perspective, Houlihan Lokey performed certain financial analyses more fully described below. For purposes of such analyses, Houlihan Lokey reviewed a number of financial and operating metrics, as applicable, including:

Price-to-book value multiple generally, the relevant company s closing stock price as of the date of the market data utilized as indicated below as a multiple of such company s most recently reported common equity book value per share as of the date of the financial data utilized as indicated below.

Dividend yield generally, the relevant company s latest dividend per share on an annualized basis as of the date of the market data utilized as indicated below as a percentage of such company s closing stock price as of the date of the market data utilized as indicated below.

Also for purposes of such analyses, the term implied common merger consideration refers to the $14.64 per share consideration payable in the First Merger to holders of AMTG common stock, based on 0.8925x AMTG s common equity book value per share (as of December 31, 2015). Estimates and other information relating to AMTG relied upon by Houlihan Lokey for purposes of the financial analyses described below were based on information made available to Houlihan Lokey by the AMTG Manager and the ARI Manager, including estimates of the ARI Manager as to the net liquidation value of AMTG s assets, certain publicly available research analyst estimates, public filings and other publicly available information for AMTG. Estimates and other information relating to ARI relied upon by Houlihan Lokey for purposes of the financial analyses described below were based on financial projections and other estimates prepared by or discussed with the ARI Manager relating to ARI for the fiscal years ending December 31, 2016 through December 31, 2018, certain publicly available research analyst estimates, public filings and other publicly available information for ARI. Estimates and other information relating to the selected REITs listed below were based on certain publicly available research analyst estimates, public filings and other publicly available information for those REITs.

February 25, 2016 Financial Analyses

The financial analyses and market perspectives provided to the ARI Special Committee on February 25, 2016 based on financial data as of December 31, 2015 and market data as of February 25, 2016, referred to as the February 25, 2016 financial analyses, included the following:

Table of Contents

AMTG Financial Analysis

Net Liquidation Value Analysis. Houlihan Lokey evaluated the net liquidation value of AMTG by comparing the low to high estimates of the ARI Manager as to the net liquidation value of AMTG, pro forma for the First Merger and the related transactions, to the price-to-book value multiple underlying the implied common merger consideration. The ARI Manager s estimates as to the net liquidation value of AMTG were based on AMTG s common equity book value (as of December 31, 2015) less (i) the estimated cost of liquidating AMTG s assets and liabilities, excluding AMTG s assets to be sold by ARI to Athene Annuity in the asset sale transaction, (ii) the discount to the book value of AMTG s assets to be sold by ARI to Athene Annuity in the asset sale transaction implied by the cash consideration payable in the asset sale transaction and (iii) estimated transaction-related adjustments and expenses, excluding any termination fee payable to the AMTG Manager upon termination or transfer of its agreement with AMTG. Houlihan Lokey observed the following overall low to high estimates of the ARI Manager as to the net liquidation value of AMTG as a multiple of AMTG s common equity book value (as of December 31, 2015), as compared to the price-to-book value multiple underlying the implied common merger consideration:

Estimated Net Liquidation Value Range		Price-to-Book Value Multiple
0.8915x	0.9267x	0.8925x

Houlihan Lokey noted that such net liquidation value range indicated an approximate implied per share equity value reference range for AMTG based on AMTG s common equity book value per share (as of December 31, 2015) of $14.62 to $15.20, as compared to the implied common merger consideration of $14.64. Houlihan Lokey also noted that, based on the closing price of ARI common stock (as of February 25, 2016), the implied common merger consideration would be $14.71 per share.

ARI Market Perspectives. In order to assist the ARI Board in evaluating certain market perspectives on ARI, Houlihan Lokey reviewed the following:

Financial Performance of ARI Relative to Selected Commercial Mortgage REITs. In reviewing the financial performance of ARI, Houlihan Lokey compared the estimated price-to-book value multiples and dividend yields of ARI and the following two selected tier 1 commercial mortgage REITs, referred to as the ARI selected tier 1 REITs, and five selected tier 2 commercial mortgage REITs, referred to as the ARI selected tier 2 REITs and, together with the ARI selected tier 1 REITs, collectively referred to as the ARI selected REITs:

ARI Selected Tier 1 REITs

Blackstone Mortgage Trust, Inc.

Starwood Property Trust, Inc.

ARI Selected Tier 2 REITs

Arbor Realty Trust, Inc.

Ares Commercial Real Estate Corporation

Colony Capital, Inc.

CYS Investments, Inc.

Ladder Capital Corp

The approximate overall low to high estimated price-to-book value multiples and dividend yields observed for the ARI selected tier 1 REITs were 0.94x to 1.05x (with a mean of 1.00x) and 9.9% to 10.4% (with a mean of 10.2%), respectively. The approximate overall low to high estimated price-to-book value multiples and dividend

Table of Contents

yields observed for the ARI selected REITs were 0.69x to 1.05x (with a mean of 0.84x) and 9.4% to 13.3% (with a mean of 10.5%), respectively. Houlihan Lokey noted that the estimated price-to-book value multiple and dividend yield of ARI were approximately 1.04x and 10.9%, respectively.

Other ARI Market Perspectives. Houlihan Lokey also observed the following market perspectives:

- the historical trading performance of ARI common stock during the 30-day, one-year and three-year periods ended February 25, 2016, which indicated overall low to high observed intraday prices of ARI common stock during such periods of approximately $15.03 to $16.99 per share (with a mean closing stock price of $15.93 per share), $12.92 to $18.25 per share (with a mean closing stock price of $16.84 per share) and $12.92 to $18.28 per share (with a mean closing stock price of $16.63 per share), respectively, in each case as compared to the closing price of ARI common stock (as of February 25, 2016) of $16.93 per share;

- the historical latest 12 months intraday price-to-book value multiples and dividend yields of ARI during the one-year and three-year periods ended February 25, 2016, which indicated overall low to high observed latest 12 months intraday price-to-book value multiples of ARI during such periods of approximately 0.79x to 1.12x (with a mean closing multiple of 1.03x) and 0.79x to 1.12x (with a mean closing multiple of 1.02x), respectively, as compared to the price-to-book value multiple of ARI of approximately 1.04x, and overall low to high observed latest 12 months dividend yields of ARI during such periods of approximately 10.0% to 12.2% (with a mean closing dividend yield of 10.6%), and 8.8% to 12.2% (with a mean closing dividend yield of 10.0%), respectively, as compared to the dividend yield of ARI of approximately 10.9%; and

- undiscounted publicly available equity research analysts stock price targets and calendar year 2016 operating income per share (adjusted for selected non-cash charges), dividends per share and common equity book value per share targets for ARI, which indicated overall low to high observed stock price targets of $15.00 to $18.00 per share (with a mean of $16.75 per share and a median of $17.00 per share), overall low to high observed calendar year 2016 adjusted operating income per share targets of $1.99 to $2.14 per share (with a mean of $2.06 per share and a median of $2.05 per share), overall low to high observed calendar year 2016 dividends per share targets of $1.84 to $1.88 per share (with a mean of $1.87 per share and a median of $1.88 per share) and overall low to high observed calendar year 2016 common equity book value per share targets of $16.32 to $16.62 per share (with a mean of $16.46 per share and a median of $16.45 per share).

Additional Information AMTG. Houlihan Lokey also observed certain additional information, based on data relating to AMTG s assets and broker quotes reflected in AMTG s pricing file (as of December 31, 2015), data reflected in AMTG s pricing files as of each month-end from April 30, 2015 through December 31, 2015 and pricing service daily pricing emails, that was not considered part of Houlihan Lokey s financial analyses with respect to its opinion but was referenced for informational purposes, including the following:

- AMTG broker quotes and pricing service volumes, which indicated that AMTG generally received more quotes on relatively liquid Agency pass-through, Structured Agency Credit Risk and Connecticut Avenue Securities assets;

the difference between pricing service prices and average broker prices by trade market value, which indicated that such difference was approximately +/-0.5% for approximately 80% of Agency pass-through assets and approximately +/-1.0%, +/-2.0% and +/-3.0% for approximately 47%, 65% and 77%, respectively, of non-Agency residential mortgage-backed security assets; and

the percentage changes from the prior day-end approximate price of any Agency pass-through assets and any assets other than Agency pass-through assets to the price that the bonds were sold during the corresponding month from May 2015 through November 2015 based on the percentage change in the price provided by the pricing service from the prior month-end to the price provided by the pricing service for the day prior to the trade, which indicated that the approximate overall average difference weighted by trade market value was a 0.06% mark-up in the case of Agency pass-through assets and a 0.69% mark-up in the case of assets other than Agency pass-through assets.

Table of Contents

Other Information AMTG and ARI. Houlihan Lokey also observed, for informational purposes, the following:

the historical intraday price-to-book value multiples of AMTG during the one-year and three-year periods ended February 25, 2016, which indicated overall low to high observed latest 12 months intraday price-to-book value multiples of AMTG during such periods of approximately 0.56x to 0.86x (with a mean closing multiple of 0.75x) and 0.56x to 1.07x (with a mean closing multiple of 0.82x), respectively, as compared to the price-to-book value multiple of AMTG of approximately 0.59x;

the estimated price-to-book value multiples of four selected tier 1 residential mortgage REITs (AG Mortgage Investment Trust, Inc., American Capital Mortgage Investment Corp., MFA Financial, Inc. and Two Harbors Investment Corp.), referred to as the AMTG selected tier 1 REITs, and 14 selected tier 2 residential mortgage REITs (American Capital Agency Corp., Annaly Capital Management, Inc., Anworth Mortgage Asset Corporation, Armour Residential REIT, Inc., Capstead Mortgage Corporation, Chimera Investment Corporation, Dynex Capital, Inc., Hatteras Financial Corp., Invesco Mortgage Capital Inc., New York Mortgage Trust, Inc., PennyMac Mortgage Investment Trust, Redwood Trust, Inc., WMC Resources Ltd and ZAIS Financial Corp.), referred to as the AMTG selected tier 2 REITs and, together with the AMTG selected tier 1 REITs, collectively referred to as the AMTG selected REITs, which indicated approximate overall low to high estimated price-to-book value multiples observed for the AMTG selected tier 1 REITs of 0.63x to 0.91x (with a mean of 0.75x) and approximate overall low to high price-to-book value multiples observed for the AMTG selected REITs of 0.63x to 0.91x (with a mean of 0.75x), in each case as compared to the price-to-book value multiple of AMTG of approximately 0.59x;

the historical trading ratio of AMTG common stock relative to ARI common stock on December 31, 2015, January 8, 2016, January 20, 2016, February 5, 2016, February 23, 2016 and February 25, 2016, which indicated observed historical trading ratios on such dates of approximately 0.69x, 0.72x, 0.68x, 0.67x, 0.61x and 0.60x, respectively, with an overall approximate low to high observed historical trading ratio range during the period from December 31, 2014 to February 25, 2016 of 0.60x to 0.98x (with a mean of 0.84x); and

an illustrative sensitivities overview of the potential pro forma financial effects of the proposed First Merger and the related transactions on ARI s common equity book value per share (as of December 31, 2015) assuming a price-to-book value multiple of AMTG of 0.8925x and utilizing a range of illustrative net realized liquidation values of AMTG as a percentage of book value, net of transaction expenses and adjustments, of 82.50% to 92.67%, which indicated that the First Merger and the related transactions could be accretive/(dilutive) to ARI s common equity book value per share (as of December 31, 2015) by approximately (2.1%) to 1.9%, and the potential implied cost of the issuance by ARI of ARI common stock and ARI Series C Preferred Stock in the First Merger and the related transactions assuming the same price-to-book value multiple of AMTG and utilizing the same range of illustrative net realized liquidation value percentages described above, which indicated that the First Merger and the related transactions could result in a gain/(loss) as a percentage of the estimated capital raised by the issuance of such ARI common stock and ARI Series C Preferred Stock assumed to be $397 million of approximately (8.9%) to 4.5%. Actual results achieved by ARI may vary from forecasted results and variations may be material.

The February 25, 2016 financial analyses also referenced, for informational purposes, certain other financial considerations and information, including an overview of, and selected transaction terms regarding, the proposed transaction, estimated financial information regarding AMTG and ARI, the historical trading performance of AMTG common stock, dividend yields of AMTG and the AMTG selected REITs, premiums implied by the implied common merger consideration and the historical capital raise activity of ARI.

Table of Contents

February 23, 2016, February 7, 2016, January 21, 2016 and January 6, 2016 Preliminary Discussion Materials

In addition to the February 25, 2016 financial analyses summarized above, Houlihan Lokey also delivered preliminary discussion materials to the ARI Special Committee on February 23, 2016, referred to as the February 23, 2016 preliminary discussion materials, on February 7, 2016, referred to as the February 7, 2016 preliminary discussion materials, on January 21, 2016, referred to as the January 21, 2016 preliminary discussion materials, and on January 6, 2016, referred to as the January 6, 2016 preliminary discussion materials. The preliminary financial considerations and other information contained in such preliminary discussion materials reflected financial and market data as of the dates specified below and were based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Houlihan Lokey as of, their respective dates. Accordingly, the results of such preliminary observations and other information differed from the February 25, 2016 financial analyses as a result of, among other things, changes in such financial, economic, monetary, market and other conditions and circumstances. Houlihan Lokey, ARI and the ARI Manager, as applicable, also continued to refine various aspects of such preliminary financial considerations and other information.

The preliminary discussion materials referenced above did not constitute an opinion of, or recommendation by, Houlihan Lokey with respect to a possible transaction or otherwise. Such preliminary discussion materials primarily focused on the types of financial analyses and market perspectives described above under *February 25, 2016 Financial Analyses*, utilizing procedures that were generally the same or similar as those reflected in such financial analyses and market perspectives. The February 25, 2016 financial analyses were provided in connection with Houlihan Lokey s opinion to the ARI Special Committee and superseded these prior preliminary discussion materials.

February 23, 2016 Preliminary Discussion Materials

The February 23, 2016 preliminary discussion materials contained a preliminary net liquidation value analysis of AMTG, which utilized the same methodology and indicated the same estimated net liquidation value range and approximate implied per share equity value reference range for AMTG as described above under *February 25, 2016 Financial Analyses AMTG Financial Analysis Net Liquidation Value Analysis*, based on financial data as of December 31, 2015 and market data as of February 19, 2016, but utilizing for comparative purposes an implied common merger consideration based on 0.8775x AMTG s common equity book value per share (as of December 31, 2015).

The February 23, 2016 preliminary discussion materials also contained preliminary market perspectives on ARI, including estimated price-to-book value multiples and dividend yields of ARI and the ARI selected REITs, the historical trading performance of ARI common stock, historical latest 12 months intraday price-to-book value multiples and dividend yields of ARI and publicly available equity research analysts stock price and other targets for ARI, generally as described above under *February 25, 2016 Financial Analyses ARI Market Perspectives*, based on financial data as of December 31, 2015 and market data as of February 19, 2016.

The February 23, 2016 preliminary discussion materials further contained certain additional preliminary information, including AMTG broker quotes and pricing service volumes, the difference between pricing service prices and average broker prices by trade market value and the percentage changes from the prior day-end approximate price of any Agency pass-through assets and any assets other than Agency pass-through assets to the price that the bonds were sold, generally as described above under *February 25, 2016 Financial Analyses Additional Information AMTG*, based on data relating to AMTG s assets and broker quotes reflected in AMTG s pricing file (as of December 31, 2015), data reflected in AMTG s pricing files as of each month-end from April 30, 2015 through December 31, 2015 and pricing service daily pricing emails, and other preliminary information generally as described above under *February 25, 2016 Financial Analyses Other Information AMTG and ARI*, based on financial data as of December 31, 2015 and market

data as of February 19, 2016 and, in the case of the illustrative sensitivities overview, a price-to-book value multiple of AMTG of 0.8775x.

Table of Contents

February 7, 2016 Preliminary Discussion Materials

The February 7, 2016 preliminary discussion materials contained an illustrative sensitivities overview, based on financial data as of September 30, 2015 and market data as of February 5, 2016, of the potential pro forma financial effects of a proposed transaction with AMTG on ARI s common equity book value per share (as of September 30, 2015) and on the potential implied cost of the issuance by ARI of ARI common stock and ARI Series C Preferred Stock in a proposed transaction with AMTG, utilizing a range of price-to-book value multiples of AMTG of 0.8750x to 0.8775x, assuming that ARI common stock was issued at 1.0x ARI s common equity book value (as of September 30, 2015) of $16.35 per share and that ARI absorbed the outstanding AMTG Series A Preferred Stock at par value, and utilizing a range of illustrative realized fair values of AMTG s assets, net of transaction expenses and adjustments, as a percentage of AMTG s common equity book value (as of September 30, 2015) of 82.5% to 92.5%.

The February 7, 2016 preliminary discussion materials also referenced, for informational purposes, certain other financial considerations and information, including preliminary market and financial perspectives regarding AMTG and ARI.

January 21, 2016 Preliminary Discussion Materials

The January 21, 2016 preliminary discussion materials contained certain preliminary information regarding the low to high estimates of the ARI Manager as to the adjusted net liquidation value of AMTG, taking into account the estimated termination fee payable to the AMTG Manager upon termination of its management agreement with AMTG, and the low to high estimates of the ARI Manager as to the net liquidation value of AMTG, excluding any adjustment for the termination fee described above, in each case based on financial data as of September 30, 2015 and market data as of January 20, 2016.

The January 21, 2016 preliminary discussion materials also contained certain additional preliminary information, including the percentage changes from the prior month-end approximate price of any Agency pass-through assets and non-Agency residential mortgage-backed security assets to the price that the bonds were sold during such month and the percentage changes from the prior day-end approximate price of Agency pass-through assets and non-Agency residential mortgage-backed security assets to the price that the bonds were sold in the last 20 trades, based on data relating to AMTG s assets and broker quotes reflected in AMTG s pricing files as of each month-end from January 31, 2015 through November 30, 2015 and in AMTG s other sales price and trade analysis files.

The January 21, 2016 preliminary discussion materials further contained an illustrative sensitivities overview, based on financial data as of September 30, 2015 and market data as of January 20, 2016, of the potential pro forma financial effects of a proposed transaction with AMTG on ARI s common equity book value per share (as of September 30, 2015) utilizing a range of price-to-book value multiples of AMTG of 0.825x to 0.925x, and certain additional sensitivities utilizing a range of prices of ARI common stock at issuance of $14.72 to $17.99 per share, assuming a purchase price for AMTG based on 0.875x AMTG s common equity book value per share (as of December 31, 2015), and (i) the range of illustrative realized fair values of AMTG s assets, net of transaction expenses and adjustments, as a percentage of AMTG s common equity book value (as of September 30, 2015) described above under *February 7, 2016 Preliminary Discussion Materials* and (ii) a range of net liquidation values of AMTG, net of transaction expenses and adjustments, as a percentage of the purchase price of AMTG of (0.5%) to 5.0%. The February 7, 2016 preliminary discussion materials also contained an illustrative sensitivities overview, based on financial data as of September 30, 2015 and market data as of January 20, 2016, of the potential implied cost of the issuance by ARI of ARI common stock and ARI Series C Preferred Stock in a proposed transaction with AMTG utilizing the same ranges of price-to-book value multiples of AMTG and illustrative realized fair values of AMTG s assets, net of transaction expenses and adjustments, as a percentage of AMTG s common equity book value (as of

September 30, 2015) described above.

Table of Contents

The January 21, 2016 preliminary discussion materials also referenced, for informational purposes, certain other financial considerations and information, including preliminary market and financial perspectives regarding AMTG and ARI and historical trading ratios of AMTG common stock relative to ARI common stock.

January 6, 2016 Preliminary Discussion Materials

The January 6, 2016 preliminary discussion materials contained certain preliminary information regarding the low to high estimates of the ARI Manager as to the adjusted net liquidation value of AMTG, taking into account the estimated termination fee payable to the AMTG Manager upon termination of its management agreement with AMTG, and the low to high estimates of the ARI Manager as to the net liquidation value of AMTG, excluding any adjustment for the termination fee described above, in each case based on financial data as of September 30, 2015 and market data as of December 31, 2015.

The January 6, 2016 preliminary discussion materials also contained certain preliminary market perspectives on AMTG, including price-to-book value multiples of AMTG, the AMTG selected REITs and indices comprised of the AMTG selected tier 1 REITs and the AMTG selected REITs, in each case based on financial data as of September 30, 2015 and market data as of December 31, 2015.

The January 6, 2016 preliminary discussion materials further contained preliminary market perspectives on ARI, including price-to-book value multiples and dividend yields of ARI, the ARI selected REITs and indices comprised of the ARI selected tier 1 REITs and the ARI selected REITs, in each case based on financial data as of September 30, 2015 and market data as of December 31, 2015.

The January 6, 2016 preliminary discussion materials contained certain additional preliminary information, including AMTG broker quotes and pricing service volumes, the difference between pricing service prices and average broker prices by trade market value, the percentage changes from the prior day-end approximate price of non-Agency residential mortgage-backed security assets to the price that the bonds were sold and weekly non-Agency sub-prime BWIC volume, in each case based on data relating to AMTG s assets and broker quotes reflected in AMTG s pricing file (as of November 30, 2015), data reflected in AMTG s pricing files as of each month-end from January 31, 2015 through November 30, 2015, and other preliminary information, including additional estimated price-to-book value multiples and dividend yields of the AMTG selected REITs and historical latest 12 months trading ratios, based on financial data as of September 30, 2015 and market data as of December 31, 2015. The January 6, 2016 preliminary discussion materials further contained the illustrative sensitivities overviews generally as described above under *January 21, 2016 Preliminary Discussion Materials*, based on financial data as of September 30, 2015 and market data as of December 31, 2015, utilizing a range of price-to-book value multiples of AMTG of 0.775x to 0.975x, a range of prices of ARI common stock at issuance of $15.54 to $18.81 per share, assuming a purchase price for AMTG based on 0.875x AMTG s common equity book value per share (as of September 30, 2015) and a range of illustrative realized fair values of AMTG s assets, net of transaction expenses and adjustments, as a percentage of AMTG s common equity book value (as of September 30, 2015) of 77.5% to 97.5%.

The January 6, 2016 preliminary discussion materials also referenced, for informational purposes, certain other financial considerations and information, including a preliminary overview of the proposed transaction, illustrative alternative capital raise scenarios, preliminary estimated financial information regarding AMTG and ARI, dividend yields of AMTG, the AMTG selected REITs and the indices comprised of the AMTG selected REITs described above, historical trading ratios of AMTG common stock relative to ARI common stock, information regarding preferred stock issued by Arbor Realty Trust, Inc. and Colony Capital, Inc. and a summary of AMTG s stockholder base.

Other Matters

Houlihan Lokey was engaged by the ARI Special Committee to act as its financial advisor in connection with the First Merger and provide financial advisory services, including an opinion to the ARI Special Committee as to the fairness, from a financial point of view and as of such date, of the Per Common Share Merger Consideration

Table of Contents

to be paid by ARI in the First Merger. The ARI Special Committee engaged Houlihan Lokey based on Houlihan Lokey s experience and reputation. Houlihan Lokey is regularly engaged to provide financial advisory services in connection with mergers and acquisitions, financings, and financial restructurings. Pursuant to its engagement by the ARI Special Committee, Houlihan Lokey is entitled to an aggregate fee of $2.3 million for its services, of which a portion was payable upon Houlihan Lokey s engagement by the ARI Special Committee, $1.0 million was payable upon delivery of Houlihan Lokey s opinion and $1.3 million is contingent upon consummation of the First Merger. ARI also has agreed to reimburse Houlihan Lokey for certain expenses and to indemnify Houlihan Lokey, its affiliates and certain related parties against certain liabilities and expenses, including certain liabilities under federal securities laws, arising out of or related to Houlihan Lokey s engagement.

In the ordinary course of business, certain of Houlihan Lokey s employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, AMTG, ARI or any other party that may be involved in the First Merger or any related transactions and their respective affiliates or any currency or commodity that may be involved in the First Merger or any related transactions.

Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and/or other financial or consulting services to Apollo or one or more security holders, affiliates and/or portfolio companies of investment funds affiliated or associated with Apollo, referred to collectively with Apollo as the Apollo Group, for which Houlihan Lokey and such affiliates have received, and may receive, compensation, including, among other things, (i) having acted as financial advisor to PlayPower, Inc., then a member of the Apollo Group, in connection with its sale transaction, which transaction closed in June 2015, (ii) having acted as financial advisor to a special committee of the board of directors of Genco Shipping & Trading Limited, referred to as Genco, a member of the Apollo Group, in connection with Genco s merger transaction, which transaction closed in July 2015, (iii) having acted as financial advisor to a special committee of the board of directors of Athene Holding Ltd., a member of the Apollo Group, in 2014, and (iv) having acted as financial advisor to Apollo Management International LLP, a member of the Apollo Group, as a financing party, in connection with its review of a sale transaction involving Alpine-Energie Holding AG, which transaction closed in April 2014. Houlihan Lokey and certain of its affiliates received aggregate fees for the services described in clauses (i) through (iv) above of approximately $9 million. Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and/or other financial or consulting services to ARI, members of the Apollo Group, other participants in the First Merger and the related transactions or certain of their respective affiliates or security holders in the future, for which Houlihan Lokey and such affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of Houlihan Lokey s and their respective employees may have committed to invest in private equity or other investment funds managed or advised by the Apollo Group, other participants in the First Merger and the related transactions or certain of their respective affiliates or security holders, and in portfolio companies of such funds, and may have co-invested with members of the Apollo Group, other participants in the First Merger and the related transactions or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, ARI, members of the Apollo Group, other participants in the First Merger and the related transactions or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and such affiliates have received and may receive compensation.

Certain AMTG Unaudited Prospective Financial Information

AMTG does not, as a matter of course, generally publish its business plans and strategies or make public disclosures of its projections as to future revenues, earnings or other results. In connection with the AMTG Board s approval of AMTG s fourth quarter dividend, AMTG provided the AMTG Board, including the

Table of Contents

members of the AMTG Special Committee, with selected unaudited prospective financial information regarding AMTG s future performance on a standalone basis for the period from the fourth quarter of 2015 through 2017. This information also was provided to the AMTG Special Committee s financial advisor for its use and reliance in connection with its financial analyses and opinion described above under *Special Factors Opinion of the Financial Advisor to the AMTG Special Committee* and to the ARI Special Committee, the ARI Board and the ARI Special Committee s financial advisor, although such information was not relied upon by the ARI Special Committee or the ARI Board in connection with their deliberations concerning, and decision of the ARI Special Committee to recommend, the mergers and related transactions or the ARI Special Committee s financial advisor in connection with its financial analyses and opinion.

The AMTG financial projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The AMTG financial projections were, in general, prepared solely for internal use and are subjective in many respects. As a result, there can be no assurance that the prospective results will be realized, that the assumptions described below will be proven accurate, or that the actual results will not be significantly higher or lower than those estimated.

The following significant assumptions were made in arriving at AMTG s forecast amounts presented below:

(i) AMTG maintained equity portfolio allocation to existing asset classes, with the exception of estimated run-off in credit assets;

(ii) The forward curve was assumed to be realized, impacting the yields on investments, the cost of financing and costs associated with interest rate hedges;

(iii) AMTG s equity remains flat, except for the estimated quarterly decline in unrealized gains on non-Agency RMBS, which are essentially re-characterized through GAAP earnings, in the form of discount accretion, which are assumed to be distributed as dividends.

Forecasted Quarterly Performance
(In Thousands)

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
Interest Income	$ 37,318	$ 37,252	$ 37,233	$ 36,973	$ 36,846	$ 36,804	$ 36,816	$ 36,874	$ 36,955
Effective Interest Expense[1]	(12,841)	(13,315)	(13,696)	(14,176)	(14,475)	(14,542)	(15,083)	(15,616)	(16,117)
Effective Net Interest Income[1]	24,477	23,937	23,537	22,797	22,371	22,262	21,733	21,258	20,838
Other income, net	70	109	130	151	183	211	237	262	286
	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)

Management Fee									
Other G&A Expense (excluding equity comp)[1]	(4,438)	(4,480)	(4,439)	(4,438)	(4,417)	(4,462)	(4,462)	(4,462)	(4,462)
Operating Earnings before allocation for participating securities[1]	$ 17,309	$ 16,766	$ 16,428	$ 15,711	$ 15,338	$ 15,211	$ 14,708	$ 14,258	$ 13,862
Dividends on Preferred Stock	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)
Operating Earnings Allocable to Common Stock[1]	$ 13,859	$ 13,316	$ 12,978	$ 12,261	$ 11,888	$ 11,761	$ 11,258	$ 10,808	$ 10,412
Operating EPS[1]	$ 0.44	$ 0.42	$ 0.41	$ 0.38	$ 0.37	$ 0.37	$ 0.35	$ 0.34	$ 0.33
Est Common Shares Outstanding	31,742	31,742	31,829	31,870	31,878	31,919	31,919	31,919	31,832

(1) Amounts constitute forecasted non-GAAP financial measures which are reconciled to GAAP measures below.

Table of Contents

For purposes of the unaudited prospective financial information presented herein, Operating Earnings is a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC that is used by AMTG and which AMTG believes, when considered together with GAAP financial measures, provides information that is useful to investors in understanding AMTG s operating results. An analysis of any non-GAAP financial measures should be made in conjunction with the results presented in accordance with GAAP. The Forecasted Operating Earnings presented assume that: (i) there are no realized and unrealized gains and losses recognized through earnings; (ii) non-cash equity compensation is excluded from Operating Earnings; (iii) there are no one-time events pursuant to changes in GAAP; and (iv) the net interest rate payments on swaps is a component of interest expense. Operating Earnings is a non-GAAP financial measure that is used by the AMTG Manager to assess AMTG s business results.

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
	(In Thousands)								
Interest Expense	$ (8,803)	$ (9,896)	$ (10,793)	$ (11,797)	$ (12,783)	$ (13,402)	$ (14,419)	$ (15,366)	$ (16,179)
Non-GAAP Adjustment:									
Net interest component of Swaps and tax amortization on Swaption terminations and expirations, net	(4,038)	(3,419)	(2,903)	(2,379)	(1,692)	(1,140)	(664)	(250)	62
Effective Interest Expense	$ (12,841)	$ (13,315)	$ (13,696)	$ (14,176)	$ (14,475)	$ (14,542)	$ (15,083)	$ (15,616)	$ (16,117)

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
	(In Thousands)								
Interest Income	$ 37,318	$ 37,252	$ 37,233	$ 36,973	$ 36,846	$ 36,804	$ 36,816	$ 36,874	$ 36,955
Non-GAAP Adjustment:									
Less: Effective Interest Expense[(1)]	(12,841)	(13,315)	(13,696)	(14,176)	(14,475)	(14,542)	(15,083)	(15,616)	(16,117)
Effective Net Interest Income	$ 24,477	$ 23,937	$ 23,537	$ 22,797	$ 22,371	$ 22,262	$ 21,733	$ 21,258	$ 20,838

(1) As reconciled in the table above.

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
	(In Thousands)								
G&A Expense	$ (4,546)	$ (4,591)	$ (4,591)	$ (4,592)	$ (4,592)	$ (4,637)	$ (4,637)	$ (4,637)	$ (4,637)
Non-GAAP Adjustment:									
Reduction for non-cash equity based compensation expense	108	111	152	154	175	175	175	175	175
G&A expense, excluding non-cash equity compensation expense	$ (4,438)	$ (4,480)	$ (4,439)	$ (4,438)	$ (4,417)	$ (4,462)	$ (4,462)	$ (4,462)	$ (4,462)

Table of Contents

The following table presents the reconciliation of forecasted net income allocable to common stockholders to forecasted operating earnings and forecasted operating earnings per common share:

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
	(In Thousands, Except per Share Amounts)								
Net income before Preferred Stock dividends	$ 17,645	$ 17,099	$ 16,720	$ 15,979	$ 15,407	$ 15,204	$ 14,679	$ 14,246	$ 13,947
Preferred Stock Dividends	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)
Net income allocable to common stockholders	$ 14,195	$ 13,649	$ 13,270	$ 12,529	$ 11,957	$ 11,754	$ 11,229	$ 10,796	$ 10,497
Adjustments to arrive at forecasted operating earnings:									
Amortization of tax (loss) on Swaption termination and expirations, net	(444)	(444)	(444)	(422)	(244)	(168)	(146)	(163)	(260)
Estimate of equity based compensation expense	108	111	152	154	175	175	175	175	175
Total adjustments to arrive at operating earnings[(1)]	(336)	(333)	(292)	(268)	(69)	7	29	12	(85)
Operating Earnings allocable to common stock	$ 13,859	$ 13,316	$ 12,978	$ 12,261	$ 11,888	$ 11,761	$ 11,258	$ 10,808	$ 10,412
Common shares outstanding-basic	31,742	31,742	31,829	31,870	31,878	31,919	31,919	31,919	31,832
Net income per common share	$ 0.45	$ 0.43	$ 0.42	$ 0.39	$ 0.38	$ 0.37	$ 0.35	$ 0.34	$ 0.33
Operating EPS	$ 0.44	$ 0.42	$ 0.41	$ 0.38	$ 0.37	$ 0.37	$ 0.35	$ 0.34	$ 0.33

(1) These same adjustments are used to arrive at operating earnings before allocation for participating securities and Preferred Stock dividends.

AMTG and ARI calculate certain non-GAAP financial metrics including Operating Earnings using different methodologies. Consequently, the financial metrics presented in each company s prospective financial information disclosures may not be directly comparable to one another.

In preparing the foregoing unaudited prospective financial results, AMTG made a number of assumptions and estimates regarding, among other things, future interest rates, AMTG s future stock price, the level of future investments by AMTG and the yield to be achieved on such investments, financing of future investments, including leverage ratios, the ability to refinance certain of AMTG s outstanding secured and unsecured debt and the terms of any such refinancing, and future capital expenditures and dividend rates. AMTG management believes these assumptions and estimates were reasonably prepared, but these assumptions and estimates may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Statements* beginning on pages 109 and 118, respectively, and in AMTG s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of ARI and/or AMTG and will be beyond the control of the Combined Company. ARI stockholders and AMTG stockholders are urged to review the SEC filings of AMTG for a description of the risk factors with respect to the business of AMTG. See *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 118 and *Where You Can Find More Information; Incorporation by Reference* beginning on page 233.

Table of Contents

The following additional assumptions were also made in developing AMTG's projections:

(Dollars in Thousands)

	Assumption Range
3 Month LIBOR	0.50% - 1.66%
1 Month LIBOR	0.50% - 1.61%
Cash & Restricted Cash	
% of Equity	23.25%
Agency RMBS, Fixed Rate Pass-Through Securities	
% of Equity	13.79% - 14.36%
Leverage multiple	14.50x
Yield on existing portfolio	2.76%
Yield on reinvestment	3.08% - 3.64%
Funding cost spread to LIBOR	0.19%
Agency RMBS, ARM Pass-Through Securities	
% of Equity	1.80%
Leverage multiple	27.25x
Yield on existing portfolio	1.27% - 1.86%
Yield on reinvestment	1.27% - 1.83%
Funding cost spread to LIBOR	0.19%
Agency Interest-Only Securities	
% of Equity	8.29%
Leverage multiple	
Yield on existing portfolio	6.03%
Yield on reinvestment	4.50% - 5.00%
Agency Inverse Interest-Only Securities	
% of Equity	1.06%
Leverage multiple	
Yield on existing portfolio	14.18%
Yield on reinvestment	6.00%
Non-Agency & Credit Securities	
% of Equity	41.69%
Leverage multiple	3.00x
Yield on existing portfolio	6.08%
Yield on reinvestment	4.34% - 5.45%
Funding cost spread to LIBOR	1.70%
Seller Financing Program Investments	
% of Equity	5.87% - 6.28%
Leverage multiple	
Yield on existing portfolio	7.77% - 8.72%
2015 Securitized Mortgage Loan Pool	
% of Equity	2.32% - 2.87%

Leverage multiple	2.82x
Yield on existing portfolio	6.64%
Funding cost spread to LIBOR	2.50%

Table of Contents

(Dollars in Thousands)

	Assumption Range
2013 Securitized Mortgage Loan Pool	
% of Equity	5.32% - 5.65%
Leverage multiple	1.34x
Yield on existing portfolio	12.80%
Repurchase borrowings-spread to LIBOR	2.00%
Securitized debt-effective cost	4.27%
Swaps	
Notional balance	$1,287,000
Spread between fixed pay and variable rate leg	1.12% - (0.10)%
Swaptions	
Notional balance	$1,705,000
TBAs, Swaps & Swaptions	
% of Equity	(3.24)% - (3.19)%
Other Assets/Liabilities, net	
% of Equity	(1.06)%

Neither the independent registered public accounting firm of AMTG, nor any other independent accountants, have compiled, examined or performed any audit or other procedures with respect to the AMTG financial projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm of AMTG contained in AMTG s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus, relates to the historical consolidated financial statements of AMTG. It does not extend to the AMTG financial projections and should not be read to do so. Furthermore, the AMTG financial projections do not take into account any circumstances or events occurring after the respective dates on which they were prepared.

Readers of this proxy statement/prospectus are cautioned not to place undue reliance on the AMTG financial projections. The summary of the AMTG financial projections is not being included to influence your decision whether to vote for the approval of the First Merger and the other transactions contemplated by the merger agreement, but is being provided because such information was considered in connection with the mergers and was provided to ARI, the AMTG Board, the AMTG Special Committee and the AMTG Special Committee s financial advisor. The inclusion of the AMTG financial projections in this proxy statement/prospectus should not be regarded as an indication that any of ARI, AMTG or their respective officers, directors, affiliates, advisors or other representatives consider such information to be necessarily predictive of actual future events. In addition, the AMTG financial projections do not give effect to the mergers. None of ARI, AMTG, or their respective officers, directors, affiliates, advisors or other representatives has made or makes any representations to any ARI stockholder or AMTG stockholder regarding the ultimate performance of AMTG compared to the information included in the AMTG financial projections, and none of ARI, AMTG or their respective affiliates undertakes any obligation to update or otherwise revise or reconcile the AMTG financial projections to reflect circumstances existing, or changes in assumptions or outlook occurring, after the date the ARI financial projections were generated, except as may be required by applicable law.

Certain ARI Unaudited Prospective Financial Information

ARI does not, as a matter of course, generally publish its business plans and strategies or make public disclosures of its projections as to future revenues, earnings or other results. In connection with the proposed mergers, ARI provided,

in the course of reverse due diligence, the AMTG Special Committee, the AMTG Board and the

Table of Contents

financial advisor to the AMTG Special Committee with selected unaudited prospective financial information regarding ARI s future performance on a standalone basis for the years 2016 through 2018. This information also was provided to the ARI Special Committee s financial advisor for its use and reliance in connection its financial analyses and opinion described above under *Special Factors Opinion of the Financial Advisor to the ARI Special Committee*. A summary of these projections is provided below and such information is referred to in this proxy statement/prospectus as the ARI financial projections .

The ARI financial projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The ARI financial projections were, in general, prepared solely for internal use and are subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that the actual results will not be significantly higher or lower than estimated.

	Quarter End				Year End
	31-Mar-16	**30-Jun-16**	**30-Sep-16**	**31-Dec-16**	**2016**
Net interest income	$ 45,870	$ 52,950	$ 57,319	$ 57,081	$ 213,220
GAAP net income	$ 32,394	$ 34,983	$ 38,499	$ 38,285	$ 144,161
Adjustments:					
Equity Based Compensation Expense	368	420	449	442	1,679
Amortization of convertible senior notes related to equity reclassification	867	867	867	867	3,468
Operating earnings	$ 33,629	$ 36,270	$ 39,814	$ 39,594	$ 149,308
Per share					
Operating earnings	$ 0.49	$ 0.48	$ 0.49	$ 0.49	$ 1.95
Dividends	0.46	0.46	0.46	0.46	1.84

	Quarter End				Year End
	31-Mar-17	**30-Jun-17**	**30-Sep-17**	**31-Dec-17**	**2017**
Net interest income	$ 58,308	$ 60,766	$ 63,184	$ 62,904	$ 245,162
GAAP net income	$ 39,503	$ 41,607	$ 43,683	$ 43,427	$ 168,220
Adjustments:					
Equity Based Compensation Expense	443	458	470	464	1,835
Amortization of convertible senior notes related to equity reclassification	867	867	867	867	3,468
Operating earnings	$ 40,813	$ 42,932	$ 45,021	$ 44,758	$ 173,523
Per share					
Operating earnings	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 2.00
Dividends	0.47	0.47	0.47	0.47	1.88

	Quarter End	Year End

	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	2018
Net interest income	$ 64,433	$ 66,972	$ 69,394	$ 69,434	$ 270,233
GAAP net income	$ 44,917	$ 47,094	$ 49,156	$ 49,188	$ 190,354
Adjustments:					
Equity Based Compensation Expense	471	487	593	593	1,965
Amortization of convertible senior notes related to equity reclassification	867	867	867	867	3,468
Operating earnings	$ 46,255	$ 48,448	$ 50,526	$ 50,558	$ 195,787
Per share					
Operating earnings	$ 0.51	$ 0.51	$ 0.51	$ 0.51	$ 2.04
Dividends	0.48	0.48	0.48	0.48	1.92

Table of Contents

For purposes of the unaudited prospective financial information summarized herein, Operating Earnings is a non-GAAP financial measure that is used by ARI to approximate cash available for distribution and is defined by ARI as net income available to ARI common stockholders, computed in accordance with GAAP, adjusted for (i) equity-based compensation expense (a portion of which may become cash-based upon final vesting and settlement of awards should the holder elect net share settlement to satisfy income tax withholding); (ii) any unrealized gains or losses or other non-cash items included in net income available to common stockholders; (iii) unrealized income from unconsolidated joint ventures; (iv) foreign currency gains/(losses); and (v) the non-cash amortization expense related to the reclassification of a portion of the convertible senior notes to stockholders equity in accordance with GAAP.

AMTG and ARI calculate certain non-GAAP financial metrics including Operating Earnings using different methodologies. Consequently, the financial metrics presented in each company s prospective financial information disclosures may not be directly comparable to one another.

In preparing the foregoing unaudited prospective financial results, ARI made a number of assumptions and estimates regarding, among other things, future interest rates, ARI s future stock price, the level of future investments by ARI and the yield to be achieved on such investments, financing of future investments, including leverage ratios, the ability to refinance certain of ARI s outstanding secured and unsecured debt and the terms of any such refinancing, and future capital expenditures and dividend rates.

The following additional assumptions were also made in developing these projections:

	Year Ended		
Key Assumptions	**2016**	**2017**	**2018**
W.A. Yield on Investment Portfolio	9.7%	10.0%	10.6%
Common Equity Raised (000s)	$ 211,000	$ 150,000	$ 150,000
G&A Expenses	2.3%	2.3%	2.3%
Management Fee	1.5%	1.5%	1.5%
Secured Interest Rate	3.8%	3.5%	3.5%
Debt + Other Liab. to GAAP Common Equity	1.0x	0.7x	0.7x

ARI management believes these assumptions and estimates were reasonably prepared, but these assumptions and estimates may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Statements* beginning on pages 109 and 118, respectively, and in ARI s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of ARI and/or AMTG and will be beyond the control of the Combined Company. ARI stockholders and AMTG stockholders are urged to review the SEC filings of ARI for a description of the risk factors with respect to the business of ARI. See *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 118 and *Where You Can Find More Information; Incorporation by Reference* beginning on page 233.

Neither the independent registered public accounting firm of ARI, nor any other independent accountants, have compiled, examined or performed any audit or other procedures with respect to the ARI financial projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm of ARI contained in ARI s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus, relates to the historical consolidated financial statements of ARI. It does not extend to the ARI financial projections and should not

be read to do so. Furthermore, the ARI financial projections do not take into account any circumstances or events occurring after the respective dates on which they were prepared.

Table of Contents

Readers of this proxy statement/prospectus are cautioned not to place undue reliance on the ARI financial projections. The summary of the ARI financial projections is not being included to influence your decision whether to vote for the approval of the First Merger and the other transactions contemplated by the merger agreement, but is being provided because such information was considered in connection with the mergers and was provided to the AMTG Board, the AMTG Special Committee and the AMTG Special Committee s financial advisor. The inclusion of the ARI financial projections in this proxy statement/prospectus should not be regarded as an indication that any of ARI, AMTG or their respective officers, directors, affiliates, advisors or other representatives consider such information to be necessarily predictive of actual future events. In addition, the ARI financial projections do not give effect to the mergers. None of ARI, AMTG, or their respective officers, directors, affiliates, advisors or other representatives has made or makes any representations to any ARI stockholder or AMTG stockholder regarding the ultimate performance of ARI compared to the information included in the ARI financial projections, and none of ARI, AMTG or their respective affiliates undertakes any obligation to update or otherwise revise or reconcile the ARI financial projections to reflect circumstances existing, or changes in assumptions or outlook occurring, after the date the ARI financial projections were generated, except as may be required by applicable law.

Interests of AMTG s Directors and Officers in the Transaction

Certain of AMTG s executive officers and directors may have interests in the transaction that are different from, or in addition to, those of AMTG s and ARI s stockholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The AMTG Board was aware of these interests during its deliberations on the merits of the transaction and in deciding to approve the merger agreement and the other transactions contemplated thereby. These interests include those discussed below.

Relationships among Apollo, AMTG, ARI and Athene; Overlapping Directors

ARI is under control of the ARI Manager and AMTG is under control of the AMTG Manager. Each of the ARI Manager and the AMTG Manager is an indirect subsidiary of Apollo.

Certain of the members of the AMTG Board have relationships with Apollo as set forth below:

Michael A. Commaroto is the president and chief executive officer of the AMTG Manager, an affiliate of Apollo, and has been an officer of Vantium Management, L.P., a portfolio company of a fund managed by an affiliate of Apollo;

James E. Galowski is an employee of an entity affiliated with Apollo; and

Frederick N. Khedouri is an employee of an entity affiliated with Apollo.

In addition, (i) Mark C. Biderman is a member of both the AMTG Board and the ARI Board and has recused himself from all deliberations relating to the mergers and (ii) Hope S. Taitz is a member of both the AMTG Board and the board of directors of Athene Holding Ltd. Ms. Taitz is also a member of the conflicts committee of the board of directors of Athene Holding Ltd., but she was not a member of the Athene Special Committee.

Apollo is a significant shareholder of Athene Holding Ltd., through which Apollo holds approximately 45% of the total voting power of Athene Holding Ltd. Athene s invested assets are also managed by AAM, which is a subsidiary

of Apollo. Certain of Athene Holding Ltd. s directors are also employees of Apollo and directors of AAM, and Athene Holding Ltd. s Chief Executive Officer is the Chief Executive Officer and an equity holder of AAM.

AMTG Special Committee Fees

Each of Mr. Kleisner and Mr. Christopoul, as the members of the AMTG Special Committee earned cash committee fees in connection with their service on the AMTG Special Committee. The individual members of the AMTG Special Committee earned the following fees: Thomas Christopoul, chairman of the AMTG Special Committee $75,000; and Frederick Kleisner $50,000.

Table of Contents

Management Agreement

In connection with AMTG s initial public offering in July 2011, AMTG entered into the AMTG management agreement with the AMTG Manager, which describes the services to be provided by the AMTG Manager and its compensation for those services. AMTG s business is managed by the AMTG Manager, subject to the supervision and oversight of the AMTG Board, which has established investment guidelines for the AMTG Manager to follow in its day-to-day management of AMTG s business, and subject to the revised investment guidelines included in the merger agreement.

Pursuant to the terms of the AMTG management agreement, the AMTG Manager is paid a base management fee equal to 1.5% per annum of AMTG s stockholders equity (as defined in the management agreement), calculated and payable (in cash) quarterly in arrears.

AMTG incurred management fees of approximately $11.1 million, $11.2 million and $11.6 million for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013 respectively. In addition to the management fee, AMTG is responsible for reimbursing the AMTG Manager for certain expenses paid by the AMTG Manager on behalf of AMTG and for certain services provided by the AMTG Manager to AMTG. Expenses incurred by the AMTG Manager and reimbursed by AMTG are typically included in AMTG s general and administrative expense on AMTG s consolidated statement of operations, or may be reflected on the consolidated balance sheet and associated consolidated statement of changes in stockholders equity, based on the nature of the item. Included in Payable to related party on AMTG s consolidated balance sheet at December 31, 2015 and December 31, 2014, was approximately $5.4 million and $2.8 million, respectively, for management fees payable to the AMTG Manager, with the remainder of such payable reflecting reimbursements due to Apollo for AMTG s general and administrative expenses paid or incurred by Apollo on AMTG s behalf. The AMTG management agreement is automatically renewed each year unless two-thirds of the independent directors on the AMTG Board determine that the performance of the AMTG Manager has been unsatisfactory and materially detrimental to the Company, or that the Management Fee is unfair, and upon any such determination the Company may terminate the AMTG management agreement upon 180 days prior written notice, provided that if the proposed termination is based on a determination that the Management Fee is unfair, the AMTG Manager has the right to attempt to renegotiate its compensation for a period of 45 days. In the event that the AMTG management agreement is terminated in accordance its terms, AMTG shall pay to the AMTG Manager, on the date on which such termination becomes effective, a termination fee (the Termination Fee) equal to three times the sum of the average annual Management Fee during the 24-month period immediately preceding the date of such termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination. The obligation of AMTG to pay the Termination Fee shall survive the termination of the AMTG management agreement. If the mergers are consummated, the AMTG management agreement will continue in full force and effect until the consummation of the mergers, at which point the AMTG management agreement will be assigned to ARI.

If the mergers are consummated, the AMTG management agreement will continue in full force and effect until the consummation of the mergers, at which point the AMTG management agreement will be assigned to ARI. If the mergers are consummated, the ARI Manager has agreed that any management fees paid by ARI to the AMTG Manager pursuant to the AMTG management agreement will offset, and therefore reduce (but not below zero), ARI s obligation to pay corresponding management fees to the ARI Manager under the ARI management agreement.

In addition, AMTG has entered into a letter agreement with the AMTG Manager, pursuant to which the AMTG Manager has agreed to perform such services as may be necessary to enable AMTG to consummate the mergers and other transactions contemplated by the merger agreement in accordance with the terms thereof, including assisting AMTG and its subsidiaries in performing and complying with AMTG s obligations under the merger agreement.

85

Table of Contents

Registration Rights Agreement

AMTG entered into a registration rights agreement with Apollo Principal Holdings I, L.P., Michael Commaroto, Paul Mangione and Keith Rosenbloom, with respect to the AMTG common stock owned by such entity and individuals purchased in a concurrent private placement upon the completion of AMTG s initial public offering in July 2011, which AMTG common stock we refer to as registrable stock. Pursuant to the registration rights agreement, AMTG granted to the aforementioned entity and individuals (1) unlimited demand registration rights to have the registrable stock registered for resale, and (2) in certain circumstances, the right to piggy-back this registrable stock in registration statements AMTG might file in connection with any future public offering. These registration rights with respect to the registrable stock are currently applicable; however, in the event the mergers are consummated, all of the registrable stock will be converted into the right to receive the Per Common Share Merger Consideration and the registration rights agreement will terminate in accordance with its terms.

Equity Interests of AMTG s Directors and Executive Officers in AMTG and ARI; Conversion of Outstanding Shares Pursuant to the Mergers

Shares of AMTG common stock owned by executive officers and directors of AMTG will be converted into the right to receive the Per Common Share Merger Consideration on the same terms and conditions as the other stockholders of AMTG. As of the Record Date, the executive officers and directors of AMTG beneficially owned, in the aggregate, 274,284 shares of AMTG common stock, excluding outstanding AMTG Restricted Shares that vest under the AMTG 2011 Equity Incentive Plan. If all of the shares of AMTG common stock beneficially owned by the executive officers and directors as of the Record Date (other than AMTG Restricted Shares that vest under the AMTG 2011 Equity Incentive Plan) were converted to shares of ARI common stock in connection with the First Merger, then the executive officers and directors would receive an aggregate of 114,530 shares of ARI common stock pursuant to the First Merger, which based on the closing price of ARI common stock on July 22, 2016, would have an aggregate value of $1,910,360.

The following table sets forth the beneficial ownership of the directors and executive officers of AMTG in the equity of (i) AMTG and (ii) ARI, after giving effect to the mergers, each as of the Record Date.

Name of Beneficial Owner	AMTG Common Stock	Percentage of AMTG Common Stock Outstanding	ARI Shares prior to the First Merger	Percentage of ARI Shares Outstanding	ARI Shares after the First Merger	Percentage of ARI Shares Outstanding
Michael A. Commaroto[1][2][3]	247,332	*	30,900	*	134,178	*
Gregory W. Hunt[1][2]						
Frederick N. Khedouri[1][2]	22,259	*			9,294	*
Mark C. Biderman[1][4][5]	32,784	*	51,875	*	65,564	*
Thomas D. Christopoul[1][4]	27,407	*			11,444	*
James E. Galowski[6]	6,831	*	10,642	*	13,494	*
Frederick J. Kleisner[1][4]	44,007	*			18,376	*
Hope S. Taitz[1][4]	27,407	*			11,444	*
All directors and executive officers of AMTG as a group	408,027	1.28%	93,417	*	263,794	*

* Represents less than 1% of issued and outstanding shares.
(1) Each director and executive officer has sole voting and investment power with respect to these shares.
(2) Includes restricted stock units granted under the 2011 Equity Incentive Plan as follows:
(a) Mr. Commaroto 94,900 restricted stock units; (b) Mr. Hunt 0 restricted stock units; and (c) Mr. Khedouri 4,151 restricted stock units. The vesting of all such restricted stock units will accelerate immediately prior to the effective time of the First Merger.

Table of Contents

(3) Includes 30,900 ARI restricted stock units granted under the Parent Equity Plan that vest upon the achievement of certain conditions.

(4) Includes unvested shares of restricted AMTG common stock granted to AMTG directors pursuant to AMTG s 2011 Equity Incentive Plan as follows:
(a) Mr. Biderman 8,673 shares of restricted AMTG common stock; (b) Mr. Christopoul 8,673 shares of restricted AMTG common stock; (c) Mr. Kleisner 8,673 shares of restricted AMTG common stock; and
(d) Ms. Taitz 8,673 shares of restricted AMTG common stock. The vesting of all unvested shares of restricted AMTG common stock will accelerate immediately prior to the effective time of the First Merger.

(5) Includes 21,947 shares of ARI restricted common stock granted under the Parent Equity Plan.
(6) Mr. Galowski holds 6,181 shares jointly with his spouse.

Cash Consideration to be Received by AMTG s Directors and Executive Officers In Exchange of Equity Interests

The following table sets forth the total cash proceeds that the directors and executive officers of AMTG will receive for any shares, options or other securities of AMTG as a result of the transactions contemplated by the merger agreement based upon the amounts beneficially owned by such directors and executive officers of AMTG as of the Record Date.

Name of Beneficial Owner	AMTG Common Stock	Cash Consideration Received
Michael A. Commaroto[1][2]	247,332	$ 1,696,713
Gregory W. Hunt[1][2]		
Frederick N. Khedouri[1][2]	22,259	$ 152,709
Mark C. Biderman[1][3]	32,784	$ 224,909
Thomas D. Christopoul[1][3]	27,407	$ 188,019
James E. Galowski[4]	6,831	$ 46,868
Frederick J. Kleisner[1][3]	44,007	$ 301,889
Hope S. Taitz[1][3]	27,407	$ 188,019
All directors and executive officers of AMTG as a group	408,027	$ 2,799,126

(1) Each director and executive officer has sole voting and investment power with respect to these shares.
(2) Includes restricted stock units granted under the 2011 Equity Incentive Plan as follows:
(a) Mr. Commaroto 94,900 restricted stock units; (b) Mr. Hunt 0 restricted stock units; and (c) Mr. Khedouri 4,151 restricted stock units. The vesting of all such restricted stock units will accelerate immediately prior to the effective time of the First Merger.

(3) As of the Record Date, includes unvested shares of restricted AMTG common stock granted to AMTG directors pursuant to AMTG s 2011 Equity Incentive Plan as follows:

(a) Mr. Biderman 8,673 shares of restricted AMTG common stock; (b) Mr. Christopoul 8,673 shares of restricted AMTG common stock; (c) Mr. Kleisner 8,673 shares of restricted AMTG common stock; and
(d) Ms. Taitz 8,673 shares of restricted AMTG common stock. The vesting of all unvested shares of restricted AMTG common stock will accelerate immediately prior to the effective time of the First Merger.

(4) Mr. Galowski holds 6,181 shares jointly with his spouse.

Treatment of AMTG Restricted Shares

Under the merger agreement, immediately prior to the First Merger, each outstanding AMTG Restricted Share which was not then vested will vest and, upon consummation of the First Merger, will be converted into the right to receive the Per Common Share Merger Consideration, less applicable tax withholdings.

Table of Contents

As a result of the transactions contemplated under the merger agreement, AMTG s directors and executive officers who hold AMTG Restricted Shares would receive the following consideration in connection with the accelerated vesting prior to the First Merger:

Name	AMTG Restricted Shares (#)	Cash Consideration($)	ARI Shares(#)	Aggregate Consideration($)[1]
Mark C. Biderman	8,673	$ 59,507	3,621	$ 116,336
Thomas D. Christopoul	8,673	$ 59,507	3,621	$ 116,336
Frederick N. Khedouri	4,151	$ 28,482	1,733	$ 55,680
Frederick J. Kleisner	8,673	$ 59,507	3,621	$ 116,336
Hope S. Taitz	8,673	$ 59,507	3,621	$ 116,336
Michael A. Commaroto[2]	94,900	$ 651,024	39,627	$ 1,312,002

(1) Aggregate consideration determined by adding the cash consideration to the value of the shares of ARI common stock using the closing price of ARI common stock on July 22, 2016.

(2) This amount includes 72,380 AMTG Restricted Shares which were granted to Mr. Commaroto following the execution of the merger agreement (on March 17, 2016). Consistent with the treatment of AMTG Restricted Shares described above, these AMTG Restricted Share will vest and be converted into the Per Common Share Merger Consideration upon the consummation of the First Merger.

Other Compensation Arrangements

It is anticipated that Mr. Commaroto will enter into arrangements with the AMTG Manager that will provide for a retention bonus in the amount of $400,000, plus an additional bonus in the amount of $66,667 for each full month Mr. Commaroto s employment continues after July 1, 2016 (subject to proration for any partial month) and severance in the amount of $500,000 in connection with his continuing to provide services for a specified period following the closing of the mergers and his anticipated termination of employment thereafter. The payments will be made by the AMTG Manager or one or more of its affiliates and, other than with respect to liabilities relating to AMTG Restricted Shares, AMTG will have no liability with respect to these arrangements. In addition, at the time of the execution of the merger agreement, Mr. Commaroto was granted ARI restricted stock units with respect to 30,900 shares of ARI common stock that vest based upon the achievement of certain conditions.

Section 16 Matters

Pursuant to the merger agreement, AMTG is permitted to take all steps as may be required to cause to be exempt under Rule 16b-3 under the Exchange Act any dispositions of shares of AMTG common stock (including derivative securities with respect to such shares) that are treated as dispositions under Rule 16b-3 and result from the transactions contemplated under the merger agreement by each officer or director of AMTG who is or will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to AMTG.

Indemnification and Insurance

For a period of 10 years after the effective time of the mergers, pursuant to the terms of the merger agreement and subject to certain limitations, the surviving entity will indemnify, defend and hold harmless among others, each

individual covered by the AMTG governing documents or any indemnification or similar agreements, for actions at or prior to the effective time of the mergers, including with respect to the transactions contemplated by the merger agreement. In addition, pursuant to the terms of the merger agreement and subject to certain limitations, prior to the effective time of the mergers, AMTG may obtain and pay for a directors and officers liability insurance tail or runoff insurance program for a period of ten years after the closing date with respect to wrongful acts and/or omissions committed or allegedly committed at or prior to the time of the First Merger (such coverage shall have an aggregate coverage limit over the term of such policy in an amount not to

Table of Contents

exceed the annual aggregate coverage limit under AMTG s existing directors and officers liability policy, and in all other respects shall be comparable to such existing coverage); provided, however, that the annual cost of such program may not exceed 250% of the annual premiums paid as of the date of the merger agreement by AMTG for directors and officers liability insurance (such 250% amount, the Base Premium); provided, further, if such insurance coverage cannot be obtained at all, or can only be obtained at an annual cost in excess of the Base Premium, AMTG may purchase the most advantageous policies of tail or run-off directors and officers insurance obtainable for an annual cost equal to the Base Premium. If AMTG obtains such insurance policy prior to the effective time of the First Merger, ARI shall cause such policy to be maintained in full force and effect, for its full term, and shall honor its obligations thereunder. Some of the directors and executive officers of AMTG are entitled to certain contractual payments, benefits and incentive awards in connection with the mergers, as described below.

Interests of ARI s Directors and Officers in the Transaction

Certain of ARI s executive officers and directors may have interests in the transaction that are different from, or in addition to, those of AMTG s and ARI s stockholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The ARI Board was aware of these interests during its deliberations on the merits of the transaction and in deciding to approve the merger agreement and the other transactions contemplated thereby. These interests include those discussed below.

Overlapping Director

Mark C. Biderman is a member of both the AMTG Board and the ARI Board and has recused himself from all deliberations relating to the mergers.

ARI Special Committee Fees

Each of the members of the ARI Special Committee earned cash committee fees in connection with their service on the ARI Special Committee. The individual members of the ARI Special Committee earned the following fees: Jeffrey Gault, chairman of the ARI Special Committee $75,000; Robert A. Kasdin $50,000; and Scott S. Prince $50,000.

Equity Interests of ARI s Directors in AMTG

As of the Record Date, Stuart Rothstein, ARI s President and Chief Executive Officer and a director of ARI, owns 11,361 shares of AMTG common stock. As of the Record Date, Michael Salvati, a director of ARI, owns 10,300 shares of AMTG common stock and Mark C. Biderman, a director of ARI, owns 32,784 shares (which includes 8,673 unvested Restricted Shares) of AMTG common stock. The shares of AMTG common stock held by each of Mr. Rothstein, Mr. Salvati and Mr. Biderman will be converted into the right to receive Per Common Share Merger Consideration on the same terms and conditions as the other holders of shares of AMTG common stock.

Vote Required for Approval; Quorum

Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. Approval of the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger

agreement requires the affirmative vote of a majority of the votes cast on such proposal. Approval of the Merger-Related Named Executive Officer Compensation Proposal requires the affirmative vote of a majority

Table of Contents

of the votes cast on such proposal. The AMTG common stockholders vote regarding the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote and therefore is not binding on AMTG or the AMTG Board or the AMTG Special Committee.

AMTG s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at the AMTG special meeting for purposes of determining whether a quorum is present.

Other Offers

No other offers were made within the meaning of Item 1014(f) of Regulation M-A.

Availability of Documents

The reports, opinions or appraisals referenced in this section *Special Factors* will be made available for inspection and copying at the principal executive offices of AMTG during its regular business hours by any interested holder of shares of AMTG common stock or representative who has been designated in writing.

Parties to the Transaction

Apollo Commercial Real Estate Finance, Inc.

ARI is a Maryland corporation that was incorporated in 2009 and that has elected to be taxed as a REIT for U.S. federal income tax purposes. ARI generally is not subject to U.S. federal income taxes on its net taxable income to the extent that it annually distributes its net taxable income to stockholders and maintains its qualification as a REIT. ARI also operates its business in a manner intended to allow it to remain excluded from registration as an investment company under the 1940 Act. ARI primarily originates, acquires, invests in and manages performing first mortgage loans, subordinate financings, CMBS and other commercial real estate-related debt investments. These asset classes are referred to as ARI s target assets.

ARI is externally managed and advised by the ARI Manager, an indirect subsidiary of Apollo, which together with its subsidiaries is a leading global alternative investment manager with a contrarian and value oriented investment approach in private equity, credit and real estate. The ARI Manager is led by an experienced team of senior real estate professionals who have significant experience in underwriting and structuring commercial real estate financing transactions. ARI benefits from Apollo s global infrastructure and operating platform, through which ARI is able to source, evaluate and manage potential investments in ARI s target assets.

ARI s principal business objective is to make investments in its target assets in order to provide attractive risk adjusted returns to its stockholders over the long term, primarily through dividends and secondarily through capital appreciation.

The current business address of ARI and each of its executive officers and directors, is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019, and the business telephone number of each such entity or person is (212) 515-3200.

During the past five years none of ARI or any of its directors and executive officers have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or

administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. All of the directors and executive officers of ARI are citizens of the United States.

For additional information regarding the employment history of the officers and directors of ARI, see the information set forth in the proxy statement/prospectus under the caption Management and Board of Combined Company incorporated herein by reference.

Table of Contents

Arrow Merger Sub, Inc.

Merger Sub, a direct wholly owned subsidiary of ARI, is a Maryland corporation formed on February 22, 2016 for the purpose of entering into the merger agreement. Upon completion of the First Merger, Merger Sub will be merged with and into AMTG, with AMTG surviving as a subsidiary of ARI. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

The current business address of Merger Sub and each of its executive officers and directors, is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019, and the business telephone number of each such entity or person is (212) 515-3200.

During the past five years none of Merger Sub or any of its directors and executive officers have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. All of the directors and executive officers of Merger Sub are citizens of the United States.

The names and material occupations, positions, offices or employment during the past five years of the directors and executive officers of Merger Sub are as follows:

Stuart A. Rothstein Director and President. For more information regarding Mr. Rothstein s employment history, see the information set forth in *Management and Board of Combined Company.*

Jai Agarwal Chief Financial Officer, Treasurer and Secretary. For more information regarding Mr. Agarwal s employment history, see the information set forth in *Management and Board of Combined Company.*

Apollo Residential Mortgage, Inc.

AMTG was incorporated in Maryland on March 15, 2011 and commenced operations on July 27, 2011. AMTG is structured as a holding company and conducts its business primarily through ARM Operating, LLC and its other operating subsidiaries. AMTG has elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with its taxable year ended December 31, 2011. AMTG generally is not subject to U.S. federal income taxes on its net taxable income to the extent that it annually distributes its net taxable income to stockholders and maintains its qualification as a REIT. AMTG also operates its business in a manner that it believes will allow it to remain excluded from registration as an investment company under the 1940 Act. AMTG is externally managed and advised by the AMTG Manager, an indirect subsidiary of Apollo.

At March 31, 2016, AMTG s portfolio was comprised of approximately $3.1 billion of Agency RMBS (comprised of pass-through and interest-only securities), non-Agency RMBS, securitized mortgage loans, and other mortgage and mortgage related investment securities and other mortgage related investments.

The current business address of AMTG and each of its executive officers and directors, is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019, and the business telephone number of each such entity or person is (212) 515-3200.

During the past five years none of AMTG or any of its directors and executive officers have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or

administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Table of Contents

The names and material occupations, positions, offices or employment during the past five years of the directors and executive officers of AMTG are as follows:

Fredrick N. Khedouri Director. Mr. Khedouri has been the Chairman of the AMTG Board since its initial public offering (the AMTG IPO) in July 2011. Mr. Khedouri has also been a Vice President of AMTG Manager and a member of AMTG Manager s Investment Committee since July 2011. He is a Partner of Apollo Management International LLP and serves as a member of the Investment Committee and as Chief Investment Officer of Apollo European Principal Finance Fund L.P., a fund that commenced operations in 2007 and focuses primarily on financial assets in Western Europe. Mr. Khedouri also serves on the board of directors for Avant Tarjeta, Establecimiento Financiero de Crédito, S.A., a Spanish credit institution, and EVO Banco, S.A., a Spanish bank. Prior to joining Apollo in 2008, Mr. Khedouri spent 22 years in the investment banking and mortgage-backed securities division of Bear Stearns & Co. Inc. Mr. Khedouri became a Senior Managing Director at Bear Stearns & Co. Inc. in 1991. In the course of his career there, he oversaw the firm s activities relating to the U.S. savings and loan crisis from 1989 to 1993, leading over $35 billion of residential and commercial mortgage securities offerings for the Resolution Trust Corporation, the government agency responsible for liquidating the assets of failed institutions. He subsequently served as global head of the financial institutions investment banking group. In 2006, he transferred to London to manage the firm s U.K. and European mortgage and asset-backed securities principal investing, mortgage origination, and advisory and underwriting businesses. Prior to joining Bear Stearns & Co. Inc. in 1987, he served in senior policy posts in the White House under President Reagan. From 1981 to 1985, he was deputy for policy and Associate Director for Natural Resources, Energy and Science in the White House Office of Management and Budget. From 1985 to 1987, he was Assistant to the Vice President for policy and Deputy Chief of Staff to Vice President George Bush. Mr. Khedouri graduated from the University of Chicago with an AB in European History. He graduated from the University of Texas School of Law and joined the State Bar of Texas in 1976. Mr. Khedouri was selected to serve as a director on the AMTG Board because of his depth of knowledge about the real estate industry and his extensive managerial and executive experience. Mr. Khedouri is a citizen of the United States.

Mark C. Biderman Director. Mr. Biderman has been a member of the AMTG Board since the AMTG IPO in July 2011. Mr. Biderman has also served on the board of directors of ARI (the ARI Board) since November 2010. Since February 2011, Mr. Biderman had served as a member of the board of directors of Atlas Energy G.P., LLC, General Partner of Atlas Energy, L.P., an energy-focused master limited partnership. In February of 2015, Atlas Energy G.P., LLC completed a merger with a subsidiary of Targa Resources Group (NYSE: TRGP), forming a new public company. Mr. Biderman then ceased being a director of Atlas Energy G.P., LLC and became a director of Atlas Energy Group, LLC (NYSE: ATLS). Since August 2010, Mr. Biderman has been a member of the board of directors of the Full Circle Capital Corporation (NASDAQ: FULL), an externally managed business development company. Mr. Biderman served as a member of the board of directors of Atlas Energy, Inc., an independent natural gas producer that also owned an interest in an energy services provider, from July 2009 through February 2011. Since January 2009, Mr. Biderman has been a consultant focused on the financial services sector. Mr. Biderman served as Vice Chairman of National Financial Partners Corp. (NYSE: NFP), a benefits, insurance and wealth management services firm, from September 2008 through December 2008. From November 1999 until September 2008, he served as NFP s Executive Vice President and Chief Financial Officer. From 1987 to 1999, Mr. Biderman served as Managing Director and Head of the Financial Institutions Group at CIBC World Markets, or CIBC, an investment banking firm, and its predecessor, Oppenheimer & Co., Inc. Prior to investment banking, he was an equity research analyst covering the commercial banking industry. Mr. Biderman was on the Institutional Investor All American Research Team from 1973 to 1985 and was First Team Bank Analyst in 1974 and 1976. Mr. Biderman chaired the Due Diligence Committee at CIBC and served on the Commitment and Credit Committees. He serves on the Board of Governors and as Treasurer of Hebrew Union College-Jewish Institute of Religion, on the Board of Trustees of Congregation Rodeph Sholom, and as Chairman of the Board of Directors of Center for Jewish Life Princeton University Hillel. Mr. Biderman is a Chartered Financial Analyst. Mr. Biderman received a BSE degree, with high honors, in chemical

engineering from Princeton University and an MBA from the Harvard Graduate School of Business Administration. Mr. Biderman qualifies as an audit committee financial expert under the

guidelines of the SEC. Mr. Biderman was selected to serve as a director on the AMTG Board because of his business acumen and valuable operational experience. Mr. Biderman is a citizen of the United States.

Thomas D. Christopoul Director. Mr. Christopoul has been a member of the AMTG Board since the AMTG IPO in July 2011. Mr. Christopoul has been an executive vice president and co-founder of 54 Madison Partners, LLC since July 2015. Prior to that, from January 2015 to July 2015 he was a Senior Partner of Cain Hoy Enterprises, an affiliate of Guggenheim Partners, where he was Senior Managing Director of Global Real Estate and Infrastructure from April 2012 to December 2014. Prior to that, Mr. Christopoul was Executive Chairman of GPS Industries, LLC, a developer, manufacturer and distributor of cart-mounted global positioningsystem technology for the global golf industry, from 2009 to 2012 and Executive Chairman of Rita s Water Ice, LLC, a company that operates and franchises an Italian ice concept in the United States from 2010 to 2012. From 2009 to 2013, he served as an Operating Partner at Falconhead Capital, LLC, a private equity firm in New York City. From June 2007 to August 2009, he served as President and Chief Executive Officer of Resources Connection, Inc. (NASDAQ: RECN), a multinational professional services firm, where he also served as an independent member of the board of directors from January 2006 to June 2007. Prior to October 2005, Mr. Christopoul served as Chairman and Chief Executive Officer of the Marketing Services Division of Cendant Corporation (NYSE: CD), or Cendant. During his more than 10 years with Cendant, he led worldwide human resources and information technology, marketing and a broad array of corporate staff functions on a global basis through his service in a number of senior executive positions, including: Chairman and Chief Executive Officer of the Financial Services Division of Cendant, where he managed Jackson-Hewitt Tax Services; Senior Executive Vice President and Chief Administrative Officer; Executive Vice President of Corporate Services; Senior Vice President of Human Resources and Vice President of Human Resources for HFS Inc. (Hospitality Franchise Systems, Cendant s predecessor). Prior to HFS Inc. and Cendant, he was the Director of Labor Relations for the Nabisco Biscuit Company from 1992 to 1995 and also worked for the Pepsi-Cola Company from 1998 to 1992. He is a member of the boards of directors of several privately held companies. Mr. Christopoul graduated from Rutgers University with a BA and from Purdue University with an MS degree where he is a distinguished alumnus. Mr. Christopoul qualifies as an audit committee financial expert under the guidelines of the SEC. Mr. Christopoul was selected to serve as a director on the AMTG Board because of his extensive managerial and executive experience. He is also a director of Rexnord Corporation (NYSE: RXN). Mr. Christopoul is a citizen of the United States.

Michael A. Commaroto Director, President and Chief Executive Officer. Mr. Commaroto has been a member of the AMTG Board since 2014 and has served as AMTG s Chief Executive Officer and President since the AMTG IPO in July 2011. Mr. Commaroto is also the Chief Executive Officer and President of AMTG Manager and the head of AMTG Manager s Investment Committee. Mr. Commaroto has also been the Chief Executive Officer-Capital Markets of Vantium Management, L.P., an Apollo sponsored investment manager with a focus on investing in a static pool of residential mortgage loans in both whole loan and securitized forms, since 2008. Prior to joining Vantium Management, L.P., Mr. Commaroto was at Deutsche Bank AG (NYSE: DB), or Deutsche Bank, as the U.S. Head of Whole Loan Trading from 2000 to 2007. Prior to joining Deutsche Bank, Mr. Commaroto spent over 16 years at Credit Suisse First Boston and its predecessor companies, where, among other responsibilities, he managed the whole loan trading and finance business for the Principal Trading Group and the Mortgage Department. Mr. Commaroto started his career at Arthur Andersen & Co. where he focused on auditing broker dealers and investment banks. Mr. Commaroto graduated from Union College with a BA in economics and from the University of Rochester with an MBA with a concentration in accounting and finance. Mr. Commaroto has been selected to serve as a director on the AMTG Board because of his extensive experience in the residential mortgage industry. Mr. Commaroto is a citizen of the United States.

James E. Galowski Director. Mr. Galowski has been a member of the AMTG Board since June 2015. Mr. Galowski has been Senior Portfolio Manager, Corporate Structured Credit at Apollo since April 2012. Prior to joining Apollo, Mr. Galowski was a Partner at Stone Tower Capital (STC) from September 2006 to April 2012, where he was

responsible for overseeing STC s investment activities in structured credit. From June 1990 to September 2005, Mr. Galowski served as Managing Director with WestLB in New York, London and

Table of Contents

Singapore. In Singapore, he was responsible for the bank s Financial Markets activities in the Asia Pacific region with trading rooms in Hong Kong, Singapore, Tokyo, Sydney and Shanghai. From March 2012 to September 2005, he was a Managing Director and served on the Board and Executive Committee of WestLB Asset Management (U.S.) LLC, which ultimately became Brightwater Capital Management. While in London, Mr. Galowski focused on the re-organization of the bank s European Treasury operations and served as the acting Group Treasurer of the Thomas Cook Group. While with WestLB in New York, Mr. Galowski was responsible for the ABS portfolio management business. From June 1985 to July 1990, Mr. Galowski served as a Senior Trader with the Canadian Imperial Bank of Commerce. Mr. Galowski graduated from St. John s University with a BS in Finance and from Fordham University s School of Business with an MBA. Mr. Galowski was selected to serve as a director on the AMTG Board because of his extensive background in the financial services industry and management. Mr. Galowski is a citizen of the United States.

Fredrick J. Kleisner Director. Mr. Kleisner has been a member of the AMTG Board since the AMTG IPO in July 2011. Mr. Kleisner served as President and a director of Hard Rock Hotel Holdings, LLC, a destination casino and resort company, from October 2007 to March 2011. From December 2007 until March 2011, Mr. Kleisner also served as Chief Executive Officer of Morgans Hotel Group Co. (NASDAQ: MHGC), or Morgans, a hospitality company, and as President and Chief Executive Officer (including interim President and Chief Executive Officer) of Morgans from September 2007 until March 2009. Mr. Kleisner also served as a director of Morgans from February 2006 until March 2011. From January 2006 to September 2007, Mr. Kleisner was the Chairman and Chief Executive Officer of Rex Advisors, LLC, a hotel advisory firm. From August 1999 to December 31, 2005, Mr. Kleisner served as President, Chief Operating Officer and, from March 2000 to August, 2005, Chief Executive Officer of Wyndham International, Inc., or Wyndham International, a global hotel company. Mr. Kleisner also has served as Chairman of Wyndham International s Board from October 2000 to August 2005. From January 1998 to August 1999, he served as President and Chief Operating Officer of The Americas for Starwood Hotels & Resorts Worldwide, Inc. Hotel Group. He has held senior positions with Westin Hotels and Resorts Worldwide, where he served as President and Chief Operating Officer from 1995 to 1998, Interstate Hotels Company, where he served as Executive Vice President and Group President of Operations from 1990 to 1995, The ITT Sheraton Corporation, where he served as Senior Vice President, Director of Operations, North America Division-East from 1985 to 1990, and Hilton Hotels, Corp. where for 16 years he served as General Manager of several landmark hotels. Since 2013, Mr. Kleisner serves as a director of Caesars Entertainment Corporation (NASDAQ: CZR). Mr. Kleisner has served as a director of Innkeepers USA Trust, a subsidiary of Apollo Investment Corporation (NASDAQ: AINV), from November 2007 to August 2010, and serves as a director of Kindred Healthcare, Inc. (NYSE: KND), a healthcare services company, since April 2009. He is currently a director of Playtime, LLC, a manufacturer of antibacterial and antimicrobial playground equipment and play systems, and Aimbridge Hospitality, Inc., a hotel investment and management firm. He also serves as a Real Estate Investment Management Advisory Board member of Michigan State University s Eli Broad College of Business, School of Hospitality Business. Mr. Kleisner graduated from Michigan State University with a BA in Hotel Management, completed advanced studies at the University of Virginia, Darden School of Business and attended The Catholic University of America. Mr. Kleisner qualifies as an audit committee financial expert under the guidelines of the SEC. Mr. Kleisner was selected to serve as a director on the AMTG Board because of his strong operating, management and real estate investment experience. Mr. Kleisner is a citizen of the United States.

Hope S. Taitz Director. Ms. Taitz has been a member of the AMTG Board since the AMTG IPO in July 2011. Since 2004, Ms. Taitz has acted as a consultant in the retail/consumer industries and, since April 2011, has served as a director of Athene Holding Ltd. and Athene Life Re Ltd. Since July 2011 Ms. Taitz has served as a director of Athene Annuity & Life Assurance Company. Since December 2012, Ms. Taitz has served as a director of Athene Life Insurance Company of New York. Since August 2013, Ms. Taitz has served as a director of Diamond Resorts International, Inc. Since October 2013, Ms. Taitz has served as a director of Athene Annuity and Life Company, Athene USA and Athene Annuity & Life Assurance Company of New York. Since July 2014, Ms. Taitz has served as

a director of Lumenis Ltd. (NASDAQ: LMNS), a healthcare company. Since January 2015, Ms. Taitz has served as a director of MidCap FinCo Holdings Limited, MidCap FinCo Limited

Table of Contents

and MC Feeder Limited. From 1995 to 2003, Ms. Taitz was Managing Partner of Catalyst Partners, L.P., a money management firm focused on special situations in both debt and equity in sectors including retail, consumer and specialty finance. From 1990 to 1992, Ms. Taitz was a Vice President at The Argosy Group (now part of the Canadian Imperial Bank of Commerce (NYSE: CM)) specializing in financial restructuring before becoming a Managing Director at Crystal Asset Management, from 1992 to 1995. From 1986 to 1990, Ms. Taitz was at Drexel Burnham Lambert, first as a mergers and acquisitions analyst and then as an associate in the leveraged buyout group. Ms. Taitz is a founding executive member of Youth Renewal Fund, Pencils of Promise and Girls Who Code. Ms. Taitz graduated with honors from the University of Pennsylvania with a BA in Economics. Ms. Taitz was selected to serve as a director on the AMTG Board of because of her extensive background in finance and her management experience. Ms. Taitz is a citizen of the United States.

Gregory W. Hunt Chief Financial Officer, Treasury and Secretary. Mr. Hunt began his term as AMTG s Chief Financial Officer, Treasurer and Secretary in March 2016. Mr. Hunt began his term as Chief Financial Officer and Treasurer of Apollo Investment Corporation in May 2012. Previously, Mr. Hunt was Executive Vice President and Chief Financial Officer for Yankee Candle, which he joined in April 2010. Prior to joining Yankee Candle, Mr. Hunt served as the Executive Vice President of Strategic and Commercial Development for Norwegian Cruise Lines from 2007 to 2009. Prior to joining Norwegian Cruise Lines, Mr. Hunt served as Chief Financial Officer and Chief Restructuring Officer of Tweeter Home Entertainment Group, Inc. from 2006 to 2007 and Chief Financial Officer and Co-Chief Executive of Syratech Corporation from 2001 to 2006. Prior to Syratech, Mr. Hunt held several senior financial leadership positions including Chief Financial Officer of NRT Inc., Culligan Water Technologies, Inc. and Samsonite Corporation. Mr. Hunt also serves as a Director of LogicSource, Inc. and as a member of the Board of Advisors for the University of Vermont School of Business. Mr. Hunt earned a bachelor s degree in accounting and finance from the University of Vermont and is a Certified Public Accountant. Mr. Hunt is a citizen of the United States.

Apollo Participants

The current business address of each of Apollo, AMTG Manager and ARI Manager (collectively, the Apollo Participants) and their respective executive officers, directors or controlling persons, as applicable, is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019, and the business telephone number of each such entity or person is (212) 515- 3200. For purposes of these disclosures, we have included each of Apollo Capital Management, L.P. (Apollo Capital), Apollo Global Real Estate Management, L.P. (Apollo Global Real Estate), Apollo Capital Management GP, LLC (Apollo Capital Management GP), Apollo Global Real Estate Management GP, LLC (Apollo Global Real Estate GP), Apollo Management Holdings, L.P. (Apollo Management Holdings), Apollo Management Holdings GP, LLC (Apollo Management Holdings GP), and APO Corp., as controlling persons of the Apollo Participants for the reasons described below.

During the past five years none of the Apollo Participants or any of their respective executive officers, directors or controlling persons, as applicable, have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Apollo

Founded in 1990, Apollo is a leading global alternative investment manager. Apollo is a contrarian, value-oriented investment manager in private equity, credit and real estate, with significant distressed investment expertise. Apollo

has a flexible mandate in many of the funds its manages which enables Apollo funds to invest opportunistically across a company s capital structure. Apollo raises, invests and manages funds on behalf of some of the world s most prominent pension, endowment and sovereign wealth funds, as well as other

Table of Contents

institutional and individual investors. As of December 31, 2015, Apollo had total assets under management of $170 billion, including approximately $38 billion in private equity, $121 billion in credit and $11 billion in real estate. Apollo has consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through December 31, 2015.

Apollo is led by its managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 25 years and lead a team of 945 employees, including 353 investment professionals, as of December 31, 2015. This team possesses a broad range of transaction, financial, managerial and investment skills. Apollo has offices in New York, Los Angeles, Houston, Chicago, Bethesda, Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai. Apollo operates its private equity, credit and real estate investment management businesses in a highly integrated manner, which Apollo believes distinguishes it from other alternative investment managers. Apollo investment professionals frequently collaborate across disciplines. Apollo believes that this collaboration, including market insight, management, banking and consultant contacts, and investment opportunities, enables the funds it manages to more successfully invest across a company s capital structure. This platform and the depth and experience of the Apollo investment team have enabled Apollo to deliver strong long-term investment performance for our funds throughout a range of economic cycles.

All of the directors and executive officers of Apollo are citizens of the United States, except for Pauline Richards, who is a Bermuda resident with British and Canadian citizenship. The names and material occupations, positions, offices or employment during the past five years of the directors and executive officers of Apollo are as follows:

Leon Black. Mr. Black is the Chairman of the board of directors and Chief Executive Officer of Apollo and a Managing Partner of Apollo Management, L.P. In 1990, Mr. Black founded Apollo Management, L.P. and Lion Advisors, L.P. to manage investment capital on behalf of a group of institutional investors, focusing on corporate restructuring, leveraged buyouts and taking minority positions in growth-oriented companies. From 1977 to 1990, Mr. Black worked at Drexel Burnham Lambert Incorporated, where he served as a Managing Director, head of the Mergers & Acquisitions Group, and co-head of the Corporate Finance Department. Mr. Black also serves on the board of directors of the general partner of AP Alternative Assets, L.P. and previously served on the board of directors of Sirius XM Radio Inc. Mr. Black is a Co-Chairman of The Museum of Modern Art and a trustee of The Mount Sinai Medical Center and The Asia Society. He is also a member of The Council on Foreign Relations and The Partnership for New York City. He is also a member of the boards of directors of FasterCures and the Port Authority Task Force. Mr. Black graduated summa cum laude from Dartmouth College in 1973 with a major in Philosophy and History and received an MBA from Harvard Business School in 1975. Mr. Black has significant experience making and managing private equity investments on behalf of Apollo and has over 36 years experience financing, analyzing and investing in public and private companies.

Joshua Harris. Mr. Harris is a Senior Managing Director and a member of the board of directors of Apollo and a Managing Partner of Apollo Management, L.P., which he co-founded in 1990. Prior to 1990, Mr. Harris was a member of the Mergers and Acquisitions group of Drexel Burnham Lambert Incorporated. Mr. Harris has previously served on the board of directors of Berry Plastics Group Inc., EP Energy Corporation, EPE Acquisition, LLC, CEVA Logistics, Momentive Performance Materials Holdings LLC, Constellium N.V., LyondellBasell Industries B.V., Momentive Specialty Chemicals Inc. and Momentive Specialty Chemicals Holdings LLC. Mr. Harris is a member of the Federal Reserve Bank of New York s Investor Advisory Committee, the Council of Foreign Relations, and is on the Board of Trustees of Mount Sinai Medical Center. He participates on the University of Pennsylvania s Wharton School s Board of Overseers, the Board of Trustees at the Harvard Business School and certain other charitable and educational boards. Mr. Harris is a Managing Member of the Philadelphia 76ers and a Managing Member of the New Jersey Devils. Mr. Harris graduated summa cum laude and Beta Gamma Sigma from the University of Pennsylvania s Wharton School of Business with a B.S. in Economics and received his M.B.A. from the Harvard Business School,

where he graduated as a Baker and Loeb Scholar.

Table of Contents

Marc Rowan. Mr. Rowan is a Senior Managing Director and member of the board of directors of Apollo and a Managing Partner of Apollo Management, L.P., which he co-founded in 1990. Prior to 1990, Mr. Rowan was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated, with responsibilities in high yield financing, transaction idea generation and merger structure negotiation. Mr. Rowan currently serves on the boards of directors of, inter alia, Athene Holding Ltd., Caesars Entertainment Corporation and Caesars Acquisition Co. He has previously served on the boards of directors of, inter alia, the general partner of AP Alternative Assets, L.P., AMC Entertainment, Inc., Cablecom GmbH, Caesars Entertainment Operating Co., Culligan Water Technologies, Inc., Countrywide Holdings Limited, Furniture Brands International Inc., Mobile Satellite Ventures, LLC, National Cinemedia, Inc., National Financial Partners, Inc., New World Communications, Inc., Norwegian Cruise Lines, Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications Inc., Unity Media SCA, Vail Resorts, Inc. and Wyndham International, Inc. Mr. Rowan is also active in charitable activities. He is a founding member and Chairman of the YRF-Darca and is a member of the Board of Overseers of the University of Pennsylvania s Wharton School of Business and serves on the boards of directors of Jerusalem Online and the New York City Police Foundation. Mr. Rowan graduated summa cum laude from the University of Pennsylvania s Wharton School of Business with a B.S. and an M.B.A. in Finance.

Martin Kelly. Mr. Kelly joined Apollo in 2012 as Chief Financial Officer. Mr. Kelly also oversees the Firm s IT, Risk, Operations and Audit groups. From 2008 to 2012, Mr. Kelly was with Barclays Capital and, from 2000 to 2008, Mr. Kelly was with Lehman Brothers Holdings Inc. Prior to departing Barclays Capital, Mr. Kelly served as Managing Director, CFO of the Americas, and Global Head of Financial Control for their Corporate and Investment Bank. Prior to joining Lehman Brothers in 2000, Mr. Kelly spent 13 years with PricewaterhouseCoopers LLP, including serving in the Financial Services Group in New York from 1994 to 2000. Mr. Kelly was appointed a Partner of the firm in 1999. Mr. Kelly received a degree in Commerce, majoring in Finance and Accounting, from the University of New South Wales in 1989.

John Suydam. Mr. Suydam joined Apollo in 2006 and serves as Apollo s Chief Legal Officer. From 2002 to 2006, Mr. Suydam was a partner at O Melveny & Myers LLP where he served as head of Mergers and Acquisitions and co-head of the Corporate Department. Prior to that time, Mr. Suydam served as Chairman of the law firm O Sullivan, LLP which specialized in representing private equity investors. Mr. Suydam serves on the boards of The Legal Action Center, Environmental Solutions Worldwide, Inc. and New York University School of Law, and is a member of the Department of Medicine Advisory Board of the Mount Sinai Medical Center. Mr. Suydam received his J.D. from New York University and graduated magna cum laude with a B.A. in History from the State University of New York at Albany.

Michael Ducey. Mr. Ducey has served as an independent director of Apollo and a member of the audit committee and as Chairman of the conflicts committee of Apollo s board of directors since 2011. Mr. Ducey was with Compass Minerals International, Inc., from March 2002 to May 2006, where he served in a variety of roles, including as President, Chief Executive Officer and Director prior to his retirement in May 2006. Prior to joining Compass Minerals International, Inc., Mr. Ducey worked for nearly 30 years at Borden Chemical, Inc., in various management, sales, marketing, planning and commercial development positions, and ultimately as President, Chief Executive Officer and Director. Mr. Ducey is currently a director of and serves as the Chairman of the audit committee of Verso Paper Holdings, Inc. He is also the Chairman of the compliance and governance committee and the nominations committee of the board of directors of HaloSource, Inc. Mr. Ducey joined Ciner Resources Corporation (formerly OCI Resources LP) as an independent member of the board of directors in September 2014, where he serves on the audit committee and the conflicts committee. From September 2009 to December 2012, Mr. Ducey was the non-executive Chairman of TPC Group, Inc. and served on the audit committee and the environmental health and safety committee. From June 2006 to May 2008, Mr. Ducey served on the board of directors of and as a member of the governance and compensation committee of the board of directors of UAP Holdings Corporation. Also, from July 2010 to May 2011,

Mr. Ducey was a member of the board of directors and served on the audit committee of Smurfit-Stone Container Corporation. Mr. Ducey graduated from Otterbein University with a degree in Economics and an M.B.A. in finance from the University of Dayton.

Paul Fribourg. Mr. Fribourg has served as an independent director of Apollo and as a member of the conflicts committee of the Apollo board of directors since 2011. From 1997 to the present, Mr. Fribourg has served as Chairman and Chief Executive Officer of Continental Grain Company. Prior to 1997, Mr. Fribourg served in a variety of other roles at Continental Grain Company, including Merchandiser, Product Line Manager, Group President and Chief Operating Officer. Mr. Fribourg serves on the boards of directors of Restaurant Brands International Inc., Loews Corporation, Castleton Commodities International LLC and The Estee Lauder Companies, Inc. He also serves as a board member of the Rabobank International North American Agribusiness Advisory Board, the New York University Mitchell Jacobson Leadership Program in Law and Business Advisory Board and Endeavor Global Inc. Mr. Fribourg is also a member of the Council on Foreign Relations and the International Business Leaders Advisory Council for The Mayor of Shanghai. Mr. Fribourg graduated magna cum laude from Amherst College and completed the Advanced Management Program at Harvard Business School.

Robert Kraft. Mr. Kraft has served as an independent director of Apollo and as a member of the conflicts committee of our board of directors since 2014. Mr. Kraft is Chairman and Chief Executive Officer of The Kraft Group, which includes the New England Patriots, New England Revolution, Gillette Stadium, Rand-Whitney Group and International Forest Products Corporation. Mr. Kraft serves on a number of NFL Committees, including the Executive Committee, Finance Committee and Broadcast Committee (Chairman). Since 2006, Mr. Kraft has been a member of the board of directors of Viacom Inc. He also serves as Chairman for both the New England Patriots Charitable Foundation and the Robert and Myra Kraft Family Foundation, and is a director of the Dana Farber Cancer Institute. Mr. Kraft s corporate strategic and operational experience combined with his strong relationships in the business community make him a valuable member of the board of directors.

A.B. Krongard. Mr. Krongard has served as an independent director of Apollo and as a member of the audit committee of our board of directors since 2011. From 2001 to 2004, Mr. Krongard served as Executive Director of the Central Intelligence Agency. From 1998 to 2001, Mr. Krongard served as Counselor to the Director of Central Intelligence. Prior to 1998, Mr. Krongard served in various capacities at Alex Brown, Incorporated, including serving as Chief Executive Officer beginning in 1991 and assuming additional duties as Chairman of the board of directors in 1994. Upon the merger of Alex Brown, Incorporated with Bankers Trust Corporation in 1997, Mr. Krongard served as Vice-Chairman of the Board of Bankers Trust Corporation and served in such capacity until joining the Central Intelligence Agency. Mr. Krongard serves as the Lead Director and audit committee Chairman of Under Armour, Inc. and also serves as a board member of Iridium Communications Inc., Seventy-Seven Energy Inc. and In-Q-Tel, Inc. Mr. Krongard graduated with honors from Princeton University and received a J.D. from the University of Maryland School of Law, where he also graduated with honors. Mr. Krongard also serves as the Vice Chairman of the Johns Hopkins Health System.

Pauline Richards. Ms. Richards has served as an independent director of Apollo and as Chairman of the audit committee of our board of directors since 2011. Ms. Richards currently serves as Chief Operating Officer of Armour Group Holdings Limited, a position she has held since 2008. Ms. Richards also serves as a member of the Audit and Compensation Committees of the board of directors of Wyndham Worldwide, a position she has held since 2006; is a director of Hamilton Insurance Group, serving on the audit and investment committees, a position she has held since 2013; and is the Treasurer of the board of directors of PRIDE Bermuda, a drug prevention organization of which she has been a member for over 20 years. Prior to 2008, Ms. Richards served as Director of Development of Saltus Grammar School from 2003 to 2008, as Chief Financial Officer of Lombard Odier Darier Hentsch (Bermuda) Limited from 2001 to 2003, and as Treasurer of Gulf Stream Financial Limited from 1999 to 2000. Ms. Richards also served as a member of the Audit Committee and chair of the Corporate Governance Committee of the board of directors of Butterfield Bank from 2006 to 2013. Ms. Richards graduated from Queen s University, Ontario, Canada, with a BA in psychology and has obtained certification as a CPA, CMA.

98

Table of Contents

The AMTG Manager

The sole managing member of the AMTG Manager is Apollo Capital which is principally engaged in serving as the sole managing member of the AMTG Manager.

The general partner of Apollo Capital, the sole managing member of the AMTG Manager, is Apollo Capital Management GP, which is principally engaged in serving as the general partner of Apollo Capital. Apollo Management Holdings serves as the sole member and manager of Apollo Capital Management GP and other Apollo related entities. Apollo Management Holdings GP is the general partner of Apollo Management Holdings and is principally engaged in serving as the general partner of Apollo Management Holdings. The sole member of Apollo Management Holdings GP is APO Corp., which is principally engaged in serving as the sole member or shareholder of various holding companies in the Apollo structure.

The names and material occupations, positions, offices or employment during the past five years of the managers of Apollo Management Holdings GP are as follows:

Leon Black Manager. For more information regarding Mr. Black s employment history, see the information set forth under *Parties to the Transaction Apollo Participants Apollo*.

Joshua Harris Manager. For more information regarding Mr. Harris s employment history, see the information set forth under *Parties to the Transaction Apollo Participants Apollo*.

Marc Rowan Manager. For more information regarding Rowan s employment history, see the information set forth under *Parties to the Transaction Apollo Participants Apollo*.

APO Corp.

The names and material occupations, positions, offices or employment during the past five years of the executive officers and sole director of APO Corp. are as follows:

John Suydam Director. For more information regarding Suydam s employment history, see the information set forth under *Parties to the Transaction Apollo Participants Apollo*.

Leon Black President. For more information regarding Mr. Black s employment history, see the information set forth under *Parties to the Transaction Apollo Participants Apollo*.

Chris Weidler Chief Financial Officer. Mr. Weidler joined Apollo in 2013. Prior to joining Apollo, Mr. Weidler was with Barclays, where he most recently served as a Managing Director and the Financial Controller of the Americas. Since February 2005, Mr. Weidler served in a variety of leadership roles at Barclays that included Global Head of U.S. GAAP Technical Accounting and Global Head of Financial Reporting and Legal Entity Control for the Investment Bank. Prior to joining Barclays, Mr. Weidler spent eight years with PricewaterhouseCoopers LLP in the firm s New York Audit and Assurance practice and in London in the firm s Global Capital Markets Group. Mr. Weidler received a B.S. in Accounting from Villanova University in 1997. Mr. Weidler is a citizen of the United States.

APO Corp. is a wholly owned subsidiary of Apollo.

99

Table of Contents

The ARI Manager

The sole managing member of the ARI Manager is Apollo Global Real Estate, which is principally engaged in serving as the sole managing member of the ARI Manager.

The general partner of Apollo Global Real Estate, the sole managing member of the ARI Manager, is Apollo Global Real Estate GP, which is principally engaged in serving as the general partner of Apollo Global Real Estate. Apollo Management Holdings serves as the sole member and manager of Apollo Global Real Estate GP and other Apollo related entities. For more information regarding the controlling persons of Apollo Management Holdings, see the information set forth under *Parties to the Transaction Apollo Participants AMTG Manager*.

Fees and Expenses

The following is an estimate of the fees and expenses incurred or to be incurred by AMTG in connection with the transactions contemplated by the merger agreement:

Description	Amount (in millions)
Financial, legal, accounting and tax advisory fees and expenses	$ 4.46
Proxy solicitation, printing and mailing costs	0.03
Filing fees	0.02
Special Committee fees	0.13
Miscellaneous	0.05
Total	$ 4.69

The following is an estimate of the fees and expenses incurred or to be incurred by ARI in connection with the transactions contemplated by the merger agreement:

Description	Amount (in millions)
Financial, legal, accounting and tax advisory fees and expenses	$ 5.95
Proxy solicitation, printing and mailing costs	0.03
Filing fees	0.02
Special Committee fees	0.17
ARI Manager fees	0.50
Financing fee	0.50
Total	$ 7.17

Subject to the payment of the termination fee and expenses payable by AMTG to ARI under certain circumstances, the merger agreement generally provides all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those fees and expenses;

however, ARI and AMTG will share equally all expenses relating to the printing, filing and mailing of the proxy statement/prospectus and certain transfer taxes and other similar expenses. For more information regarding payment of the termination fee and expenses payable by AMTG to ARI, see the information set forth in the proxy statement/prospectus under the caption The Agreements Description of the Merger Agreement Termination Fee and Expenses Payable by AMTG to ARI is incorporated herein by reference.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA

Selected Historical Consolidated Financial Data of AMTG

All currency figures are presented in thousands, except per share amounts or as otherwise noted.

The selected financial data presented below for 2015, 2014, 2013, 2012 and 2011 below have been derived from AMTG s audited consolidated financial statements. This information should be read in conjunction with Item 1, Item 7 and the audited consolidated financial statements and notes thereto included under Items 8 of AMTG s annual report on Form 10-K for the year ended December 31, 2015, which is incorporated herein by reference. See *Where You Can Find More Information; Incorporation By Reference* beginning on page 233. The selected financial data presented below for the three months ended March 31, 2016 have been derived from the financial statements included in AMTG s quarterly report on Form 10-Q for the three months ended March 31, 2016, which is incorporated herein by reference. See *Where You Can Find More Information; Incorporation By Reference* beginning on page 233.

			For the Year Ended December 31,				For the Period From July 27, 2011 Through December 31,
	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	2015	2014	2013	2012	2011
Operating Data:							
Interest income	$ 34,861	$ 39,295	$ 160,100	$ 154,177	$ 154,713	$ 94,369	$ 10,733
Interest expense	$ (8,681)	$ (7,831)	$ (32,358)	$ (30,386)	$ (27,602)	$ (14,631)	$ (1,138)
Net interest income	$ 26,180	$ 31,464	$ 127,742	$ 123,791	$ 127,111	$ 79,738	$ 9,595
Realized gain/(loss) on sale of RMBS, net	$ 322	$ 8,539	$ 16,998	$ (8,821)	$ (66,850)	$ 39,817	$ 885
Realized gain/loss on sale of other investments securities	$ (26)	$	$ 102	$	$	$	$
Other than temporary impairment recognized	$ (695)	$ (2,575)	$ (12,089)	$ (14,891)	$ (13,412)	$ (5,475)	$ (2,120)
Unrealized gain/(loss) on RMBS, net	$ 3,681	$ 14,780	$ (64,027)	$ 102,942	$ (133,963)	$ 105,877	$ 4,602
Realized gain/(loss) on derivatives, net	$ (25,842)	$ (10,803)	$ (41,396)	$ (49,148)	$ 9,203	$ (12,514)	$ (630)
Unrealized gain/(loss) on derivatives, net	$ (2,632)	$ (15,718)	$ (5,015)	$ (39,379)	$ 50,373	$ (20,151)	$ (3,246)
Unrealized gain/(loss) on securitized mortgage loans, net	$ (3,759)	$ 2,362	$ (1,958)	$ 4,813	$ 3,950	$	$
Unrealized (loss) on mortgage loans, net	$	$	$	$ (9)	$	$	$
	$ 2	$ 13	$ 1,031	$ (124)	$ (954)	$	$

Unrealized gain/(loss) on securitized debt, net														
Unrealized gain/(loss) on other investment securities	$	(308)	$	(29)	$	(6,376)	$	(96)	$	$335	$		$	
Other, net	$	17	$	12	$	(123)	$	82	$	76	$	48	$	2
Operating expenses	$	(9,974)	$	(6,637)	$	(26,484)	$	(23,105)	$	(23,080)	$	(14,584)	$	(4,616)
Net income/(loss)	$	(13,034)	$	21,408	$	(11,595)	$	96,055	$	(47,211)	$	172,756	$	4,472
Preferred Stock dividends declared	$	(3,450)	$	(3,450)	$	(13,800)	$	(13,800)	$	(13,800)	$	(5,022)	$	
Net income/(loss) allocable to common stock and participating securities	$	(16,484)	$	17,958	$	(25,395)	$	82,255	$	(61,011)	$	167,734	$	4,472
Earnings/(loss) per common share basic and diluted	$	(0.52)	$	0.55	$	(0.81)	$	2.55	$	(2.02)	$	8.36	$	0.43
Dividends declared per share of common stock	$	0.48	$	0.48	$	1.92	$	1.71	$	2.20	$	3.40	$	0.30

(1) Includes merger related expenses of $3,615 for the three months ended March 31, 2016.

Table of Contents

	March 31, 2016	2015	December 31, 2014	2013	2012	2011
Balance Sheet Data (at period end):						
Agency pass-through RMBS, at fair value	$ 1,576,170	$ 1,800,250	$ 2,243,946	$ 2,219,334	$ 3,572,168	$ 1,112,459
Agency Inverse Floater securities, at fair value	$	$	$ 5,094	$	$	$
Agency IO securities, at fair value	$ 49,975	$ 57,354	$ 11,941	$ 44,425	$ 5,880	$ 7,884
Agency Inverse IO securities, at fair value	$	$ 6,752	$ 26,542	$ 26,778	$ 48,046	$ 7,783
Non-Agency RMBS, at fair value	$ 1,126,720	$ 1,197,226	$ 1,468,109	$ 1,212,789	$ 605,197	$ 112,346
Securitized mortgage loans, at fair value	$ 159,301	$ 167,624	$ 104,438	$ 110,984	$	$
Other investment securities, at fair value	$ 159,917	$ 166,190	$ 34,228	$ 11,515	$	$
Mortgage loans held at fair value, at fair value	$	$	$ 14,120	$	$	$
Other investments	$ 45,644	$ 45,233	$ 40,561	$	$	$
Derivative instruments assets, at fair value	$ 455	$ 4,347	$ 11,642	$ 53,315	$ 750	$
Cash and cash equivalents	$ 99,129	$ 120,144	$ 114,443	$ 127,959	$ 149,576	$ 44,407
Total Assets[1]	$ 3,281,796	$ 3,662,970	$ 4,348,024	$ 3,911,410	$ 4,487,575	$ 1,416,472
Borrowings under repurchase agreements net of deferred financing costs[1]	$ 2,549,701	$ 2,898,292	$ 3,402,298	$ 3,033,892	$ 3,654,090	$ 1,079,540
Non-recourse securitized debt, at fair value	$ 16,531	$ 18,951	$ 34,176	$ 43,354	$	$
Derivative instruments liabilities, at fair value	$ 18,580	$ 13,813	$ 8,949	$ 4,610	$ 23,184	$ 3,481
Total liabilities[1]	$ 2,618,645	$ 2,968,107	$ 3,562,072	$ 3,153,809	$ 3,770,792	$ 1,211,886
Preferred Stock, liquidation preference	$ 172,500	$ 172,500	$ 172,500	$ 172,500	$ 172,500	$
Total Stockholders Equity	$ 663,151	$ 694,863	$ 785,952	$ 757,601	$ 716,783	$ 204,586

(1) AMTG adopted Accounting Standards Update (ASU) No. 2015-03, Simplifying the Presentation of Debt Issuance Costs issued by the Financial Accounting Standards Board (FASB) on a retrospective basis during the three months ended March 31, 2016. As required, amounts for prior periods have been restated to conform with the current presentation. As a result, unamortized debt issuance costs of (in thousands) $55, $29, $166, $346 and $455 as of December 31, 2015, 2014, 2013, 2012 and 2011, respectively, were reclassified from Other assets, net to Borrowings under repurchase agreements, net of deferred financing costs on AMTG s consolidated balance sheets.

102

Table of Contents

Selected Historical Consolidated Financial Data of ARI

The selected financial data presented below for 2015, 2014, 2013, 2012 and 2011 below have been derived from ARI s audited consolidated financial statements. This information should be read in conjunction with Item 1, Item 7 and the audited consolidated financial statements and notes thereto included under Items 8 of ARI s annual report on Form 10-K for the year ended December 31, 2015, which is incorporated herein by reference. See *Where You Can Find More Information; Incorporation By Reference* beginning on page 233. The selected financial data presented below for the three months ended March 31, 2016 have been derived from the financial statements included in ARI s quarterly report on Form 10-Q for the three months ended March 31, 2016, which is incorporated herein by reference. See *Where You Can Find More Information; Incorporation By Reference* beginning on page 233.

	Three Months Ended March 31, 2016 ARI	Three Months Ended March 31, 2015 ARI	For the Year Ended December 31, 2015	2014	2013	2012	2011
Operating Data:							
Interest income	$ 61,447	$ 40,036	$ 192,164	$ 123,347	$ 77,463	$ 57,079	$ 52,918
Interest expense	$ (14,642)	$ (11,482)	$ (48,861)	$ (26,541)	$ (4,356)	$ (8,402)	$ (14,454)
Net interest margin	$ 46,805	$ 28,554	$ 143,303	$ 96,806	$ 73,107	$ 48,677	$ 38,464
Operating expenses	$ (13,414)	$ (5,696)	$ (26,111)	$ (18,111)	$ (17,575)	$ (14,682)	$ (10,380)
Income from unconsolidated joint venture	$ 68	$	$ 3,464	$ (157)	$	$	$
Interest on cash balances	$ 2	$ 11	$ 1,239	$ 34	$ 20	$ 7	$ 13
Realized gain (loss) on sale of securities	$	$ (443)	$ (443)	$	$	$ 262	$
Unrealized gain (loss) on securities	$ (15,074)	$ 3,409	$ (17,408)	$ 4,147	$ (3,065)	$ 6,489	$ 481
Foreign currency gain (loss)	$ (4,474)	$ (3,944)	$ (4,894)	$ (4,050)	$	$	$
Loss on derivative instruments	$ 4,703	$ 3,622	$ 4,106	$ 4,070	$ (2)	$ (572)	$ (2,696)
Net income (loss)	$ 18,616	$ 25,513	$ 103,256	$ 82,739	$ 52,485	$ 40,181	$ 25,882
Preferred dividends	$ (5,815)	$ (1,860)	$ (11,884)	$ (7,440)	$ (7,440)	$ (3,079)	$
Net income (loss) available to common stockholders	$ 12,801	$ 23,653	$ 91,372	$ 75,299	$ 45,045	$ 37,102	$ 25,882
Net income (loss) per share basic and diluted	$ 0.18	$ 0.47	$ 1.54	$ 1.72	$ 1.26	$ 1.64	$ 1.35
Dividends declared per share	$ 0.46	$ 0.44	$ 1.78	$ 1.60	$ 1.60	$ 1.60	$ 1.60
Balance Sheet Data (at period end):							

Total assets[(1)]	$ 2,856,496	$ 2,013,281	$ 2,712,590	$ 1,837,703	$ 906,876	$ 787,752	$ 889,186
Total liabilities[(1)]	$ 1,499,446	$ 966,799	$ 1,337,166	$ 982,634	$ 223,920	$ 240,828	$ 552,208
Total stockholders equity	$ 1,357,050	$ 1,046,482	$ 1,375,424	$ 855,069	$ 682,956	$ 546,924	$ 336,978

(1) ARI adopted ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs issued by FASB on a retrospective basis during the three months ended March 31, 2016. As required, amounts for prior periods have been restated to conform with the current presentation. As a result, unamortized debt issuance costs of $7.4 million, $7.4 million, $0.6 million $0.7 million and $2.0 million as of December 31, 2015, 2014, 2013, 2012 and 2011, respectively, were reclassified from Other assets to Borrowings under repurchase agreements on ARI s consolidated balance sheets.

Table of Contents

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following tables set forth for the three months ended March 31, 2016 selected per share information for AMTG common stock on a historical basis and ARI common stock on a historical and pro forma combined basis after giving effect to the mergers using the acquisition method of accounting. The information in the table is unaudited. You should read the tables below together with the historical consolidated financial statements and related notes of AMTG and ARI contained in their respective Annual Reports on Form 10-K for the year ended December 31, 2015 and Form 10-Q for the three months ended March 31, 2016, which are incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information; Incorporation by Reference* beginning on page 233.

The ARI pro forma combined information shows the effect of the mergers from the perspective of an owner of ARI common stock and the information was computed by dividing pro forma book value and pro forma net income available to common stockholders by the pro forma number of ARI common shares outstanding. This computation does not include the benefit to AMTG stockholders of the cash component of the merger consideration.

	Three Months Ended March 31, 2016			
	ARI	AMTG	Pro-forma Adjustments	ARI Pro-Forma
Operating Data:				
Interest income	$ 61,447	$ 34,861	$ (17,160)	$ 79,148
Interest expense	$ (14,642)	$ (8,681)	$ 4,954	$ (18,369)
Net interest margin	$ 46,805	$ 26,180	$ (12,206)	$ 60,779
Operating expenses	$ (13,414)	$ (9,974)	$	$ (23,388)
Income from unconsolidated joint venture	$ 68	$	$	$ 68
Interest on cash balances	$ 2	$	$	$ 2
Realized gain (loss) on sale of investments	$	$ 296	$	$ 296
Unrealized gain (loss) on investments	$ (15,074)	$ (384)	$ 10,820	$ (4,638)
Foreign currency gain (loss)	$ (4,474)	$	$	$ (4,474)
Loss on derivative instruments	$ 4,703	$ (28,474)	$	$ (23,771)
Other than temporary impairment recognized	$	$ (695)	$ 571	$ (124)
Other, net	$	$ 17	$	$ 17
Net income (loss)	$ 18,616	$ (13,034)	$ (815)	$ 4,767
Preferred dividends	$ (5,815)	$ (3,450)	$	$ (9,265)
Net income (loss) available to common stockholders	$ 12,801	$ (16,484)	$ (815)	$ (4,498)
	$ 0.18	$ (0.52)	$	$ (0.06)

Net income (loss) per share basic and diluted				
Basic weighted average shares of common stock outstanding	67,385,191	31,835,000	13,400,000	80,785,191
Diluted weighted average shares of common stock outstanding	68,327,718	31,835,000	13,400,000	81,727,718
Balance Sheet Data (at period end):				
Total assets	2,856,496	3,281,796	(1,173,253)	4,965,039
Total liabilities	1,499,446	2,618,645	(903,598)	3,214,493
Total stockholders equity	1,357,050	663,151	(269,655)	1,750,546

Table of Contents

	Year Ended December 31, 2015			
	ARI	AMTG	Pro-forma Adjustments	ARI Pro-Forma
Operating Data:				
Interest income	$ 192,164	$ 160,100	$ (78,544)	$ 273,720
Interest expense	$ (48,861)	$ (32,358)	$ 19,983	$ (61,236)
Net interest margin	$ 143,303	$ 127,742	$ (58,561)	$ 212,484
Operating expenses	$ (26,111)	$ (26,484)	$	$ (52,595)
Income from unconsolidated joint venture	$ 3,464	$	$	$ 3,464
Interest on cash balances	$ 1,239	$	$	$ 1,239
Realized gain (loss) on sale of investments	$ (443)	$ 17,100	$	$ 16,657
Unrealized gain (loss) on investments	$ (17,408)	$ (71,330)	$ 46,990	$ (41,748)
Foreign currency gain (loss)	$ (4,894)	$	$	$ (4,894)
Loss on derivative instruments	$ 4,106	$ (46,411)	$	$ (42,305)
Other than temporary impairment recognized	$	$ (12,089)	$ 9,031	$ (3,058)
Other, net	$	$ (123)	$	$ (123)
Net income (loss)	$ 103,256	$ (11,595)	$ (2,539)	$ 89,121
Preferred dividends	$ (11,884)	$ (13,800)	$	$ (25,684)
Net income (loss) available to common stockholders	$ 91,372	$ (25,395)	$ (2,539)	$ 63,437
Net income (loss) per share basic and diluted	$ 1.54	$ (0.81)	$	$ 0.87
Basic weighted average shares of common stock outstanding	$ 58,674,046	$ 31,954,000	$ 13,400,000	$ 72,074,046
Diluted weighted average shares of common stock outstanding	$ 59,273,280	$ 31,954,000	$ 13,400,000	$ 72,673,280

Table of Contents

COMPARATIVE PER SHARE DATA

The unaudited pro forma per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the period presented, nor is it necessarily indicative of future operating results or financial position of the Combined Company. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this proxy statement/prospectus.

The pro forma net income per share includes the combined income from continuing operations of ARI and AMTG on a pro forma basis as if the transactions were consummated on January 1, 2015.

	ARI	AMTG	ARI Pro-Forma Combined
As of March 31, 2016			
Book value per common share	15.89	15.39	15.99
For the Three Months ended March 31, 2016			
Basic and diluted net income per share of common stock	0.18	(0.52)	(0.06)
Cash dividends declared per common share	0.46	0.48	

	ARI	AMTG	ARI Pro-Forma Combined
As of December 31, 2015			
Book value per common share	$ 16.21	$ 16.40	$ 16.57
For the Year ended December 31, 2015			
Basic and diluted net income per share of common stock	$ 1.54	$ (0.81)	$ 0.87
Cash dividends declared per common share	$ 1.78	$ 1.92	

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

ARI s Market Price Data

ARI common stock is listed on the NYSE under the symbol ARI. This table sets forth, for the periods indicated, the high and low sales prices per share of ARI common stock, as reported by the NYSE, and dividends declared per share of ARI common stock.

	Price Per Share of Common Stock		Dividends Declared Per Share[(1)]
	High	Low	
2014			
First Quarter	$ 17.05	$ 16.18	$ 0.40

Second Quarter	$ 17.18	$ 16.22	$ 0.40
Third Quarter	$ 16.95	$ 15.71	$ 0.40
Fourth Quarter	$ 17.04	$ 15.62	$ 0.40
2015			
First Quarter	$ 17.73	$ 16.25	$ 0.44
Second Quarter	$ 17.62	$ 16.42	$ 0.44
Third Quarter	$ 17.24	$ 12.92	$ 0.44
Fourth Quarter	$ 18.25	$ 15.41	$ 0.46
2016			
First Quarter	$ 17.43	$ 13.80	$ 0.46

(1) Common stock cash distributions currently are declared quarterly by ARI, based on financial results for the prior quarter.

Table of Contents

AMTG s Market Price Data

AMTG common stock is listed on the NYSE under the symbol AMTG. This table sets forth, for the periods indicated, the range of high and low sales prices per share of AMTG common stock as reported by the NYSE, and dividends declared per share of AMTG common stock.

	Price Per Share of Common Stock		Dividends Declared
	High	Low	Per Share[1]
2014			
First Quarter	$ 17.50	$ 14.66	$ 0.40
Second Quarter	$ 17.14	$ 15.60	$ 0.42
Third Quarter	$ 17.00	$ 15.41	$ 0.44
Fourth Quarter	$ 16.71	$ 15.44	$ 0.45
2015			
First Quarter	$ 16.50	$ 15.44	$ 0.48
Second Quarter	$ 16.18	$ 14.65	$ 0.48
Third Quarter	$ 15.26	$ 12.21	$ 0.48
Fourth Quarter	$ 13.41	$ 11.34	$ 0.48
2016			
First Quarter	$ 13.73	$ 9.57	$ 0.48
Second Quarter	$ 13.83	$ 13.14	$ 0.48

(1) Common stock cash distributions currently are declared quarterly by AMTG, based on financial results for the prior months.

Recent Closing Prices

The table below sets forth the closing per share sales prices of ARI common stock and AMTG common stock as reported by the NYSE on February 25, 2016, the last full trading day before the public announcement of the execution of the merger agreement by ARI and AMTG, and on July 22, 2016, the latest practicable trading day before the date of this proxy statement/prospectus. The ARI pro forma equivalent closing share price is equal to (i) the cash consideration of $6.86 plus (ii) the closing price of a share of ARI common stock on each such date multiplied by 0.417571 (the number of shares of ARI common stock to be received by holders of AMTG common stock as the Per Share Stock Consideration in the First Merger).

	ARI Common Stock	AMTG Common Stock	ARI Pro Forma Equivalent
February 25, 2016	$ 16.93	$ 10.14	$ 13.93
July 22, 2016	$ 16.68	$ 13.72	$ 13.83

The market price of ARI common stock and AMTG common stock will fluctuate between the date of this proxy statement/prospectus and the effective time of the First Merger. Because the number of shares of ARI common stock to be issued in the First Merger for each share of AMTG common stock is fixed in the merger agreement, the market

value of ARI common stock to be received by holders of AMTG common stock in the First Merger may vary significantly from the prices shown in the table above.

Following the transaction, ARI common stock will continue to be listed on the NYSE and, until the completion of the First Merger, AMTG common stock will continue to be listed on NYSE.

Table of Contents

RATIO OF EARNINGS TO COMBINED FIXED CHARGES & PREFERRED STOCK DIVIDENDS

The following table sets forth ARI s ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends for the periods indicated. The ratio of earnings to fixed charges was computed by dividing earnings by ARI s fixed charges, and ARI s ratio of earnings to combined fixed charges and preferred stock dividends was computed by dividing earnings by ARI s combined fixed charges and preferred stock dividends. For purposes of calculating this ratio, earnings include pre-tax income from continuing operations before extraordinary items plus fixed charges less interest capitalized and income from equity investments. Fixed charges consists of interest expense and interest capitalized. This ratio is calculated in accordance with accounting principles generally accepted in the United States.

	For the Three Months ended	For the Year Ended December 31,				
AMTG	**March 31, 2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends:	(0.07)X	0.75X	3.17X			
ARI						
Consolidated ratio of earnings to combined fixed charges:	1.89X	2.91X	3.15X	11.56X	5.61X	2.66X
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends:	1.63X	2.52X	2.75X	4.86X	4.37X	2.66X

The following unaudited table sets forth the supplementary pro forma ratio of earnings to combined fixed charges and preferred share dividends of the Combined Company as defined in Item 503(d) of Regulation S-K for the periods indicated. For the purpose of computing the ratios below, earnings have been calculated based upon the pro forma financial statements provided in this document assuming the mergers had been completed as of January 1, 2015 by using the same methodology as described in calculating the ratios above.

The unaudited supplementary pro forma ratio of earnings to combined fixed charges and preferred share dividends are prepared for informational purposes only and are based on assumptions and estimates considered appropriate by the management of ARI and AMTG; however, they are not necessarily indicative of what the Combined Company s financial condition or results of operations actually would have been if the mergers had been consummated as of the dates indicated, nor do they purport to represent the ratio of earnings to combined fixed charges and preferred share dividends for future periods.

	For the Three Months ended March 31, 2016	For the Year Ended December 31, 2015
Supplementary pro forma consolidated ratio of earnings to combined fixed charges:	2.42X	5.00X

Supplementary pro forma consolidated ratio of earnings to combined fixed charges and preferred stock dividends:	1.94X	3.79X

Table of Contents

RISK FACTORS

Risk Factors Relating to the Proposed Mergers

The directors and executive officers of AMTG may have interests relating to the mergers that differ in certain respects from the interests of the AMTG unaffiliated stockholders.

In considering the recommendations of the AMTG Special Committee and AMTG Board to approve the First Merger and the other transactions contemplated by the merger agreement, you should consider that some of the directors and officers of AMTG may have interests that differ from, or are in addition to, interests of AMTG stockholders generally, including:

- all of the directors and officers of AMTG will receive continued indemnification for their actions as directors and executive officers;
- certain directors of AMTG, none of whom is a member of the AMTG Special Committee, are employees of affiliates of Apollo;
- certain directors of AMTG, none of whom is a member of the AMTG Special Committee, also serve as directors of ARI or Athene Holding Ltd.

The merger consideration to be paid to AMTG stockholders (subject to adjustment under certain circumstances) was fixed on the Pricing Date and will not be adjusted in the event of any change in either AMTG s or ARI s stock price or common equity book value after the Pricing Date; but the market value of the stock consideration is variable and subject to fluctuations in ARI s stock price.

Upon the consummation of the First Merger, each share of AMTG common stock will be converted into the right to receive 0.417571 shares of ARI common stock, together with cash consideration. The amount of cash consideration of $6.86 per share payable to holders of AMTG common stock has been determined based on AMTG s book value as of the Pricing Date, after subtracting the Per Share Stock Consideration based on a fixed per share value of ARI common stock of $16.75. This methodology was fixed in the merger agreement and calculated as of the Pricing Date and will not be adjusted for changes in the market price or book value of either ARI or AMTG common stock between the Pricing Date and the consummation of the First Merger.

Changes in the price of ARI common stock prior to the effective time of the First Merger will affect the market value of the Per Share Stock Consideration that holders of AMTG common stock will receive in the First Merger. Stock price changes may result from a variety of factors (many of which are beyond the control of AMTG or ARI), including the following factors:

- market reaction to the announcement of the mergers and the prospects of the Combined Company;
- changes in the respective businesses, operations, assets, liabilities and prospects of either company;

changes in market assessments of the business, operations, financial position and prospects of either company;

market assessments of the likelihood that the mergers will be completed;

interest rates, general market and economic conditions and other factors generally affecting the price of ARI common stock and AMTG common stock;

U.S. federal, state and local legislation, governmental regulation and legal developments in the businesses in which AMTG and ARI operate; and

other factors beyond AMTG s and ARI s control, including those described or referred to elsewhere in this *Risk Factors* section.

The price of ARI common stock at the closing of the First Merger may vary from its price on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of the AMTG special meeting.

Table of Contents

Because the mergers will be completed after the date of the AMTG special meeting, at the time of such meeting, AMTG s common stockholders will not know the exact market value of the ARI common stock that holders of AMTG common stock will receive upon completion of the First Merger. The following two risks should be considered:

- If the price of ARI common stock increases between the date the merger agreement was signed or the date of the AMTG special meeting and the effective time of the First Merger, AMTG s common stockholders will receive shares of ARI common stock that have a market value upon completion of the First Merger that is greater than the market value of such shares calculated when the merger agreement was signed or the date of the AMTG special meeting, respectively.

- If the price of ARI common stock declines between the date the merger agreement was signed or the date of the AMTG special meeting and the effective time of the First Merger, including for any of the reasons described above, AMTG s common stockholders will receive shares of ARI common stock that have a market value upon completion of the First Merger that is less than the market value of such shares calculated on the date the merger agreement was signed or on the date of the AMTG special meeting, respectively.

In light of the foregoing, AMTG s common stockholders cannot be sure of the market value of the ARI common stock (and therefore, the aggregate value of the merger consideration) they will receive upon completion of the First Merger or the market value of ARI common stock at any time after the completion of the mergers.

The First Merger and the other transactions contemplated by the merger agreement are subject to approval by AMTG s common stockholders.

Completion of the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. If the AMTG common stockholders do not approve the First Merger, the AMTG stockholders will not realize any of the benefits of the mergers and may be harmed by negative impacts to AMTG s stock price.

AMTG s stockholders will be diluted by the mergers.

The mergers will dilute the ownership position of AMTG s current stockholders, and result in AMTG s stockholders having an ownership stake in the Combined Company that is smaller than their current stake in AMTG. Following the issuance of shares of ARI common stock to AMTG s common stockholders pursuant to the merger agreement, ARI common stockholders and AMTG s former common stockholders are expected to hold approximately 83.42% and 16.58%, respectively, of the Combined Company s common stock outstanding immediately after the First Merger, based on the number of shares of common stock of each of AMTG and ARI currently outstanding and various assumptions regarding share issuances by each of AMTG and ARI prior to the effective time of the First Merger. Consequently, ARI stockholders and AMTG stockholders, as a general matter, will have less influence over the management and policies of ARI after the First Merger than each currently exercise over AMTG s and ARI s management and policies, as applicable.

If the mergers do not occur, AMTG may incur payment obligations to ARI.

If the merger agreement is terminated under certain circumstances, AMTG may be obligated to pay ARI a termination fee of $7.5 million if the transaction is terminated in connection with a superior proposal received during the go-shop period or otherwise made by an excluded party, or $12 million if the transaction is terminated in certain other circumstances, and/or reimburse ARI up to $6 million in transaction expenses.

Table of Contents

Failure to complete the mergers could negatively impact AMTG s stock prices and AMTG s future business and financial results.

If the merger agreement is terminated and the mergers are not completed, AMTG s ongoing business could be adversely affected and AMTG will be subject to several risks, including the following:

- AMTG being obligated to pay ARI a termination fee of $12 million if the transaction is terminated in certain specified circumstances, and/or reimburse ARI up to $6 million in transaction expenses;
- having to pay certain costs relating to the proposed mergers, such as legal, accounting, financial advisor, filing, printing and mailing fees and employee severance and retention expenses; and
- diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the mergers.

The terms of the merger agreement place certain restrictions on the investment and hedging operations of AMTG in connection with a possible consummation of the proposed transaction. If the mergers are not completed, the manner in which AMTG conducted its investment and hedging operations after the execution of the merger agreement may adversely affect operating results during 2016 and the amount of any dividend payable in 2016 after the first quarter of 2016. In anticipation of the mergers closing, the AMTG Manager has begun to reduce staffing for AMTG s operations. If the mergers are not completed, there may be a period of time required for the AMTG Manager to fully restaff for AMTG s operations. As a result, if the mergers are not completed, operating results during the remainder of 2016 may be adversely affected.

If the mergers are not completed, these risks could materially and adversely affect AMTG s business, financial results and stock price.

In addition, shares of AMTG common stock have been trading at a premium since announcement of the merger agreement. If the mergers are not completed, the stock price of AMTG may decline to its pre-announcement levels.

The pendency of the mergers could adversely affect AMTG s business and operations.

In connection with the pending mergers, some of AMTG s financing sources or vendors may delay or defer decisions, which could negatively impact AMTG s revenues, earnings, cash flows and expenses, regardless of whether the mergers are completed. In addition, due to operating covenants in the merger agreement, AMTG may be unable, during the pendency of the mergers, to pursue certain strategic transactions, undertake certain significant financing transactions or investments and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial. Because of the pendency of the mergers, AMTG is limiting some of its investment activity in less liquid investments, such as non-Agency RMBS, and longer term liabilities, even if such investments or longer term liabilities would be beneficial absent the mergers occurring.

The merger agreement contains provisions that, after expiration of the go-shop period, could discourage a potential competing acquiror or could result in any competing proposal being at a lower price than it might otherwise be.

The merger agreement contains no shop provisions that, subject to limited exceptions and the expiration of the 35-day go-shop period (which period expired at 11:59 p.m. (Eastern Time) on April 1, 2016), restrict AMTG s ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of AMTG. In addition, before the AMTG Board may withdraw or qualify its recommendation, ARI generally has an opportunity to offer to modify the terms of the merger agreement in response to any competing proposals. Upon termination of the merger agreement in certain circumstances, AMTG may be required to pay a termination fee and/or expense reimbursement to ARI.

Table of Contents

These provisions could discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of AMTG from considering or proposing an acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the mergers with ARI, or might result in a potential competing acquiror proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

AMTG s management agreement with the AMTG Manager contains a termination fee which may discourage competing proposals from other bidders.

AMTG s management agreement with the AMTG Manager contains a termination fee that is equal to three times the sum of the average annual management fee during the 24-month period immediately preceding the date of such termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination. The management fees paid under the AMTG management agreement were approximately $11.1 million for the period ending December 31, 2015 and $11.2 million for the period ending December 31, 2014.

This provision could discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of AMTG from considering or proposing an acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the mergers, or might result in a potential competing acquiror proposing to pay a lower price than it might otherwise have proposed to pay because of the termination fee.

If the mergers are not consummated by September 9, 2016 (or October 26, 2016, if extended), either AMTG or ARI may terminate the merger agreement.

Either AMTG or ARI may terminate the merger agreement if the First Merger has not been consummated by September 9, 2016, unless as of September 9, 2016, all conditions to closing have been satisfied or waived other than the requirement that there are no injunctions preventing, prohibiting or making illegal the mergers or the other transactions contemplated by the merger agreement. However, this termination right will not be available to ARI or AMTG, as applicable, if that party failed to fulfill its obligations under the merger agreement and that failure was a principle cause of, or resulted in, the failure to consummate the mergers by September 9, 2016 (or, if extended, October 26, 2016).

In connection with the announcement of the merger agreement, three lawsuits have been filed and are pending, as of June 10, 2016, seeking, among other things, to enjoin the mergers and rescind the merger agreement, and an adverse judgment in any of the lawsuits may prevent the mergers from becoming effective within the expected timeframe (or at all).

After the announcement of the execution of the merger agreement, two putative class action lawsuits challenging the proposed First Merger, captioned Aivasian v. Apollo Residential Mortgage, Inc., et al., No. 24-C-16-001532 and Wiener v. Apollo Residential Mortgage, Inc., et al., No. 24- C-16-001837 were filed in the Circuit Court for Baltimore City (or, the Court). A putative class and derivative lawsuit was later filed in the same Court captioned Crago v. Apollo Residential Mortgage, Inc., No. 24-C-16-002610. Following a hearing on May 6, 2016, the Court entered orders among other things, consolidating the three actions under the caption In Re Apollo Residential Mortgage, Inc. Shareholder Litigation, Case No.: 24-C-16-002610. The plaintiffs have designated the Crago complaint as the operative complaint. The operative complaint includes both direct and derivative claims, names as defendants AMTG, the AMTG Board, ARI, Merger Sub, Apollo and Athene and alleges, among other things, that the members of the AMTG Board breached their fiduciary duties to the AMTG stockholders and that the other corporate defendants aided

and abetted such fiduciary breaches. The operative complaint further alleges, among other things, that the proposed First Merger involves inadequate consideration, was the result of an inadequate and conflicted sales process, and includes unreasonable deal protection devices that purportedly preclude competing offers. It also alleges that the transactions with Athene are unfair and that the registration statement on Form S-4 filed with the SEC on April 6, 2016 contains materially misleading disclosures and omits certain material information. The operative complaint seeks, among other things, certification of the proposed

Table of Contents

class, declaratory relief, preliminary and permanent injunctive relief, including enjoining or rescinding the First Merger, unspecified damages, and an award of other unspecified attorneys and other fees and costs. On May 6, 2016, counsel for the plaintiffs filed with the Court a stipulation seeking the appointment of interim co-lead counsel.

While the defendants believe that the allegations in the complaints are without merit and intend to defend vigorously against these allegations, neither ARI nor AMTG assure you as to the outcome of these, or any similar future lawsuits, including the costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation or settlement of these claims. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the mergers on the agreed-upon terms, such an injunction may prevent the completion of the mergers in the expected time frame, or may prevent it from being completed altogether.

AMTG and the AMTG Manager have received subpoenas from the New York Department of Financial Services relating to AMTG s seller-financed real estate contracts.

On May 13, 2016, AMTG and the AMTG Manager each received a subpoena from the New York Department of Financial Services, requesting that they provide certain specified documents related to an investigation and inquiry being undertaken by the New York Department of Financial Services relating to seller-financed real estate contracts. According to published news reports, this subpoena is part of a broader inquiry by the New York Department of Financial Services into the seller-financed home sale industry and a number of other investment firms were reported to have received similar inquiries. AMTG and the AMTG Manager intend to cooperate fully with the subpoenas. Both AMTG and the AMTG Manager believe that AMTG s seller finance program was operated in compliance with law, but neither AMTG nor the AMTG Manager can assure you as to the outcome of this investigation and inquiry, including the costs associated with cooperating with the investigation and inquiry or any other liabilities that may be incurred if the New York Department of Financial Services were to take further action, including bringing an action or complaint. At this time, AMTG does not believe that the subpoena will adversely affect the timing or consummation of the Proposed Transaction or the mergers.

Counterparties to certain significant agreements with AMTG may have default, consent or other similar rights as a result of the mergers.

AMTG is party to certain agreements, including derivative instruments, currency hedging arrangements, repurchase agreements, options, forwards, futures, swaps and other similar arrangements, that give its counterparties certain rights, including default, consent or other similar rights, as a result of certain change in control transactions as well as other scenarios that may occur in connection with the mergers. Under certain of these agreements, the First Merger will constitute a change in control and/or trigger certain default or similar early termination rights and, therefore, AMTG s counterparties may assert such rights in connection with the First Merger. Any such counterparty may request modifications to its agreements with AMTG as a condition to granting a waiver or consent under those agreements and there can be no assurance that such counterparties will grant such waivers or consents and not exercise their rights under the agreements, including default rights where available. AMTG s inability to obtain any necessary consents or waivers may have an adverse effect on the operations and profitability of AMTG.

REITs are subject to a range of complex organizational and operational requirements.

In order to qualify as a REIT, each of ARI and AMTG must distribute with respect to each taxable year at least 90% of its net income (excluding capital gains) to its stockholders. A REIT must also meet certain other requirements, including with respect to the nature of its income and assets, and the ownership of its stock. For any taxable year that ARI or AMTG fails to qualify as a REIT, it will not be allowed a deduction for dividends paid to its stockholders in computing its net taxable income and thus would become subject to U.S. federal, state

113

Table of Contents

and local income tax as if it were a regular taxable corporation. In such an event, ARI or AMTG, as the case may be, could be subject to potentially significant tax liabilities. Unless entitled to relief under certain statutory provisions, ARI or AMTG, as the case may be, would also be disqualified from treatment as a REIT for the four taxable years following the year in which it lost its qualification. If ARI or AMTG failed to qualify as a REIT, the market price of its common stock may decline, and ARI or AMTG, as the case may be, may need to reduce substantially the amount of distributions to its stockholders because of its increased tax liability.

The transactions contemplated by the merger agreement are taxable transactions and the resulting tax liability of an AMTG common stockholder, if any, will depend on such AMTG common stockholder s particular situation.

The receipt of ARI common stock and cash in exchange for AMTG common stock in the First Merger will be treated as a taxable sale by the holders of such shares of common stock for U.S. federal income tax purposes. The amount of gain or loss recognized by each AMTG common stockholder in the First Merger will vary depending on each AMTG common stockholder s particular situation, including the stockholder s adjusted tax basis of the AMTG common stock exchanged by such stockholder in the First Merger.

The Combined Company may incur adverse tax consequences if ARI or AMTG has failed or fails to qualify as a REIT for U.S. federal income tax purposes.

Each of ARI and AMTG has elected to be taxed as a REIT and has been organized and operated in a manner that it believes has allowed it to qualify as a REIT for U.S. federal income tax purposes under the Internal Revenue Code, and each intends to continue to do so through the closing of the mergers, and the Combined Company intends to continue operating in such a manner following the mergers. None of ARI, AMTG or the Combined Company has requested or plans to request a ruling from the Internal Revenue Service that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within the control of ARI, AMTG or the Combined Company, as the case may be, may affect any such company s ability to qualify as a REIT. In order to qualify as a REIT, each of ARI, AMTG and the Combined Company must satisfy a number of requirements, including requirements regarding the ownership of its stock and the composition of its gross income and assets. Also, a REIT must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

If any of ARI, AMTG or the Combined Company loses its qualification as a REIT, or is determined to have lost its qualification as a REIT in a prior year, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its stockholders, because:

- such company would be subject to U.S. federal income tax on its net income at regular corporate rates for the years it did not qualify for taxation as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income);

- such company could be subject to the U.S. federal alternative minimum tax and increased state and local taxes for such periods;

unless such company is entitled to relief under applicable statutory provisions, neither it nor any successor company could elect to be taxed as a REIT until the fifth taxable year following the year during which it was disqualified; and

for up to 5 years following such company s re-election to be taxed as a REIT, upon a taxable disposition of an asset owned as of such re-election, such company generally would be subject to corporate level tax with respect to any gain in such asset at the time of such re-election.

The Combined Company will inherit any liability with respect to unpaid taxes of ARI or AMTG for any periods prior to the mergers. As a result of all these factors, ARI s, AMTG s or the Combined Company s failure to

Table of Contents

qualify as a REIT could impair the Combined Company s ability to expand its business and raise capital, and could materially adversely affect the value of its stock. In addition, for years in which the Combined Company does not qualify as a REIT, it will not otherwise be required to make distributions to stockholders.

Risk Factors Relating to the Combined Company s Operations Following the Mergers

The Combined Company expects to incur substantial expenses related to the mergers.

The Combined Company expects to incur substantial expenses in connection with completing the mergers and integrating the business, including managing the legacy AMTG assets and managing the financing arrangements relating to those assets until such assets can be liquidated. While ARI has assumed that a certain level of transaction and liquidation expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of the Combined Company s liquidation expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the amount of the transaction expenses associated with the mergers and related transactions could, particularly in the near term, impact the benefits that the Combined Company expects to achieve following the completion of the mergers.

Following the mergers, the Combined Company may be unable to retain key personnel.

The success of the Combined Company after the mergers will depend in part upon its ability to retain key ARI and AMTG personnel. AMTG personnel who are expected to provide services to the Combined Company after the mergers are employees of subsidiaries of Apollo, and ARI personnel are also employees of subsidiaries of Apollo. None of such personnel will be under the control of the Combined Company and key personnel may depart either before or after the closing of the mergers because of issues relating to the uncertainty relating to the transactions or a desire not to provide services to the Combined Company following the mergers. Accordingly, no assurance can be given that ARI, AMTG or, following the mergers, the Combined Company will be able to retain the services of key personnel to the same extent as in the past.

Following the mergers, AMTG stockholders will no longer indirectly own assets in the residential mortgage industry and will instead indirectly own assets in the commercial real estate industry.

Following consummation of the First Merger, ARI intends to liquidate all of the assets previously owned by AMTG and re-deploy the net proceeds from such liquidation to fund ARI s investment pipeline and pursue attractive new CMBS opportunities. After ARI re-deploys the capital from the transaction into its target assets, current stockholders of AMTG will own assets in a different industry with a different mix of risks and liabilities. Current stockholders of AMTG may not wish to continue to invest in ARI, or for other reasons may wish to dispose of some or all of their shares of ARI common stock following consummation of the mergers.

The future results of the Combined Company may suffer if the Combined Company does not effectively liquidate the assets of AMTG or effectively re-deploy the net proceeds of such liquidation following the mergers.

Following the mergers, the Combined Company expects to liquidate a significant portion of AMTG s assets through open market sales and the asset purchase agreement, providing ARI with additional capital which it expects to re-deploy into ARI s target assets. The successful liquidation, however, will be subject to market conditions, and in the case of the asset purchase agreement, satisfaction of the conditions precedent contained in it. The future success of the Combined Company will depend, in part, upon the ability of the Combined Company to manage the liquidation of AMTG s assets, in an efficient and timely manner, and thereafter re-deploy the net proceeds received as a result of such liquidation. There is no assurance that the Combined Company s liquidation of AMTG s assets will be successful,

or that the Combined Company will realize its expected additional capital or that such additional capital will be re-deployed in ARI s target assets in an efficient and timely manner.

Table of Contents

The future results of the Combined Company may suffer if Athene fails to perform its obligations under the asset purchase agreement, the stock purchase agreement or the Bridge Loan Commitment Letter.

In connection with the mergers, ARI may need to borrow funds pursuant to the Bridge Loan Agreement and, thereafter, if ARI has drawn on the bridge loan facility, ARI will be required to repay that loan with proceeds from sales under the asset purchase agreement. However, in the event that Athene USA fails to enter into the Bridge Loan Agreement or fund loans under the Bridge Loan Agreement or Athene Annuity fails to purchase any assets it is required to purchase under the asset purchase agreement, ARI or the Combined Company may need to seek alternative financing from an as-yet unknown third party. Any such alternative financing may be on terms which are not as favorable as the terms of the Bridge Loan Commitment Letter and ARI or the Combined Company may incur additional expense or increased levels of debt in connection with any such alternative financing, either of which might prevent the Combined Company from realizing the benefits that the Combined Company expects to achieve after the mergers. In addition, in the event Athene USA fails to make purchases of ARI common stock if and when required pursuant to the stock purchase agreement, the Combined Company would receive none of the benefit which it expects to receive under the stock purchase agreement.

Risk Factors Relating to an Investment in the Combined Company s Common Stock

The market price of shares of the common stock of the Combined Company may be affected by factors different from those affecting the price of shares of ARI common stock or AMTG common stock before the mergers.

The results of operations of the Combined Company, as well as the market price of the common stock of the Combined Company, after the mergers may be affected by other factors in addition to those currently affecting ARI s or AMTG s results of operations and the market prices of ARI common stock and AMTG common stock. These factors include:

- a greater number of shares of the Combined Company common stock outstanding as compared to the number of currently outstanding shares of ARI common stock;
- different stockholders; and
- different assets and capitalizations.

Accordingly, the historical market prices and financial results of ARI and AMTG may not be indicative of these matters for the Combined Company after the mergers. For a discussion of the businesses of ARI and AMTG and certain risks to consider in connection with investing in those businesses, see the documents incorporated by reference by ARI and AMTG into this proxy statement/prospectus referred to under *Where You Can Find More Information; Incorporation by Reference* beginning on page 233.

The market price of the Combined Company s common stock may decline as a result of the mergers.

The market price of the Combined Company common stock may decline as a result of the mergers if the Combined Company does not achieve the perceived benefits of the mergers as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the mergers on the Combined Company s financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the mergers, ARI stockholders and AMTG stockholders will own interests in a Combined Company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders of ARI and AMTG may not wish to continue to invest in the Combined Company, or for other reasons may wish to dispose of some or all of their shares of the Combined Company common stock. If, following the closing of the mergers, large amounts of the Combined Company common stock are sold, the price of the Combined Company common stock could decline.

Table of Contents

The Combined Company cannot assure you that it will be able to continue paying dividends at or above the rate currently paid by ARI and AMTG.

Following the mergers, the common stockholders of the Combined Company may not receive dividends at the same rate they received dividends as stockholders of ARI and AMTG prior to the mergers, for various reasons, including the following:

- the Combined Company may not have enough cash to pay such dividends due to changes in the Combined Company s cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Combined Company s board of directors, which reserves the right to change ARI s current dividend practices at any time and for any reason;
- the Combined Company may desire to retain cash to maintain or improve its credit ratings; and
- the amount of dividends that the Combined Company s subsidiaries may distribute to the Combined Company may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Common stockholders of the Combined Company will have no contractual or other legal right to dividends that have not been authorized by the Combined Company s board of directors and declared by the Combined Company.

The Combined Company may need to incur additional indebtedness in the future.

In connection with executing the Combined Company s business strategies following the mergers, the Combined Company expects to evaluate the possibility of acquiring additional properties and making strategic investments, and the Combined Company may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for the Combined Company, including hindering the Combined Company s ability to adjust to changing market, industry or economic conditions; limiting the Combined Company s ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses; limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses; making the Combined Company more vulnerable to economic or industry downturns, including interest rate increases; and placing the Combined Company at a competitive disadvantage compared to less leveraged competitors.

ARI and AMTG Face Other Risks.

The risks listed above are not exhaustive, and you should be aware that following the mergers, ARI and AMTG will face various other risks, including those discussed in reports filed by ARI and AMTG with the SEC. See Where You Can Find More Information; Incorporation by Reference beginning on page 233.

117

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, including information included or incorporated by reference in this proxy statement/prospectus, may contain certain forecasts and other forward-looking statements. Generally, the words expects, anticipates, targets, goals, projects, intends, plans, believes, seeks, estimates, variations o similar expressions identify forward-looking statements and any statements regarding the benefits of the mergers, or ARI s or AMTG s future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained herein, including in the sections ***Special Factors Background of the Transactions,*** ***Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors*** and ***Special Factors ARI s Reasons for the Transactions***, constitute forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond ARI s and AMTG s control. These include the factors described above in ***Risk Factors*** and under the caption Risk Factors in ARI s Annual Report on Form 10-K for the year ended December 31, 2015 and in AMTG s Annual Report on Form 10-K for the year ended December 31, 2015 as well as:

- the nature and extent of future competition;
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect either company;
- risks associated with the ability to consummate the mergers and the timing of the closing of the mergers;
- the risk that the anticipated benefits from the mergers and related transactions may not be realized or may take longer to realize than expected;
- unexpected costs or unexpected liabilities that may arise from the transaction, whether or not consummated; and
- each company s ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations.

Should one or more of the risks or uncertainties described above or elsewhere in reports incorporated by reference herein occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference in this proxy statement/prospectus, as applicable.

All forward-looking statements, expressed or implied, included in this proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that ARI, AMTG or persons acting on

their behalf may issue.

Except as otherwise required by applicable law, ARI and AMTG disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also ***Where You Can Find More Information; Incorporation by Reference*** beginning on page 233.

Table of Contents

THE AMTG SPECIAL MEETING

Date, Time, Place and Purpose of the AMTG Special Meeting

The AMTG special meeting will be held at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York, 10022, on August 24, 2016, commencing at 9:00 a.m., local time. The purpose of the AMTG special meeting is:

1. to consider and vote on a proposal to approve the First Merger and the other transactions contemplated by the merger agreement;

2. to consider and vote on a proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement; and

3. to consider and vote on a proposal to approve, on a non-binding, advisory basis, the merger related compensation of AMTG s named executive officers (the Merger-Related Named Executive Officer Compensation Proposal).

Recommendation of the AMTG Board

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, has unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, determined that the merger agreement, the mergers and the other transactions contemplated thereby are advisable and in the best interests of AMTG and its stockholders, and approved the merger agreement, the mergers and the other transactions contemplated thereby. The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, recommends that AMTG common stockholders vote FOR the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal. For the reasons for this recommendation, see ***Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors*** beginning on page 39.

Record Date; Who Can Vote at the AMTG Special Meeting

Only holders of record of AMTG common stock at the close of business on July 12, 2016, AMTG s record date, are entitled to notice of, and to vote at, the AMTG special meeting and any postponement or adjournment of the AMTG special meeting. As of the record date, there were 31,895,226 shares of AMTG common stock outstanding and entitled to vote at the AMTG special meeting, held by approximately 174 holders of record. Each share of AMTG common stock owned on AMTG s record date is entitled to one vote on each proposal at the AMTG special meeting. Holders of record of AMTG Series A Preferred Stock at the close of business on the record date are entitled to notice of, but may not vote at, the AMTG special meeting.

Vote Required for Approval; Quorum

Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. Approval of the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal. Approval of

Table of Contents

the Merger-Related Named Executive Officer Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal. The AMTG common stockholders vote regarding the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote and therefore is not binding on AMTG or the AMTG Board or the AMTG Special Committee.

AMTG s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at the AMTG special meeting for purposes of determining whether a quorum is present.

Voting by AMTG s Directors and Officers

AMTG is making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act.

Under SEC rules, AMTG is required, to the extent known to AMTG after making reasonable inquiry, to state how any executive officer, director or affiliate of AMTG currently intends to vote its subject securities, within the meaning of Rule 13e-3, including any securities the person has proxy authority for and to state the reasons for such intended actions. Currently, there are no formal arrangements between AMTG and any of its executive officers, directors or affiliates relating to the manner in which such individuals in their capacity as AMTG common stockholders will vote for (i) the First Merger and the other transactions contemplated by the merger agreement, (ii) the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and (iii) the Merger-Related Named Executive Officer Compensation Proposal. After reasonable inquiry, AMTG has concluded that each executive officer, director or affiliate currently intends to vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal based on the factors considered by, and the analysis, discussion and resulting conclusions of, the AMTG Special Committee and the AMTG Board described in the section entitled *Special Factors AMTG s Reasons for the Transactions and Recommendation of AMTG s Board of Directors* beginning on page 39 of this proxy statement/prospectus. In particular, the executive officers, directors or affiliates have based their consideration on the following factors, among others:

- the fact that the merger agreement and the transactions contemplated thereby, including the mergers, were negotiated, determined to be advisable and in the best interests of AMTG and its common stockholders, and approved by the AMTG Special Committee and the AMTG Board, as applicable;

- the fact that, based on the relative trading prices of AMTG common stock and ARI common stock, the AMTG Board believed that a combination with ARI was in the best interests of AMTG stockholders given, in part, that (i) the value received for AMTG common stock would likely represent a substantially higher percentage of book value than the trading price of AMTG s common stock on February 25, 2016 (the last trading day prior to announcement of the transaction), when considering that the closing price of AMTG common stock of $10.14 on that day represented only 61.83% of the book value per share of $16.40 reported

on December 31, 2015 (the last reported book value prior to the announcement of the Proposed Transaction) as compared to the value in the Proposed Transaction of 89.75% of book value as of the Pricing Date, (ii) the value received by the AMTG common stockholders would likely represent a premium to the trading price of AMTG common stock on February 25, 2016 and (iii) the stock portion of the Per Common Share Merger Consideration would provide AMTG common stockholders with an opportunity to participate in the future prospects of the Combined Company;

Table of Contents

the fact that the Per Common Share Merger Consideration and the other terms and conditions of the merger agreement were negotiated on an arm s-length basis under Maryland law between the ARI Special Committee and the AMTG Special Committee;

the fact that the merger agreement permits AMTG, subject to specific limitations and requirements set forth therein, to actively solicit alternative acquisition proposals from third parties, and to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal through April 1, 2016, and thereafter AMTG may consider and respond to an unsolicited third-party acquisition proposal, and continue to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such acquisition proposal prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement;

the fact that the merger agreement permits the AMTG Board, subject to specific limitations and requirements set forth therein, to withdraw or change its recommendation that AMTG s common stockholders vote in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement and to terminate the merger agreement and accept a superior proposal, in each case prior to the time AMTG s common stockholders approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, subject to AMTG paying ARI a termination fee of $7.5 million or, in certain circumstances, $12.0 million; and

the fact that the First Merger is conditioned upon, among other matters, the AMTG stockholders approval of the First Merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock entitled to vote on the First Merger, including the affirmative vote of the holders of at least a majority of the then outstanding shares of AMTG common stock that are beneficially owned by persons who are not affiliates of Apollo.

The foregoing discussion of the factors considered by executive officers, directors and affiliates of AMTG is not intended to be exhaustive but is believed to include all material factors considered by such AMTG common stockholders in making a determination regarding whether to approve the First Merger and the other transactions contemplated by the merger agreement for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. Such executive officers, directors and affiliates did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their decision as to whether to vote in favor of the First Merger and the other transactions contemplated by the merger agreement. Rather, such executive officers, directors and affiliates made their decision whether to vote in favor of the First Merger and the other transactions contemplated by the merger agreement after considering all of the factors as a whole.

Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement. The executive officers, directors and affiliates discussed in this *Voting by AMTG s Directors and Officers* section will be not be entitled to vote as holders of outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo.

121

Table of Contents

Voting by Apollo Participants and ARI s Directors and Officers

As of the close of business on the Record Date, the Apollo Participants held and were entitled to vote, in the aggregate, approximately 0.06% of the outstanding shares of AMTG common stock, and certain directors and officers of ARI held and were entitled to vote, in the aggregate, approximately 0.17% of the outstanding shares of AMTG common stock. We believe that the Apollo Participants and such directors and officers of ARI intend to vote all of their shares of AMTG common stock FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal.

Accordingly, we believe approximately 0.23% of the outstanding shares of AMTG common stock will be voted in favor of (i) the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, (ii) the proposal to approve one or more adjournments of the AMTG special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and (iii) the Merger-Related Named Executive Officer Compensation Proposal by virtue of the Apollo Participants and certain of ARI s directors and officers ownership of shares of AMTG common stock. Notwithstanding the foregoing, as described in *The Agreements Description of the Merger Agreement Conditions to Completion of the First Merger* beginning on page 175 of this proxy statement/prospectus, the First Merger is conditioned upon approval of the First Merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of (i) the outstanding shares of AMTG common stock and (ii) the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo, in each case to the extent such holders are entitled to vote on such proposal.

Abstentions and Broker Non-Votes

Abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as votes cast AGAINST the proposal to approve the First Merger and the other transactions contemplated by the merger agreement but will have no effect on the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement or on the Merger-Related Named Executive Officer Compensation Proposal.

There can be no broker non-votes at the AMTG special meeting, so failure to provide instructions to your broker or other nominee on how to vote will result in your shares not being counted as present at the meeting and will have the same effect as votes cast AGAINST the proposal to approve the First Merger and the other transactions contemplated by the merger agreement but will have no effect on the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement or on the Merger-Related Named Executive Officer Compensation Proposal. A broker non-vote occurs when shares held by a broker or other nominee are represented at the meeting, but the broker or other nominee has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal but has discretionary voting power on other proposals. In this regard, the only proposals to be voted on at the AMTG special meeting are non-routine under NYSE Rule 452. Nominees may exercise discretion in voting on routine matters, but may not exercise discretion and therefore will not vote on non-routine matters if instructions are not given.

122

Table of Contents

Manner of Voting and Authorizing a Proxy to Vote

AMTG common stockholders may vote in person at the AMTG special meeting. AMTG common stockholders may also authorize a proxy to vote their shares in the following ways:

Internet. AMTG common stockholders may authorize a proxy over the Internet by going to the website listed on their proxy card or voting instruction card. Once at the website, follow the instructions to submit a proxy.

Telephone. AMTG common stockholders may authorize a proxy using the toll-free number listed on their proxy card or voting instruction card.

Mail. AMTG common stockholders may authorize a proxy by completing, signing, dating and returning their proxy card or voting instruction card in the preaddressed postage-paid envelope provided.

AMTG common stockholders should refer to their proxy card or the voting information card forwarded by their broker or other nominee to see which options are available to them.

The Internet and telephone proxy authorization procedures are designed to authenticate stockholders and to allow them to confirm that their instructions have been properly recorded. If you authorize a proxy over the Internet or by telephone, then you need not return a written property card or voting instruction card by mail. The Internet and telephone facilities available to record holders will close at 11:59 p.m. eastern time on August 23.

The method by which AMTG common stockholders authorize a proxy will in no way limit their right to vote at the AMTG special meeting if they later decide to attend the meeting in person. If AMTG common stockholders shares of AMTG common stock are held in the name of a broker or other nominee, AMTG common stockholders must obtain a proxy, executed in their favor, from the broker or other nominee, to be able to vote in person at the AMTG special meeting.

All shares of AMTG common stock entitled to vote and represented by properly completed proxies received prior to the AMTG special meeting, and not revoked, will be voted at the AMTG special meeting as instructed on the proxies. **If AMTG common stockholders of record do not indicate how their shares of AMTG common stock should be voted on a matter, the shares of AMTG common stock represented by their properly executed proxy will be voted as the AMTG Board recommends and therefore, FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, and FOR the Merger-Related Named Executive Officer Compensation Proposal**. If you do not provide voting instructions to your broker or other nominee, your shares of AMTG common stock will NOT be voted at the AMTG special meeting.

Shares Held in Street Name

If AMTG common stockholders hold shares of AMTG common stock in an account of a broker or other nominee and they wish to have such shares voted, they must return their voting instructions to the broker or other nominee. If AMTG common stockholders hold shares of AMTG common stock in an account of a broker or other nominee and

wish to attend the AMTG special meeting and vote in person, they should bring a legal proxy, executed in their favor, from their broker or other nominee identifying them as the beneficial owner of such shares of AMTG common stock and authorizing them to vote.

Shares of AMTG common stock held by brokers and other nominees will NOT be voted unless such AMTG common stockholders instruct such brokers or other nominees how to vote.

Table of Contents

Revocation of Proxies or Voting Instructions

AMTG common stockholders of record may change their vote or revoke their proxy at any time before it is exercised at the AMTG special meeting by:

- submitting notice in writing to AMTG s Secretary at 9 West 57th Street, 43rd Floor, New York, New York 10019, that you are revoking your proxy;
- executing and delivering a later-dated proxy card or authorizing a later-dated proxy by telephone or on the Internet; or
- voting in person at the AMTG special meeting.

Attending the AMTG special meeting without voting will not revoke your proxy.

AMTG common stockholders who hold shares of AMTG common stock in an account of a broker or other nominee may revoke their voting instructions by following the instructions provided by their broker or other nominee.

Solicitation of Proxies

The solicitation of proxies from AMTG common stockholders is made on behalf of the AMTG Board. AMTG will pay the cost of soliciting proxies from AMTG common stockholders. Directors, officers and employees of AMTG may solicit proxies on behalf of AMTG in person or by telephone, facsimile or other means, but will not receive any additional compensation for doing so. AMTG has engaged Alliance Advisors, LLC to assist it in the solicitation of proxies. AMTG has agreed to pay Alliance Advisors, LLC a fee not expected to exceed $7,500 plus reasonable expenses for these services, which includes the payment of certain fees and expenses for its services to solicit proxies.

In accordance with the regulations of the SEC and NYSE, AMTG also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of AMTG common stock.

Table of Contents

PROPOSALS SUBMITTED TO AMTG COMMON STOCKHOLDERS

Merger Proposal

(Proposal 1 on the AMTG Proxy Card)

AMTG common stockholders are asked to consider and vote upon a proposal to approve the First Merger and the other transactions contemplated by the merger agreement. For a summary and detailed information regarding this proposal to approve the First Merger and the other transactions contemplated by the merger agreement, see the information about the merger agreement and the mergers throughout this proxy statement/prospectus, including the information set forth in *Special Factors* beginning on page 25 and *The Mergers and Related Transactions* beginning on page 128. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus.

Pursuant to the merger agreement, approval of this proposal is a condition to the closing of the First Merger. If the proposal is not approved, the First Merger will not be completed.

AMTG is requesting that AMTG common stockholders approve the First Merger and the other transactions contemplated by the merger agreement. Approval of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of AMTG common stock. In addition, the closing of the mergers is conditioned upon the holders of at least a majority of the outstanding shares of AMTG common stock that are beneficially owned by persons unaffiliated with Apollo approving the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

Recommendation of the AMTG Board

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, has unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, (i) determined that the merger agreement, the mergers and the other transactions contemplated thereby are advisable and in the best interests of AMTG and its stockholders, and (ii) approved the merger agreement, the mergers and the other transactions contemplated thereby. The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, recommends that AMTG common stockholders vote FOR the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

Adjournment Proposal

(Proposal 2 on the AMTG Proxy Card)

AMTG common stockholders are asked to consider and vote upon a proposal to adjourn the AMTG special meeting to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies, if necessary or appropriate, to obtain additional votes in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

If, at the AMTG special meeting, the number of shares of AMTG common stock present or represented by proxy and voting in favor of the merger proposal is insufficient to approve the proposal to approve the First Merger and the other transactions contemplated by the merger agreement, AMTG intends to move to adjourn the AMTG special meeting in order to enable the AMTG Board to solicit additional proxies for approval of the proposal.

AMTG is requesting that AMTG common stockholders approve the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to another time and place for the purpose of soliciting additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

Table of Contents

Recommendation of the AMTG Board

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, unanimously, with the exception of Mark C. Biderman, who recused himself from all deliberations relating to the mergers, recommends AMTG common stockholders vote FOR the proposal to adjourn the AMTG special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the First Merger and the other transactions contemplated by the merger agreement.

Merger-Related Named Executive Officer Compensation Proposal

(Proposal 3 on the AMTG Proxy Card)

AMTG is required, pursuant to Section 14A of the Exchange Act to include in this proxy statement/prospectus a proposal with respect to a non-binding, advisory vote on the compensation payable to each of its named executive officers as determined in accordance with Item 402(t) of Regulation S-K, in connection with the mergers, pursuant to arrangements entered into with AMTG, and AMTG is therefore asking its stockholders to approve the following non-binding resolution:

RESOLVED that the compensation that may be paid or become payable to AMTG s named executive officers in connection with the mergers, as disclosed pursuant to Item 402(t) of Regulation S-K in this Merger-Related Named Executive Officer Compensation Proposal, is hereby approved.

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about certain compensation for each AMTG named executive officer that is based on or otherwise relates to the mergers. For purposes of calculating the amounts in this table, AMTG has assumed a closing date for the mergers of August 26, 2016 and Per Common Share Merger Consideration in the amount of approximately $13.83 (based on the average closing price per share of ARI as quoted on the NYSE over the first five business days following the first public announcement of the Merger Agreement).

Name	Cash	Equity[(1)]	Total
Michael A. Commaroto	$ 651,014	$ 618,736	$ 1,269,758
Teresa D. Covello			
Gregory W. Hunt			

(1) Represents the value of unvested restricted stock units held by AMTG s named executive officers that will become vested in connection with the mergers and be converted into the right to receive the Per Common Share Merger Consideration.

Narrative Disclosure to Merger-Related Compensation Table

The AMTG Board has exercised its discretion under AMTG s 2011 Equity Incentive Plan to provide for accelerated vesting of all unvested equity awards held by the named executive officers on the closing date of the mergers, subject to the consummation of the mergers. The AMTG shares underlying such equity awards will be converted into the right to receive the Per Common Share Merger Consideration, less applicable withholding. For more information regarding the equity awards held by the named executive officers and the treatment thereof in connection with the mergers, see *Special Factors Interests of AMTG s Directors and Officers in the Transaction* beginning on page 84. No named

executive officer of AMTG is entitled to receive any other payment from AMTG in connection with the mergers or any related termination of employment.

Table of Contents

Vote Required and Recommendation of the AMTG Board

The vote on this proposal is separate and apart from the vote to approve the First Merger and other transactions contemplated by the merger agreement. The vote to approve the Merger-Related Named Executive Officer Compensation Proposal is advisory in nature and, therefore, is not binding on AMTG or the AMTG Board or the AMTG Special Committee, regardless of whether the First Merger and other transactions contemplated by the merger agreement are approved. Approval of the Merger-Related Named Executive Officer Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal. Approval of the Merger-Related Named Executive Officer Compensation Proposal is not a condition to completion of the mergers, and failure to approve this advisory matter will have no effect on the vote to approve the First Merger and the other transactions contemplated by the merger agreement. The merger-related named executive officer compensation to be paid in connection with the mergers is based on contractual arrangements with AMTG s named executive officers and accordingly the outcome of this advisory vote will not affect the obligation to make these payments.

The AMTG Board, acting upon the unanimous recommendation of the AMTG Special Committee, unanimously recommends AMTG stockholders vote FOR the Merger-Related Named Executive Officer Compensation Proposal.

Other Matters: AMTG is not aware of any other business to be presented or acted upon at the AMTG special meeting or any postponement or adjournment thereof and only matters specified in the notice of the meeting may be acted upon at the AMTG special meeting. If, however, other matters are properly brought before the AMTG special meeting or any postponement or adjournment thereof, the persons named as proxies will vote on those matters in their discretion.

Table of Contents

THE MERGERS AND RELATED TRANSACTIONS

The following is a description of certain material aspects of the mergers and other transactions contemplated by the merger agreement. While AMTG and ARI believe that the following description covers the material terms of the transactions, the description may not contain all of the information that is important to you. The discussion of the transaction in this proxy statement/prospectus is qualified in its entirety by reference to the merger agreement (which is attached as Annex A to this proxy statement/prospectus and is incorporated herein by reference), the asset purchase agreement (which is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference), the Bridge Loan Commitment Letter (which is attached as Annex C to this proxy statement/prospectus and is incorporated herein by reference), the stock purchase agreement (which is attached as Annex D to this proxy statement/prospectus and is incorporated herein by reference) and certain letter agreements entered into in connection with the transaction (which are attached as Annexes E and F to this proxy statement/ prospectus and are incorporated herein by reference). We encourage you to read carefully this entire proxy statement/prospectus, including the merger agreement, for a more complete understanding of the transaction.

The Mergers

ARI will acquire AMTG pursuant to the terms and subject to the conditions of the merger agreement. First, Merger Sub will merge with and into AMTG, with AMTG surviving the First Merger as a subsidiary of ARI. The merger agreement provides that, at the effective time of the First Merger, holders of AMTG common stock will be entitled to receive a combination of cash and ARI common stock as described below under *The Agreements Description of the Merger Agreement Merger Consideration; Treatment of Securities* beginning on page 159. Promptly following the effective time of the First Merger, AMTG will merge with and into ARI, with ARI surviving the Second Merger. As a result of the Second Merger, holders of AMTG Series A Preferred Stock will be entitled to receive ARI Series C Preferred Stock as described below under *The Agreements Description of the Merger Agreement Merger Consideration; Treatment of Securities* beginning on page 159. As a result of the mergers, both Merger Sub and AMTG will cease to exist and ARI (sometimes referred to as the Combined Company following the closing) will possess all properties, rights, privileges, powers and franchises of AMTG and Merger Sub.

Related ARI Transactions

In connection with the merger agreement, ARI also entered into a series of agreements with certain subsidiaries of Athene, including (i) the Bridge Loan Commitment Letter with Athene USA, (ii) the asset purchase agreement with Athene Annuity, and (iii) the stock purchase agreement with Athene USA. Each of these arrangements is described in detail below under *The Agreements* beginning on page 158.

Accounting Treatment of the Transaction

In accordance with GAAP, ARI will account for the transactions using the acquisition method of accounting with ARI treated as the acquiror of AMTG for accounting purposes. Under acquisition accounting, the assets of AMTG acquired and liabilities of AMTG assumed will be recorded as of the acquisition date, at their respective fair values, and added to those of ARI. Any excess of the fair values over the purchase price will be recorded as a gain from a bargain purchase. Consolidated financial statements of ARI issued after the transactions would reflect AMTG s fair values after the completion of the transactions, but will not be restated retroactively to reflect the historical consolidated financial position or results of operations of AMTG.

Listing of Newly Issued ARI Common Stock

It is a condition to AMTG s obligation to complete the mergers that the shares of ARI common stock issuable to holders of AMTG common stock in the First Merger be approved for listing on the NYSE, subject to official notice of issuance. ARI will use commercially reasonable efforts to obtain such approval for such listing, subject to official notice of issuance, prior to the effective time of the First Merger.

Table of Contents

Listing of Newly Issued ARI Series C Preferred Stock

It is a condition to AMTG s obligation to complete the mergers that the shares of ARI Series C Preferred Stock issuable to holders of AMTG Series A Preferred Stock in the Second Merger be approved for listing on the NYSE, subject to official notice of issuance. ARI will use commercially reasonable efforts to obtain such approval for such listing, subject to official notice of issuance, prior to the effective time of the First Merger.

Delisting and Deregistration of AMTG Capital Stock

After the mergers are completed, AMTG common stock and AMTG Series A Preferred Stock will be delisted from the NYSE and deregistered under the Exchange Act, and AMTG will no longer file periodic reports with the SEC. Both ARI and AMTG agree to cooperate with the other party to take all actions necessary to delist the AMTG common stock and the AMTG Series A Preferred Stock from the NYSE and terminate their registration under the Exchange Act.

Restriction on Sales of ARI Common Stock and Preferred Stock

ARI common stock and ARI Series C Preferred Stock issued in the mergers will not be subject to any restrictions on transfers arising under the Securities Act, except for ARI common stock and ARI Series C Preferred Stock issued to any holder of AMTG common stock or AMTG Series A Preferred Stock who may be deemed an affiliate of ARI after the completion of the mergers. This proxy statement/prospectus does not cover resales of ARI common stock or ARI Series C Preferred Stock received by any person upon the completion of the mergers, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale. The shares of ARI common stock and ARI Series C Preferred Stock issued in the mergers will be subject to restrictions on ownership and transfers set forth in ARI s charter. For additional information on the restrictions on the ARI common stock and ARI preferred stock, *Restrictions on Ownership and Transfer* beginning on page 217.

Material U.S. Federal Income Tax Considerations

The following is a summary of the material U.S. federal income tax consequences of the mergers to holders of AMTG common stock and AMTG Series A Preferred Stock and certain material U.S. federal income tax considerations relating to ARI s qualification and taxation as a REIT and of the acquisition, holding and disposition of ARI common stock and ARI Series C Preferred Stock received in the mergers. For purposes of this section, references to ARI mean only ARI, and not ARI s subsidiaries or other lower-tier entities, references to AMTG stock include AMTG common stock and AMTG Series A Preferred Stock, and references to ARI stock include ARI common stock and ARI Series C Preferred Stock, except as otherwise indicated. This summary is based upon the Internal Revenue Code, the regulations promulgated by the U.S. Treasury Department, or the Treasury regulations, current administrative interpretations and practices of the Internal Revenue Service (the IRS) (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. The summary is also based upon the assumption that the operation of ARI, and of its subsidiaries and other lower-tier and affiliated entities will, in each case, be in accordance with its applicable organizational documents. This summary assumes that stockholders will hold AMTG stock and ARI stock as capital assets, which generally means as property held for investment. This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular stockholder in light of its investment or tax

circumstances or to stockholders subject to special tax rules, such as:

U.S. expatriates;

persons who elect to use a mark-to-market method of accounting;

Table of Contents

subchapter S corporations;

U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;

financial institutions;

insurance companies;

broker-dealers;

regulated investment companies, or RICs;

trusts and estates;

stockholders who receive AMTG stock (or, in connection with the mergers, ARI stock) through the exercise of employee stock options or otherwise as compensation;

persons holding AMTG stock (or, following the mergers, ARI stock) as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;

persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

persons holding their interest through a partnership or similar pass-through entity;

persons holding a 10% or more (by vote or value) beneficial interest in ARI; and

except to the extent discussed below, tax-exempt organizations and non-U.S. stockholders (as defined below).

For purposes of this discussion, a U.S. stockholder is a beneficial owner of AMTG stock or ARI stock, as applicable, that for U.S. federal income tax purposes is:

an individual who is a citizen or resident of the United States;

a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

A non-U.S. stockholder is a beneficial owner of AMTG stock or ARI stock, as applicable, that is neither a U.S. stockholder nor an entity that is treated as a partnership for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds AMTG stock or ARI stock, as applicable, the U.S. federal income tax treatment of a partner in the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. A partner of a partnership holding AMTG stock or ARI stock, as applicable, should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the mergers and the ownership and disposition of AMTG stock or ARI stock, as applicable, by the partnership.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY, IS NOT TAX ADVICE AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE MERGERS OR ALL TAX CONSIDERATIONS APPLICABLE TO HOLDERS OF ARI STOCK. THE U.S. FEDERAL INCOME TAX TREATMENT OF ARI AS A REIT AND HOLDERS OF ARI STOCK DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF

Table of Contents

THE MERGERS AND OF HOLDING AND DISPOSING OF ARI STOCK TO ANY PARTICULAR STOCKHOLDER WILL DEPEND ON THE STOCKHOLDER S PARTICULAR TAX CIRCUMSTANCES. AMTG STOCKHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. INCOME AND OTHER TAX LAWS) OF THE MERGERS AND OF ACQUIRING, HOLDING AND DISPOSING OF ARI STOCK.

Material U.S. Federal Income Tax Consequences of the Mergers

The following is a summary of the material U.S. federal income tax consequences of the mergers to holders of AMTG stock. Except to the extent specifically discussed below, this summary does not address the tax consequences of any transaction other than the mergers. In addition, no information is provided with respect to the tax consequences of the mergers under applicable state, local or non-U.S. laws or U.S. federal tax laws other than U.S. federal income tax laws.

Consequences of the Mergers to U.S. Stockholders

General. A U.S. stockholder s receipt of (1) cash and ARI common stock in exchange for AMTG common stock pursuant to the First Merger or (2) ARI Series C Preferred Stock in exchange for AMTG Series A Preferred Stock pursuant to the Second Merger, as applicable, will be a taxable transaction for U.S. federal income tax purposes. A holder of AMTG common stock generally will recognize gain or loss for U.S. federal income tax purposes measured by the difference, if any, between (1) the amount of cash received and the fair market value of the ARI **c**ommon **s**tock received on the effective date of the First Merger and (2) such stockholder s adjusted tax basis in its AMTG common stock exchanged for the merger consideration. Generally, a holder of AMTG Series A Preferred Stock will recognize gain or loss for U.S. federal income tax purposes measured by the difference, if any, between (1) the fair market value of the ARI Series C Preferred Stock received on the effective date of the Second Merger and (2) such holder s adjusted tax basis in its AMTG Series A Preferred Stock exchanged for the merger consideration.

Generally, such capital gain or loss will constitute long-term capital gain or loss if a U.S. stockholder has held the AMTG stock for more than one year as of the effective date of the mergers. The deductibility of capital losses may be subject to limitations. A U.S. stockholder who has held blocks of AMTG stock that were acquired at different times or prices, must separately calculate its gain or loss for each block of shares.

A U.S. stockholder that receives cash in lieu of a fractional share of ARI common stock in the First Merger will be treated as having sold such fractional share for cash and generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received and the U.S. stockholder s tax basis in the fractional share and will be subject to U.S. federal income taxation in a manner described below in *Material U.S. Federal Income Tax Considerations Applicable to ARI and Holders of the ARI Stock Taxation of Taxable U.S. Stockholders Dispositions of ARI Stock.*

Special Rule for U.S. Stockholders Who Have Held Shares For Six Months or Less. A U.S. stockholder who has held AMTG stock for six months or less at the effective time of the mergers, taking into account certain holding period rules, and who recognizes a loss on the exchange of AMTG stock in the mergers, will be treated as recognizing a long-term capital loss to the extent of any capital gain dividends received from AMTG, or such stockholder s share of any designated retained capital gains, with respect to those shares.

Consequences of the Mergers to Non-U.S. Stockholders

General. A non-U.S. stockholder s gain or loss from the mergers will be determined in the same manner as that of a U.S. stockholder. A non-U.S. stockholder of AMTG stock should not be subject to U.S. federal income taxation on any gain recognized from the mergers, unless (1) the gain is effectively connected with a U.S. trade

Table of Contents

or business of the non-U.S. stockholder, (2) the stockholder is an individual who has been present in the United States for 183 days or more during the taxable year of disposition and certain other conditions are satisfied, or (3) the stockholder s AMTG stock constitutes a U.S. real property interest, or a USRPI, within the meaning of the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA.

A non-U.S. stockholder whose gain is effectively connected with the conduct of trade or business in the United States (and, if required by an applicable income tax treaty, the non-U.S. stockholder maintains a permanent establishment in the United States to which such gain is attributable) will be subject to U.S. federal income tax on such gain on a net basis in the same manner as a U.S. stockholder. In addition, a non-U.S. stockholder that is a corporation may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) on the after-tax amount of such effectively connected gain.

If the non-U.S. stockholder is an individual who has been present in the United States for 183 days or more during the taxable year of disposition and certain other conditions are satisfied, that stockholder will be subject to a 30% tax on the stockholder s net capital gains.

If the non-U.S. stockholder s AMTG stock constitutes a USRPI under FIRPTA, such stockholder will be subject to U.S. federal income tax on the gain recognized in the mergers on a net basis in the same manner as a U.S. stockholder. The AMTG stock will not be treated as a USRPI to a non-U.S. stockholder under FIRPTA if (1) AMTG is treated as a domestically controlled REIT on the effective date of the mergers, (2) the non-U.S. stockholder owned (after application of certain constructive ownership rules), in the case of a non-U.S. stockholder holding common stock, not more than 10% of the AMTG common stock and, in the case of a non-U.S. stockholder holding AMTG Series A Preferred Stock, not more than 10% of the AMTG Series A Preferred Stock (based on the fair market value of AMTG common stock and AMTG Series A Preferred Stock) at any time during the five years preceding the effective date of the mergers, or (3) AMTG is not and has not been at any time during the shorter of the five years preceding the mergers or the U.S. stockholder s holding period for its AMTG stock, a United States real property holding corporation (a USRPHC). AMTG believes that it is a domestically controlled REIT, and that it will not be a USRPHC at the effective date of the mergers or at any time during the five year period preceding the effective date of the mergers, although there can be no assurances to such effect.

A non-U.S. stockholder that receives cash in lieu of a fractional share of ARI common stock in the First Merger will be treated as having sold such fractional share for cash and generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received and the non-U.S. stockholder s tax basis in the fractional share and will be subject to U.S. federal income taxation in a manner described below in *Material U.S. Federal Income Tax Considerations Applicable to ARI and Holders of the ARI Stock Taxation of Non-U.S. Stockholders Dispositions of ARI Stock*.

Information Reporting and Backup Withholding

Information reporting and backup withholding may apply to payments made in connection with the mergers. Backup withholding will not apply, however, to a stockholder who (a) in the case of a U.S. stockholder, furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on IRS Form W-9 or successor form, (b) in the case of a non-U.S. stockholder, furnishes an applicable IRS Form W-8 or substitute or successor form, or (c) is otherwise exempt from backup withholding and complies with other applicable rules and certification requirements. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such stockholder s U.S. federal income tax liability provided the required information is furnished to the IRS on a timely basis.

132

Table of Contents

Material U.S. Federal Income Tax Considerations Applicable to ARI and Holders of the ARI Stock

Taxation of ARI General

ARI has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with ARI s taxable year ended December 31, 2009. ARI believes that ARI has been organized and operated, and ARI intends to continue to be organized and to operate, in a manner that will allow ARI to qualify for taxation as a REIT under the Internal Revenue Code.

In connection with the closing of the mergers, ARI will receive an opinion of Clifford Chance US LLP to the effect that, commencing with ARI s taxable year ended December 31, 2009, ARI has been organized and has operated in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and ARI s current and proposed method of operation will enable ARI to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code. It must be emphasized that the opinion of Clifford Chance US LLP will be based on various assumptions relating to ARI s organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described in this proxy statement/prospectus are completed in a timely fashion and that ARI will at all times operate in accordance with the method of operation described in ARI s organizational documents and this proxy statement/prospectus. Additionally, the opinion of Clifford Chance US LLP will be conditioned upon (i) factual representations and covenants made by ARI management and affiliated entities regarding ARI s organization, assets, present and future conduct of ARI s business operations and other items regarding ARI s ability to meet the various requirements for qualification as a REIT and (ii) factual representations and covenants made by AMTG s management and affiliated entities regarding AMTG s asset, business operations, and other items regarding AMTG s ability to have met the requirements for qualification as a REIT, and assumes that such representations and covenants are accurate and complete and that they and ARI will take no action inconsistent with ARI s qualification as a REIT. In addition, to the extent ARI makes certain investments, such as investments in commercial mortgage loan securitizations, the accuracy of such opinion will also depend on the accuracy of certain opinions rendered to ARI in connection with such transactions. While ARI believes that ARI is organized and operated, and ARI intends to continue to operate, so that ARI will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in ARI s circumstances or applicable law, no assurance can be given by Clifford Chance US LLP or ARI that ARI has qualified or will qualify as a REIT for any particular year. Clifford Chance US LLP will have no obligation to advise ARI or the holders of shares of ARI common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on ARI s ability to meet, on a continuing basis, through actual results of operations, distribution levels, diversity of share ownership and various qualification requirements imposed upon REITs by the Internal Revenue Code, the compliance with which will not be reviewed by Clifford Chance US LLP. In addition, ARI s ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which ARI invests, which could include entities that have made elections to be taxed as REITs, the qualification of which will not have been reviewed by Clifford Chance US LLP. In that regard, AMTG s failure to qualify as a REIT for any taxable year could adversely affect ARI s ability to qualify as a REIT following the mergers. ARI s ability to qualify as a REIT also requires that ARI satisfy certain asset and income tests, some of which depend upon the fair market values of assets directly or indirectly owned by ARI or which serve as security for loans made by ARI. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of ARI s operations for any taxable year will satisfy the requirements for qualification and taxation as a REIT.

133

Table of Contents

Taxation of REITs in General

As indicated above, qualification and taxation as a REIT depends upon ARI s ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Internal Revenue Code. The material qualification requirements are summarized below, under *Requirements for Qualification as a REIT*. While ARI believes that ARI has operated and intends to continue to operate so that ARI qualifies as a REIT, no assurance can be given that the IRS will not challenge ARI s qualification as a REIT or that ARI will be able to operate in accordance with the REIT requirements in the future. See *Failure to Qualify*.

Provided that ARI qualifies as a REIT, ARI generally will be entitled to a deduction for dividends that ARI pays to its stockholders and, therefore, will not be subject to U.S. federal corporate income tax on ARI s taxable income that is currently distributed to ARI stockholders. This treatment substantially eliminates the double taxation at the corporate and stockholder levels that results generally from investment in a corporation. Rather, income generated by a REIT generally is taxed only at the stockholder level, upon a distribution of dividends by the REIT.

Stockholders who are individual U.S. stockholders (as defined above) generally are taxed on corporate dividends at a maximum rate of 20% (the same as long-term capital gains), thereby substantially reducing, though not completely eliminating, the double taxation that has historically applied to corporate dividends. With limited exceptions, however, dividends received by individual U.S. stockholders from ARI or from other entities that are taxed as REITs will continue to be taxed at rates applicable to ordinary income, which currently are as high as 39.6%. Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockholders of the REIT, subject to special rules for certain items, such as capital gains, recognized by REITs. See *Taxation of Taxable U.S. Stockholders*.

Even if ARI qualifies for taxation as a REIT, ARI will be subject to U.S. federal income taxation as follows:

ARI will be taxed at regular U.S. federal corporate rates on any undistributed income, including undistributed net capital gains.

ARI may be subject to the alternative minimum tax on ARI s items of tax preference, if any.

If ARI has net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See *Prohibited Transactions* and *Foreclosure Property* below.

If ARI elects to treat property that ARI acquires in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as foreclosure property, ARI may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to U.S. federal corporate income tax at the highest applicable rate (currently 35%).

If ARI fails to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintains its qualification as a REIT because other requirements are met, ARI will be subject to a 100% tax on an amount equal to (a) the greater of (1) the amount by which ARI fails the 75% gross income test or (2) the amount by which ARI fails the 95% gross income test, as the case may be, multiplied by (b) a fraction intended to reflect ARI s profitability.

If ARI fails to satisfy any of the REIT asset tests, as described below, other than a failure of the 5% or 10% REIT asset test that does not exceed a statutory de minimis amount as described more fully below, but ARI s failure is due to reasonable cause and not due to willful neglect and ARI nonetheless maintains its REIT qualification because of specified cure provisions, ARI will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate (currently 35%) of the net income generated by the nonqualifying assets during the period in which ARI failed to satisfy the asset tests.

Table of Contents

If ARI fails to satisfy any provision of the Internal Revenue Code that would result in ARI s failure to qualify as a REIT (other than a gross income or asset test requirement) and the violation is due to reasonable cause and not due to willful neglect, ARI may retain its REIT qualification but ARI will be required to pay a penalty of $50,000 for each such failure.

If ARI fails to distribute during each calendar year at least the sum of (a) 85% of ARI s REIT ordinary income for such year, (b) 95% of ARI s REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, or the required distribution, ARI will be subject to a 4% excise tax on the excess of the required distribution over the sum of (1) the amounts actually distributed (taking into account excess distributions from prior years), plus (2) retained amounts on which income tax is paid at the corporate level.

ARI may be required to pay monetary penalties to the IRS in certain circumstances, including if ARI fails to meet record-keeping requirements intended to monitor its compliance with rules relating to the composition of ARI stockholders, as described below in *Requirements for Qualification as a REIT*.

A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between ARI and any taxable REIT subsidiaries, or TRSs, ARI may own if and to the extent that the IRS successfully adjusts the reported amounts of these items.

If ARI acquires appreciated assets from a corporation that is not a REIT in a transaction in which the adjusted tax basis of the assets in ARI s hands is determined by reference to the adjusted tax basis of the assets in the hands of the non-REIT corporation, ARI will be subject to tax on such appreciation at the highest U.S. federal corporate income tax rate then applicable if ARI subsequently recognizes gain on a disposition of any such assets during the five-year period following their acquisition from the non-REIT corporation. The results described in this paragraph assume that the non-REIT corporation will not elect, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by ARI.

ARI generally will be subject to tax on the portion of any excess inclusion income derived from an investment in residual interests in certain mortgage loan securitization structures (i.e., a taxable mortgage pool or a residual interest in a real estate mortgage investment conduit, or REMIC) to the extent that ARI common stock is held by specified types of tax-exempt organizations known as disqualified organizations that are not subject to tax on unrelated business taxable income. To the extent that ARI owns a REMIC residual interest or a taxable mortgage pool through a TRS, ARI will not be subject to this tax. See *Effect of Subsidiary Entities Taxable Mortgage Pools* and *Excess Inclusion Income*.

ARI may elect to retain and pay U.S. federal income tax on ARI s net long-term capital gain. In that case, a stockholder would include its proportionate share of ARI s undistributed long-term capital gain (to the extent ARI makes a timely designation of such gain to the stockholder) in its income, would be deemed to have paid the tax that ARI paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholder s basis in ARI common stock. Stockholders that are U.S. corporations will also appropriately adjust their earnings and

profits for the retained capital gains in accordance with Treasury regulations to be promulgated.

ARI may have subsidiaries or own interests in other lower-tier entities that are subchapter C corporations, the earnings of which could be subject to U.S. federal corporate income tax.

In addition, ARI may be subject to a variety of taxes other than U.S. federal income tax, including state, local, and foreign income, franchise property and other taxes. ARI could also be subject to tax in situations and on transactions not presently contemplated.

Table of Contents

Requirements for Qualification as a REIT

The Internal Revenue Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;

2. the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

3. that would be taxable as a domestic corporation but for the special Internal Revenue Code provisions applicable to REITs;

4. that is neither a financial institution nor an insurance company subject to specific provisions of the Internal Revenue Code;

5. the beneficial ownership of which is held by 100 or more persons;

6. in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include specified entities);

7. that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked;

8. that uses a calendar year for U.S. federal income tax purposes;

9. that has no earnings and profits from any non-REIT taxable year at the close of any taxable year; and

10. which meets other tests, and satisfies all of the relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT qualification described below, including with respect to the nature of its income and assets and the amount of its distributions.

The Internal Revenue Code provides that conditions (1) through (4) must be met during the entire taxable year, that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year, and that conditions (5) and (6) do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. ARI believes that it has issued common stock with sufficient diversity of ownership to satisfy the requirements described in conditions (5) and (6) above. ARI s charter provides restrictions regarding the ownership and transfer of shares of ARI stock, which are intended, among other purposes, to assist ARI

in satisfying the share ownership requirements described in conditions (5) and (6) above. For purposes of condition (6), an individual generally includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with the share ownership requirements, ARI generally is required to maintain records regarding the actual ownership of shares of ARI stock. To do so, ARI must demand written statements each year from the record holders of significant percentages of shares of ARI stock, in which the record holders are to disclose the actual owners of the shares (i.e., the persons required to include in gross income the dividends paid by ARI). A list of those persons failing or refusing to comply with this demand must be maintained as part of ARI s records. Failure by ARI to comply with these record-keeping requirements could subject ARI to monetary penalties. If ARI satisfies these requirements and after exercising reasonable diligence would not have known that condition (6) is not satisfied, ARI will be deemed to have satisfied such condition. A stockholder that fails or refuses to comply with the demand is required by Treasury regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

For purposes of condition (8), ARI has adopted December 31 as its year end, and thereby satisfy this requirement.

Table of Contents

Effect of Subsidiary Entities

Ownership of Partnership Interests

In the case of a REIT that is a partner in a partnership, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership s assets and to earn its proportionate share of the partnership s gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below, the determination of a REIT s interest in partnership assets will be based on the REIT s proportionate interest in any securities issued by the partnership, excluding for these purposes, certain excluded securities as described in the Internal Revenue Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, ARI s proportionate share of the assets and items of income of partnerships in which ARI owns an equity interest (including equity interests in any lower tier partnerships) is treated as assets and items of income of ARI for purposes of applying the REIT requirements described below. Consequently, to the extent that ARI directly or indirectly holds a preferred or other equity interest in a partnership, the partnership s assets and operations may affect ARI s ability to qualify as a REIT, even though ARI may have no control or only limited influence over the partnership.

Recent legislation may alter who bears the liability in the event any subsidiary partnership is audited and an adjustment is assessed. Under the Bipartisan Budget Act of 2015, Congress recently revised the rules applicable to federal income tax audits of partnerships and the collection of any tax resulting from any such audits or other tax proceedings, generally for taxable years beginning after December 31, 2017. Under the new rules, the partnership itself may be liable for a hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit, regardless of changes in the composition of the partners (or their relative ownership) between the year under audit and the year of the adjustment. The new rules also include an elective alternative method under which the additional taxes resulting from the adjustment are assessed from the affected partners, subject to a higher rate of interest than otherwise would apply. Many questions remain as to how the new rules will apply, especially with respect to partners that are REITs, and it is not clear at this time what effect this new legislation will have on ARI. However, these changes could increase the U.S. federal income tax, interest, and/or penalties otherwise borne by ARI in the event of a federal income tax audit of a subsidiary partnership.

Disregarded Subsidiaries

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, that subsidiary is disregarded for U.S. federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REITs, as summarized below. A qualified REIT subsidiary is any corporation, other than a TRS, that is wholly owned by a REIT, by other disregarded subsidiaries of a REIT or by a combination of the two. Single member limited liability companies that are wholly owned by a REIT are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. Disregarded subsidiaries, along with partnerships in which ARI holds an equity interest, are sometimes referred to herein as pass-through subsidiaries.

In the event that a disregarded subsidiary ceases to be wholly owned by ARI (for example, if any equity interest in the subsidiary is acquired by a person other than ARI or another disregarded subsidiary of ARI), the subsidiary s separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect ARI s ability to satisfy the various asset and gross income tests applicable to REITs,

including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See *Asset Tests* and *Gross Income Tests*.

Table of Contents

Taxable REIT Subsidiaries

A REIT, in general, may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a TRS. ARI generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless ARI and such corporation elect to treat such corporation as a TRS. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, a TRS generally would be subject to U.S. federal corporate income tax and any applicable state and local taxes on its earnings, which may reduce the cash flow generated by ARI and its subsidiaries in the aggregate and ARI s ability to make distributions to ARI stockholders.

ARI has made TRS elections with respect to ACREFI I TRS, Inc., a Delaware corporation that is wholly owned by ARI, or ACREFI I TRS, and ACREFI II TRS, Ltd., a Cayman company that is wholly owned by ARI, or ACREFI II TRS, and may make TRS elections with respect to additional entities ARI may form in the future. In connection with the Second Merger, ARI will acquire the stock of ARM TRS, LLC, formerly a TRS of AMTG, and will make a TRS election with respect to ARM TRS, LLC. The Internal Revenue Code and the Treasury regulations promulgated thereunder provide a specific exemption from U.S. federal income tax that applies to a non-U.S. corporation (or a non-U.S. entity treated as a corporation for U.S. federal income tax purposes) that restricts its activities in the United States to trading in stock and securities (or any activity closely related thereto) for its own account whether such trading (or such other activity) is conducted by such a non-U.S. corporation or its employees or through a resident broker, commission agent, custodian or other agent. ACREFI II TRS believes that it has operated and intends to continue to operate in a manner so that it is not subject to U.S. federal income tax on its net income. Therefore, despite the status of ACREFI II TRS as a TRS, it should generally not be subject to U.S. federal corporate income tax on its earnings. However, certain U.S. stockholders of non-U.S. corporations are required to include in their income currently their proportionate share of certain earnings of such a corporation, whether or not such earnings are distributed. As a result, ARI is required to include in its income, on a current basis, any earnings of ACREFI II TRS and under certain circumstances earnings of any other non-U.S. corporation in which ARI owns a direct or indirect interest. This could affect ARI s ability to comply with the REIT income tests and distribution requirement. See *Gross Income Tests* and *Annual Distribution Requirements*. A REIT is not treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by the subsidiary is an asset in the hands of the REIT, and the REIT generally recognizes as income the dividends, if any, that it receives from the subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a parent REIT does not include the assets and income of such subsidiary corporations in determining the parent s compliance with the REIT requirements, such entities may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries or render commercially unfeasible (for example, activities that give rise to certain categories of income such as non-qualifying hedging income or inventory sales). ARI may hold a significant number of assets in one or more TRSs, subject to the limitation that securities in TRSs may not represent more than 25% of ARI s total assets (such limitation is decreased to 20% of ARI s total assets for taxable years beginning after December 31, 2017). To the extent that ARI acquires loans with an intention of selling such loans in a manner that might expose ARI to a 100% tax on prohibited transactions, such loans will be acquired by a TRS. If dividends are paid to ARI by one or more domestic TRSs ARI owns, then a portion of the dividends that ARI distributes to stockholders who are taxed at individual rates generally will be eligible for taxation at preferential qualified dividend income tax rates rather than at ordinary income rates. See *Taxation of Taxable U.S. Stockholders* and *Annual Distribution Requirements*.

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, if certain tests regarding the TRS s debt-to-equity ratio are not satisfied, a TRS may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed,

generally, 50% of the TRS s adjusted taxable income for that year (although such TRS may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in

Table of Contents

that year). In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between a REIT, its tenants and/or the TRS, that exceed the amount that would be paid to or deducted by a party in an arm s-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. Under the recently enacted PATH Act (as defined below), a 100% excise tax is also imposed on redetermined TRS service income, which is income of a TRS attributable to services provided to, or on behalf of, its associated REIT and which would otherwise be increased on distribution, apportionment, or allocation under Section 482 of the Code. ARI intends to monitor its transactions with its subsidiaries that are treated as TRSs in an effort to ensure that ARI will not become subject to this excise tax, however, no assurance can be provided that ARI will be successful in avoiding this excise tax.

Taxable Mortgage Pools

An entity, or a portion of an entity, may be classified as a taxable mortgage pool, or TMP, under the Internal Revenue Code if:

- substantially all of its assets consist of debt obligations or interests in debt obligations;
- more than 50% of those debt obligations are real estate mortgages or interests in real estate mortgages as of specified testing dates;
- the entity has issued debt obligations that have two or more maturities; and
- the payments required to be made by the entity on its debt obligations bear a relationship to the payments to be received by the entity on the debt obligations that it holds as assets.

Under Treasury regulations, if less than 80% of the assets of an entity (or a portion of an entity) consist of debt obligations, these debt obligations are considered not to comprise substantially all of its assets, and therefore the entity would not be treated as a TMP. ARI may enter into financing and securitization arrangements that give rise to TMPs. A TMP generally is treated as a corporation for U.S. federal income tax purposes. However, special rules apply to a REIT, a portion of a REIT, or a qualified REIT subsidiary that is a TMP. If a REIT owns directly, or indirectly through one or more qualified REIT subsidiaries or other entities that are disregarded as a separate entity for U.S. federal income tax purposes, 100% of the equity interests in the TMP, the TMP will be a qualified REIT subsidiary and, therefore, ignored as an entity separate from the REIT for U.S. federal income tax purposes and would generally not affect the qualification of the REIT. Rather, the consequences of the TMP classification would generally, except as described below, be limited to the REIT s stockholders. See *Excess Inclusion Income*.

Gross Income Tests

In order to maintain ARI s qualification as a REIT, ARI annually must satisfy two gross income tests. First, at least 75% of ARI s gross income for each taxable year, excluding gross income from sales of inventory or dealer property in prohibited transactions and certain hedging and foreign currency transactions, must be derived from investments relating to real property or mortgages on real property or interests in real property, including rents from real property, dividends received from and gains from the disposition of other shares of REITs, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), and gains from the

sale of real estate assets, as well as income from certain kinds of temporary investments. Second, at least 95% of ARI s gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, must be derived from some combination of income that qualifies under the 75% income test described above, as well as other dividends, interest, gain from the sale or disposition of stock or securities, and other income that the IRS determines to be qualified income for this purpose, which need not have any relation to real property. ARI intends to monitor the amount of its non-qualifying income and manage its portfolio of assets to comply with the gross income tests, but no assurance can be provided that ARI will be successful in this effort.

Table of Contents

For purposes of the 75% and 95% gross income tests, a REIT is deemed to have earned a proportionate share of the income earned by any partnership, or any limited liability company treated as a partnership for U.S. federal income tax purposes, in which it owns an interest, which share is determined by reference to its capital interest in such entity, and is deemed to have earned the income earned by any qualified REIT subsidiary.

Interest Income

Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation is secured by a mortgage on real property. If ARI receives interest income with respect to a mortgage loan that is secured by both real property and other property and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date of ARI s binding commitment to make or purchase the mortgage loan, the interest income will be apportioned between the real property and the other property, and ARI s income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test. In addition, for taxable years beginning after December 31, 2015, in the case of a mortgage that is secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the fair market value of the real and personal property securing the mortgage and certain other requirements are met, then the personal property securing the mortgage will be treated as real property for purposes of determining whether the interest on such mortgage is qualifying income for purposes of the 75% gross income test.

In the event that ARI invests in a mortgage loan that is not fully secured by real property and is secured by other property, except to the extent such loan qualifies for purposes of the foregoing 15% exception, ARI would be required to apportion its annual interest income to the real property security based on a fraction, the numerator of which is the value of the real property securing the loan, determined when ARI commits to acquire the loan, and the denominator of which is the highest principal amount of the loan during the year. The IRS has issued Revenue Procedure 2011-16 and Revenue Procedure 2014-51 addressing a REIT s investment in distressed debt, or the Distressed Debt Revenue Procedures. The Distressed Debt Revenue Procedures interpret the principal amount of the loan to be the face amount of the loan, despite the Internal Revenue Code requiring taxpayers to treat gain attributable to any market discount, that is the difference between the purchase price of the loan and its face amount, for all purposes (other than certain withholding and information reporting purposes) as interest. Any mortgage loan that ARI invests in that is not fully secured by real property and is secured in part by other property will therefore be subject to the interest apportionment rules and the position taken in the Distressed Debt Revenue Procedures, as described above, except to the extent such loan qualifies for purposes of the foregoing 15% exception.

To the extent that ARI derives interest income from a loan where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales and not the net income or profits of any person. This limitation does not apply, however, to a mortgage loan where the borrower derives substantially all of its income from the property from the leasing of substantially all of its interest in the property to tenants, to the extent that the rental income derived by the borrower would qualify as rents from real property had it been earned directly by ARI.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (or a shared appreciation provision), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests, provided that the property is not inventory or dealer property in the hands of the borrower or ARI.

Any amount includible in ARI s gross income with respect to a regular or residual interest in a REMIC generally is treated as interest on an obligation secured by a mortgage on real property. If, however, less than 95% of the

assets of a REMIC consists of real estate assets (determined as if ARI held such assets), ARI will be treated as directly receiving ARI s proportionate share of the income of the REMIC for purposes of determining the amount that is treated as interest on an obligation secured by a mortgage on real property.

Among the assets ARI holds are certain mezzanine loans secured by equity interests in a pass-through entity that directly or indirectly owns real property, rather than a direct mortgage on the real property. The IRS issued Revenue Procedure 2003-65, or the Revenue Procedure, which provides a safe harbor pursuant to which a mezzanine loan, if it meets each of the requirements contained in the Revenue Procedure, will be treated as a real estate asset for purposes of the REIT asset tests, and interest derived from it will be treated as qualifying mortgage interest for purposes of the 75% gross income test (described above). Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. ARI treats certain mezzanine loans that may not meet all of the requirements for reliance on this safe harbor as real estate assets giving rise to qualifying mortgage interest for purposes of the REIT asset and income requirements, or otherwise not adversely affecting ARI s qualification as a REIT. Hence, there can be no assurance that the IRS will not challenge the qualification of such assets as real estate assets or the interest generated by these loans as qualifying income under the 75% gross income test. To the extent ARI makes corporate mezzanine loans or acquire other commercial real estate corporate debt, such loans generally will not qualify as real estate assets and interest income with respect to such loans will not be qualifying income for the 75% gross income test. To the extent that such non-qualification causes ARI to fail the 75% gross income test, ARI could be required to pay a penalty tax or fail to qualify as a REIT.

ARI believes that the interest income that it receives from its mortgage-related investments and securities generally will be qualifying income for purposes of both the 75% and 95% gross income tests. However, to the extent ARI owns non-REMIC collateralized mortgage obligations or other debt instruments secured by mortgage loans (rather than by real property) or secured by non-real estate assets, or debt securities that are not secured by mortgages on real property or interests in real property, except to the extent such loan meets the above 15% exception, the interest income received with respect to such securities generally will be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. In addition, the loan amount of a mortgage loan that ARI owns may exceed the value of the real property securing the loan. In the case of a mortgage loan that is not fully secured, income from the loan will be qualifying income for purposes of the 95% gross income test, but the interest attributable to the amount of the loan that exceeds the value of the real property securing the loan will not be qualifying income for purposes of the 75% gross income test.

ARI may hold certain participation interests, including B Notes, in mortgage loans and mezzanine loans. B Notes are interests in underlying loans created by virtue of participations or similar agreements to which the originators of the loans are parties, along with one or more participants. The borrower on the underlying loan is typically not a party to the participation agreement. The performance of this investment depends upon the performance of the underlying loan and, if the underlying borrower defaults, the participant typically has no recourse against the originator of the loan. The originator often retains a senior position in the underlying loan and grants junior participations which absorb losses first in the event of a default by the borrower. ARI generally expect to treat its participation interests as qualifying real estate assets for purposes of the REIT asset tests described below and interest that ARI derives from such investments as qualifying mortgage interest for purposes of the 75% gross income test. The appropriate treatment of participation interests for U.S. federal income tax purposes is not entirely certain, however, and no assurance can be given that the IRS will not challenge ARI s treatment of ARI s participation interests. In the event of a determination that such participation interests do not qualify as real estate assets, or that the income that ARI derives from such participation interests does not qualify as mortgage interest for purposes of the REIT asset and income tests, ARI could be subject to a penalty tax, or could fail to qualify as a REIT.

ARI expects that the CMBS that it invests in will be treated either as interests in a grantor trust or as interests in a REMIC for U.S. federal income tax purposes and that all interest income, original issue discount and market discount from such CMBS will be qualifying income for the 95% gross income test. In the case of CMBS treated

as interests in grantor trusts, ARI would be treated as owning an undivided beneficial ownership interest in the mortgage loans held by the grantor trust. The interest, original issue discount and market discount on such mortgage loans would be qualifying income for purposes of the 75% gross income test to the extent that the obligation is secured by real property, as discussed above. In the case of CMBS treated as interests in a REMIC, income derived from REMIC interests will generally be treated as qualifying income for purposes of the 75% and 95% gross income tests. As discussed above, if less than 95% of the assets of the REMIC are real estate assets, however, then only a proportionate part of ARI s income derived from the REMIC interest will qualify for purposes of the 75% gross income test. In addition, some REMIC securitizations include imbedded interest swap or cap contracts or other derivative instruments that potentially could produce non-qualifying income for the holder of the related REMIC securities. ARI expects that substantially all of its income from CMBS will be qualifying income for purposes of the REIT gross income tests.

Although a debt instrument issued by a publicly offered REIT (i.e., a REIT that is required to file annual and periodic reports with the SEC under the Exchange Act) is treated as a real estate asset for purposes of the asset tests described below for taxable years beginning after December 31, 2015, neither the gain from the sale of such debt instruments nor interest on such debt instruments is treated as qualifying income for the 75% gross income test except to the extent the debt instrument is secured by real property or an interest in real property under the rules described above.

Fee Income

ARI may receive various fees in connection with its operations. Such fees generally will be qualifying income for purposes of both the 75% and 95% gross income tests if they are received in consideration for entering into an agreement to make a loan secured by real property and the fees are not determined by income or profits. Other fees are not qualifying income for purposes of either the 75% or 95% gross income test. Any fees earned by a TRS are not included for purposes of the gross income tests.

Dividend Income

ARI may receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are classified as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions generally constitute qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. Any dividends received by ARI from a REIT will be qualifying income in ARI s hands for purposes of both the 95% and 75% gross income tests.

Income inclusions from equity investments in certain foreign corporations, such as ACREFI II TRS, are technically neither dividends nor any of the other enumerated categories of income specified in the 95% gross income test for U.S. federal income tax purposes. However, several private letter rulings (which may not be relied on as precedent, but which generally indicate the IRS s view on the issue), the IRS exercised its authority under Internal Revenue Code Section 856(c)(5)(J)(ii) to treat such income as qualifying income for purposes of the 95% gross income test notwithstanding the fact that the income is not included in the enumerated categories of income qualifying for the 95% gross income test. As a result, based on advice of counsel, ARI treats such income inclusions that meet certain requirements as qualifying income for purposes of the 95% gross income test. Notwithstanding the IRS s determination in the private letter rulings described above, it is possible that the IRS could assert that such income does not qualify for purposes of the 95% gross income test, which, if such income together with other income ARI earns that does not qualify for the 95% gross income test exceeded 5% of ARI s gross income, could cause ARI to be subject to a penalty tax and could adversely affect ARI s ability to qualify as a REIT. See *Failure to Satisfy the Gross Income Tests* and *Failure to Qualify*.

Hedging Transactions

ARI may enter into hedging transactions with respect to one or more of ARI s assets or liabilities. Hedging transactions could take a variety of forms, including hedging instruments such as interest rate swap agreements,

Table of Contents

interest rate cap agreements, interest rate floor or collar agreements, interest only strips, options, futures contracts, forward rate agreements, swaptions, similar financial instruments or other financial instruments that ARI deems appropriate. Except to the extent provided by Treasury regulations, any income from a hedging transaction (including gain from the sale or disposition of such a transaction) ARI enters into (1) in the normal course of ARI s business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, (2) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests, or (3) after December 31, 2015 to hedge a prior qualifying hedge of liabilities or property described in clauses (1) or (2) which has been disposed of, in each case which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into, will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that ARI enters into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the 75% and 95% gross income tests. While ARI intends to structure any hedging transactions in a manner that does not jeopardize ARI s qualification as a REIT, there can be no assurances ARI will be successful in this regard.

Rents from Real Property

To the extent that ARI owns real property or interests therein, rents ARI receives qualify as rents from real property in satisfying the gross income tests described above, only if several conditions are met, including the following. If rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under any particular lease, then all of the rent attributable to such personal property will not qualify as rents from real property. The determination of whether an item of personal property constitutes real or personal property under the REIT provisions of the Internal Revenue Code is subject to both legal and factual considerations and therefore is subject to different interpretations. While ARI intends to structure any leases so that the rent payable thereunder qualifies as rents from real property, there can be no assurance ARI will be successful in this regard.

In addition, in order for rents received by ARI to qualify as rents from real property, the rent must not be based in whole or in part on the income or profits of any person. However, an amount will not be excluded from rents from real property solely by being based on a fixed percentage or percentages of sales or if it is based on the net income of a tenant that derives substantially all of its income with respect to such property from subleasing of substantially all of such property, to the extent that the rents paid by the subtenants would qualify as rents from real property if earned directly by ARI. Moreover, for rents received to qualify as rents from real property, ARI generally must not operate or manage the property or furnish or render certain services to the tenants of such property, other than through an independent contractor who is adequately compensated and from which ARI derives no income or through a TRS. ARI is permitted, however, to perform services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition, ARI may directly or indirectly provide non-customary services to tenants of ARI s properties without disqualifying all of the rent from the property if the greater of 150% of ARI s direct cost in furnishing or rendering the services or the payment for such services does not exceed 1% of the total gross income from the property. In such a case, only the amounts for non-customary services are not treated as rents from real property and the provision of the services does not disqualify the related rent.

Rental income will qualify as rents from real property only to the extent that ARI does not directly or constructively own, (1) in the case of any tenant which is a corporation, stock possessing 10% or more of the total combined voting power of all classes of stock entitled to vote, or 10% or more of the total value of shares of all classes of stock of such tenant, or (2) in the case of any tenant which is not a corporation, an interest of 10% or more in the assets or net profits of such tenant.

143

Table of Contents

Phantom Income

Due to the nature of the assets in which ARI invests, ARI may be required to recognize taxable income from those assets in advance of ARI s receipt of cash flow on or proceeds from disposition of such assets, and may be required to report taxable income that exceeds the economic income ultimately recognized on such assets.

ARI may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount generally will 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 ARI elects 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 ARI collects less on the debt instrument than ARI s purchase price plus the market discount ARI had previously reported as income, ARI may not be able to benefit from any offsetting loss deductions in a subsequent taxable year.

Some of the CMBS that ARI acquires may have been issued with original issue discount. In general, ARI will be required to accrue original issue discount based on the constant yield to maturity of the CMBS, and to treat it as taxable income in accordance with applicable U.S. federal income tax rules even though smaller or no cash payments are received on such debt instrument. As in the case of the market discount discussed in the preceding paragraph, the constant yield in question will be determined and ARI will be taxed based on the assumption that all future payments due on CMBS in question will be made, with consequences similar to those described in the previous paragraph if all payments on the CMBS are not made.

In addition, in the event that any debt instruments or CMBS acquired by ARI 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, ARI may nonetheless be required to continue to recognize the unpaid interest as taxable income. Similarly, ARI may be required to accrue interest income with respect to subordinate mortgage-backed securities at the stated rate regardless of whether corresponding cash payments are received.

Finally, ARI may be required under the terms of indebtedness that ARI incurs to private lenders to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to ARI stockholders.

Due to each of these potential timing differences between income recognition or expense deduction and the related cash receipts or disbursements, there is a significant risk that ARI may have substantial taxable income in excess of cash available for distribution. In that event, ARI may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this phantom income is recognized. See *Annual Distribution Requirements*.

Failure to Satisfy the Gross Income Tests

ARI intends to monitor ARI s sources of income, including any non-qualifying income received by ARI, and manage ARI s assets so as to ensure ARI s compliance with the gross income tests. ARI can provide no assurance, however, that ARI will be able to satisfy the gross income tests. If ARI fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, ARI may still qualify as a REIT for the year if ARI is entitled to relief under applicable provisions of the Internal Revenue Code. These relief provisions generally will be available if the failure of ARI to meet these tests was due to reasonable cause and not due to willful neglect and, following the identification of such failure, ARI sets forth a description of each item of ARI s gross income that satisfies the gross income tests in a

schedule for the taxable year filed in accordance with the Treasury regulations. It is not possible to state whether ARI would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances involving ARI s failure to satisfy the gross income tests, ARI will not qualify as a REIT. As discussed above under *Taxation of REITs in General*, even where these relief provisions apply, a tax would be imposed upon the profit attributable to the amount by which ARI fails to satisfy the particular gross income test, which could be a significant amount.

Table of Contents

Asset Tests

ARI, at the close of each calendar quarter, must also satisfy four tests relating to the nature of ARI s assets. First, at least 75% of the value of ARI s total assets must be represented by some combination of real estate assets, cash, cash items, U.S. government securities and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, debt instruments issued by publicly offered REITS, personal property leased with real property to the extent rent attributable to such personal property does not exceed 15% of the total rent for the taxable year attributable to both the real and personal property under such lease for taxable years beginning after December 31, 2015, stock of other corporations that qualify as REITs and certain kinds of CMBS and mortgage loans. Regular or residual interests in REMICs generally are treated as a real estate asset. If, however, less than 95% of the assets of a REMIC consists of real estate assets (determined as if ARI held such assets), ARI will be treated as owning ARI s proportionate share of the assets of the REMIC. Assets that do not qualify for purposes of the 75% test are subject to the following additional asset tests: (i) the value of any one issuer s securities owned by ARI may not exceed 5% of the value of ARI s total assets; (ii) ARI may not own more than 10% of any one issuer s outstanding securities, as measured by either voting power or value; and (iii) the aggregate value of all securities of TRSs held by ARI may not exceed 25% of the value of ARI s total assets (such limitation is decreased to 20% of ARI s total assets for taxable years beginning after December 31, 2017). Debt instruments issued by publicly offered REITs that otherwise do not qualify as real estate mortgages may not exceed 25% of ARI s gross assets.

The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries. The 10% value test does not apply to certain straight debt and other excluded securities, as described in the Internal Revenue Code, including but not limited to any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, (a) a REIT s interest as a partner in a partnership is not considered a security for purposes of applying the 10% value test; (b) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership s gross income is derived from sources that would qualify for the 75% REIT gross income test; and (c) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by the partnership to the extent of the REIT s interest as a partner in the partnership.

For purposes of the 10% value test, straight debt means a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower s discretion, or similar factors other than certain contingencies relating to the timing and amount of principal and interest payments, as described in the Internal Revenue Code and (iii) in the case of an issuer which is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if ARI, and any of ARI s controlled taxable REIT subsidiaries as defined in the Internal Revenue Code, hold any securities of the corporate or partnership issuer which (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer s outstanding securities (including, for the purposes of a partnership issuer, ARI s interest as a partner in the partnership).

Failure to Satisfy the Asset Tests

After initially meeting the asset tests at the close of any quarter, ARI will not lose ARI s qualification as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If ARI fails to satisfy the asset tests because ARI acquires or increases ARI s ownership interest in securities during a quarter, ARI can cure this failure by disposing of sufficient non-qualifying assets within 30 days after the close of that quarter. If ARI fails the 5% asset test, or the 10% vote or value asset tests at the end of any quarter and such failure is not cured

within 30 days thereafter, ARI may dispose of sufficient assets (generally within six months after the last day of the quarter in which ARI s identification of the failure to satisfy these asset tests occurred) to cure such a violation that does not exceed the lesser of 1% of ARI s assets at the end of the relevant quarter or $10,000,000. If ARI fails any of the other asset tests or ARI s failure of the 5% and 10% asset tests is in excess of the de minimis amount described above, as long as such failure was due to reasonable cause and not

Table of Contents

willful neglect, ARI is permitted to avoid disqualification as a REIT, after the 30 day cure period, by taking steps including the disposition of sufficient assets to meet the asset test (generally within six months after the last day of the quarter in which ARI s identification of the failure to satisfy the REIT asset test occurred) and paying a tax equal to the greater of $50,000 or the highest U.S. federal corporate income tax rate (currently 35%) of the net income generated by the non-qualifying assets during the period in which ARI failed to satisfy the asset test.

ARI expects that the assets comprising ARI s mortgage-related investments and securities that ARI owns generally will continue to be qualifying assets for purposes of the 75% asset test, and that ARI s holdings of TRSs and other assets will continue to be structured in a manner that will comply with the foregoing REIT asset requirements, and ARI monitors compliance on an ongoing basis. There can be no assurance, however, that ARI will continue to be successful in this effort. ARI does not expect to obtain independent appraisals to support ARI s conclusions as to the total value of ARI s assets or the value of any particular security or other asset. Moreover, values of some assets including ARI s interests in ARI s TRSs may not be susceptible to a precise determination and are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that ARI s interests in subsidiaries or in the securities of other issuers cause a violation of the REIT asset tests.

In addition, ARI has and may continue to enter into repurchase agreements under which ARI nominally sells certain of ARI s assets to a counterparty and simultaneously enter into an agreement to repurchase the sold assets. ARI believes that ARI 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 ARI 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 ARI did not own the assets during the term of the repurchase agreement, in which case ARI could fail to qualify as a REIT.

Annual Distribution Requirements

In order to qualify as a REIT, ARI is required to distribute dividends, other than capital gain dividends, to ARI stockholders in an amount at least equal to:

(a) the sum of:

90% of ARI s REIT taxable income (computed without regard to ARI s deduction for dividends paid and ARI s net capital gains); and

90% of the net income (after tax), if any, from foreclosure property (as described below); minus

(b) the sum of specified items of non-cash income that exceeds a percentage of ARI s income.

These distributions must be paid in the taxable year to which they relate or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to stockholders of record on a specified date in any such month and are actually paid before the end of January of the following year. Such distributions are treated as both paid by ARI and received by each stockholder on December 31 of the year in which they are declared. In addition, at ARI s election, a distribution for a taxable year may be declared before ARI

timely files ARI s tax return for the year and be paid with or before the first regular dividend payment after such declaration, provided that such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to ARI stockholders in the year in which paid, even though the distributions relate to ARI s prior taxable year for purposes of the 90% distribution requirement.

To the extent that ARI distributes at least 90%, but less than 100%, of ARI s REIT taxable income, as adjusted, ARI will be subject to tax at ordinary U.S. federal corporate tax rates on the retained portion. In addition, ARI may elect to retain, rather than distribute, ARI s net long-term capital gains and pay tax on such gains. In this case, ARI could elect to have ARI stockholders include their proportionate share of such undistributed long-term capital gains in income and receive a corresponding credit or refund, as the case may be, for their proportionate

Table of Contents

share of the tax paid by ARI. ARI stockholders would then increase the adjusted basis of their stock in ARI by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares. Stockholders that are U.S. corporations would also appropriately adjust their earnings and profits for the retained capital gains in accordance with Treasury regulations to be promulgated.

If ARI fails to distribute during each calendar year at least the sum of (a) 85% of ARI s REIT ordinary income for such year, (b) 95% of ARI s REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, ARI will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior periods) and (y) the amounts of income retained on which ARI has paid U.S. federal corporate income tax. ARI intends to make timely distributions so that ARI is not subject to the 4% excise tax.

It is possible that ARI, from time to time, may not have sufficient cash to meet the distribution requirements due to timing differences between (a) the actual receipt of cash, including receipt of distributions from ARI s subsidiaries and (b) the inclusion of items in income by ARI for U.S. federal income tax purposes. For example, ARI may acquire debt instruments or notes whose face value may exceed its issue price as determined for U.S. federal income tax purposes, resulting in original issue discount, such that ARI will be required to include in ARI s income a portion of the original issue discount each year that the instrument is held before ARI receives any corresponding cash. Furthermore, ARI likely will invest in assets that accrue market discount, which may require ARI to defer a portion of the interest deduction for interest paid on debt incurred to acquire or carry such assets. In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary to arrange for short-term, or possibly long-term, borrowings, to use cash reserves, to liquidate non cash assets at rates or times ARI regards as unfavorable, or to pay dividends in the form of taxable in-kind distributions of property including taxable stock dividends. In the case of a taxable stock dividend, stockholders would be required to include the dividend as income and would be required to satisfy the tax liability associated with the distribution with cash from other sources including sales of ARI common stock. Both a taxable stock distribution and sale of common stock resulting from such distribution could adversely affect the price of ARI common stock. ARI may be able to rectify a failure to meet the distribution requirements for a year by paying deficiency dividends to stockholders in a later year, which may be included in ARI s deduction for dividends paid for the earlier year. In this case, ARI may be able to avoid losing ARI s qualification as a REIT or being taxed on amounts distributed as deficiency dividends. However, ARI will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

Recordkeeping Requirements

ARI is required to maintain records and request on an annual basis information from specified stockholders. These requirements are designed to assist ARI in determining the actual ownership of ARI s outstanding stock and maintaining ARI s qualifications as a REIT.

Excess Inclusion Income

A portion of ARI s income from a TMP arrangement, which might be non-cash accrued income, could be treated as excess inclusion income. A REIT s excess inclusion income, including any excess inclusion income from a residual interest in a REMIC, must be allocated among its stockholders in proportion to dividends paid. ARI is required to notify stockholders of the amount of excess inclusion income allocated to them. A stockholder s share of excess inclusion income:

cannot be offset by any net operating losses otherwise available to the stockholder,

in the case of a stockholder that is a REIT, a RIC, or a common trust fund or other pass through entity, is considered excess inclusion income of such entity,

is subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from U.S. federal income tax,

Table of Contents

results in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction for any otherwise applicable income tax treaty or other exemption, to the extent allocable to most types of non-U.S. stockholders, and

is taxable (at the highest U.S. federal corporate tax rate, currently 35%) to the REIT, rather than its stockholders, to the extent allocable to the REIT s stock held in record name by disqualified organizations (generally, tax-exempt entities not subject to unrelated business income tax, including governmental organizations).

The manner in which excess inclusion income is calculated, or would be allocated to stockholders, including allocations among shares of different classes of stock, is not clear under current law. As required by IRS guidance, ARI intends to make such determinations using a reasonable method.

Tax-exempt investors, RIC or REIT investors, non-U.S. investors and taxpayers with net operating losses should carefully consider the tax consequences described above, and are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of an investment in ARI s securities.

If a subsidiary partnership of ARI that ARI does not wholly-own, directly or through one or more disregarded entities, were a TMP, the foregoing rules would not apply. Rather, the partnership that is a TMP would be treated as a corporation for U.S. federal income tax purposes, and potentially would be subject to U.S. federal corporate income tax or withholding tax. In addition, this characterization would alter ARI s income and asset test calculations, and could adversely affect ARI s compliance with those requirements. ARI intends to monitor the structure of any TMPs in which ARI will have an interest to ensure that they will not adversely affect ARI s qualification as a REIT.

Prohibited Transactions

Net income ARI derives from a prohibited transaction is subject to a 100% tax. The term prohibited transaction generally includes a sale or other disposition of property (other than foreclosure property) that is held as inventory or primarily for sale to customers, in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to the REIT. ARI intends to conduct its operations so that no asset owned by ARI or ARI s pass-through subsidiaries will be held as inventory or primarily for sale to customers, and that a sale of any assets owned by ARI directly or through a pass-through subsidiary will not be in the ordinary course of business. However, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances. No assurance can be given that any particular asset in which ARI holds a direct or indirect interest will not be treated as property held as inventory or primarily for sale to customers or that certain safe harbor provisions of the Internal Revenue Code that prevent such treatment will apply. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular U.S. federal corporate income tax rates.

Foreclosure Property

Foreclosure property is real property and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure or having otherwise reduced the property to ownership or possession by agreement or process of law after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the

maximum U.S. federal corporate tax rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of

Table of Contents

property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT. ARI does not anticipate that it will receive any income from foreclosure property that is not qualifying income for purposes of the 75% gross income test, but, if ARI does receive any such income, it intends to elect to treat the related property as foreclosure property.

Failure to Qualify

In the event that ARI violates a provision of the Internal Revenue Code that would result in ARI s failure to qualify as a REIT, ARI may nevertheless continue to qualify as a REIT under specified relief provisions that will be available to ARI to avoid such disqualification if (1) the violation is due to reasonable cause and not due to willful neglect, (2) ARI pays a penalty of $50,000 for each failure to satisfy a requirement for qualification as a REIT and (3) the violation does not include a violation under the gross income or asset tests described above (for which other specified relief provisions are available). This cure provision reduces the instances that could lead to ARI s disqualification as a REIT for violations due to reasonable cause. If ARI fails to qualify for taxation as a REIT in any taxable year and none of the relief provisions of the Internal Revenue Code apply, ARI will be subject to tax, including any applicable alternative minimum tax, on ARI s taxable income at regular corporate rates. Distributions to ARI stockholders in any year in which ARI is not a REIT will not be deductible by ARI, nor will they be required to be made. In this situation, to the extent of current or accumulated earnings and profits, and, subject to limitations of the Internal Revenue Code, distributions to ARI stockholders generally will be taxable in the case of ARI stockholders who are individual U.S. stockholders (as defined below), at a maximum rate of 20%, and dividends in the hands of ARI s corporate U.S. stockholders may be eligible for the dividends received deduction. Unless ARI is entitled to relief under the specific statutory provisions, ARI also will be disqualified from re-electing to be taxed as a REIT for the four taxable years following a year during which qualification was lost. It is not possible to state whether, in all circumstances, ARI will be entitled to statutory relief.

Taxation of Taxable U.S. Stockholders

This section summarizes the taxation of U.S. stockholders (as defined above) that are not tax-exempt organizations.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ARI stock, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding ARI common stock should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of ARI stock by the partnership.

Distributions

Provided that ARI continues to qualify as a REIT, distributions made to ARI s taxable U.S. stockholders out of ARI s current and accumulated earnings and profits, and not designated as capital gain dividends, generally will be taken into account by them as ordinary dividend income and will not be eligible for the dividends received deduction for corporations. In determining the extent to which a distribution with respect to ARI common stock constitutes a dividend for U.S. federal income tax purposes, ARI s earnings and profits will be allocated first to distributions with respect to ARI preferred stock, including its Series C Preferred Stock to be issued in the Second Merger, and then to ARI common stock. Dividends received from REITs generally are not eligible to be taxed at the preferential qualified dividend income rates applicable to individual U.S. stockholders who receive dividends from taxable subchapter C corporations.

In addition, distributions from ARI that are designated as capital gain dividends will be taxed to U.S. stockholders as long-term capital gains, to the extent that they do not exceed the actual net capital gain of ARI

Table of Contents

for the taxable year, without regard to the period for which the U.S. stockholder has held its stock. For taxable years beginning after December 31, 2015, such capital gain dividends may not exceed ARI s dividends paid for the taxable year, including dividends paid the following year that are treated as paid in the current year. To the extent that ARI elects under the applicable provisions of the Internal Revenue Code to retain ARI s net capital gains, U.S. stockholders will be treated as having received, for U.S. federal income tax purposes, ARI s undistributed capital gains as well as a corresponding credit for taxes paid by ARI on such retained capital gains. U.S. stockholders will increase their adjusted tax basis in ARI common stock by the difference between their allocable share of such retained capital gain and their share of the tax paid by ARI. Corporate U.S. stockholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Long-term capital gains generally are taxable at maximum U.S. federal rates of 20% in the case of U.S. stockholders who are individuals, and 35% for corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum U.S. federal income tax rate for U.S. stockholders who are individuals, to the extent of previously claimed depreciation deductions.

Distributions in excess of ARI s current and accumulated earnings and profits will not be taxable to a U.S. stockholder to the extent that they do not exceed the adjusted tax basis of the U.S. stockholder s shares of ARI stock in respect of which the distributions were made, but rather will reduce the adjusted tax basis of these shares. To the extent that such distributions exceed the adjusted tax basis of a U.S. stockholder s shares of ARI stock, they will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend declared by ARI in October, November or December of any year and payable to a U.S. stockholder of record on a specified date in any such month will be treated as both paid by ARI and received by the U.S. stockholder on December 31 of such year, provided that the dividend is actually paid by ARI before the end of January of the following calendar year.

With respect to U.S. stockholders who are taxed at the rates applicable to individuals, ARI may elect to designate a portion of ARI s distributions paid to such U.S. stockholders as qualified dividend income. A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. stockholders as capital gain, provided that the U.S. stockholder has held ARI stock with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such stock became ex-dividend with respect to the relevant distribution. The maximum amount of ARI s distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(a) the qualified dividend income received by ARI during such taxable year from non-REIT C corporations (including any domestic TRS in which ARI may own an interest);

(b) the excess of any undistributed REIT taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by ARI with respect to such undistributed REIT taxable income; and

(c) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the U.S. federal income tax paid by ARI with respect to such built-in gain.

Generally, dividends that ARI receives will be treated as qualified dividend income for purposes of (a) above if the dividends are received from a domestic C corporation (other than a REIT or a RIC), any domestic TRS ARI may form, or a qualified foreign corporation and specified holding period requirements and other requirements are met.

To the extent that ARI has available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to comply with the REIT distribution requirements. See *Taxation of ARI General* and *Annual Distribution Requirements*. Such losses, however, are not passed through to U.S. stockholders and do not offset income of U.S. stockholders from

Table of Contents

other sources, nor do they affect the character of any distributions that are actually made by ARI, which generally are subject to tax in the hands of U.S. stockholders to the extent that ARI has current or accumulated earnings and profits.

If excess inclusion income from a taxable mortgage pool or REMIC residual interest is allocated to any stockholder, that income will be taxable in the hands of the stockholder and would not be offset by any net operating losses of the stockholder that would otherwise be available. See *Effect of Subsidiary Entities Taxable Mortgage Pools* and *Excess Inclusion Income*. As required by IRS guidance, ARI intends to notify ARI stockholders if a portion of a dividend paid by ARI is attributable to excess inclusion income.

Dispositions of ARI Stock

In general, a U.S. stockholder will realize gain or loss upon the sale, redemption or other taxable disposition of ARI s stock in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder s adjusted tax basis in such ARI stock at the time of the disposition. In general, a U.S. stockholder s adjusted tax basis will equal the U.S. stockholder s acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on it and reduced by returns of capital. In general, capital gains recognized by individuals and other non-corporate U.S. stockholders upon the sale or disposition of shares of ARI stock will be subject to a maximum U.S. federal income tax rate of 20%, if such ARI stock is held for more than 12 months, and will be taxed at ordinary income rates of up to 39.6% if such ARI stock is held for 12 months or less. Gains recognized by U.S. stockholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for non-corporate holders) to a portion of capital gain realized by a non-corporate holder on the sale of REIT stock that would correspond to the REIT s unrecaptured Section 1250 gain.

Capital losses recognized by a U.S. stockholder upon the disposition of ARI stock held for more than one year at the time of disposition will be considered long-term capital losses, and generally are available only to offset capital gain income of the U.S. stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of ARI stock by a U.S. stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from ARI that were required to be treated by the U.S. stockholder as long-term capital gain.

Passive Activity Losses and Investment Interest Limitations

Distributions made by ARI and gain arising from the sale or exchange by a U.S. stockholder of ARI stock will not be treated as passive activity income. As a result, U.S. stockholders will not be able to apply any passive losses against income or gain relating to ARI stock. Distributions made by ARI, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. stockholder that elects to treat capital gain dividends, capital gains from the disposition of stock or qualified dividend income as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts.

Medicare Tax on Unearned Income

U.S. stockholders that are individuals, estates or trusts are subject to an additional 3.8% U.S. federal income tax on, among other things, dividends on and capital gains from the sale or other disposition of stock. U.S. stockholders

should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of ARI stock.

Table of Contents

Taxation of Tax-Exempt U.S. Stockholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which we refer to as UBTI. The IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (1) a tax-exempt U.S. stockholder has not held ARI stock as debt financed property within the meaning of the Internal Revenue Code (i.e., where the acquisition or holding of the property is financed through a borrowing by the tax-exempt stockholder) and (2) ARI does not hold an asset that gives rise to excess inclusion income (see *Effect of Subsidiary Entities*, and *Exces Inclusion Income*), distributions from ARI and income from the sale of ARI stock generally should not give rise to UBTI to a tax-exempt U.S. stockholder. As previously noted, ARI may engage in transactions that would result in a portion of ARI s dividend income being considered excess inclusion income, and accordingly, it is possible that a portion of ARI s dividends received by a tax-exempt stockholder will be treated as UBTI.

Tax-exempt U.S. stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from ARI as UBTI, unless they are able to properly exclude certain amounts set aside or placed in reserve for specific purposes so as to offset the income generated by its investment in ARI stock. These prospective investors should consult their tax advisors concerning these set aside and reserve requirements.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Internal Revenue Code, (2) that is tax exempt under Section 501(a) of the Internal Revenue Code, and (3) that owns more than 10% of ARI stock could be required to treat a percentage of the dividends from ARI as UBTI if ARI is a pension-held REIT. ARI will not be a pension-held REIT unless (1) either (A) one pension trust owns more than 25% of the value of ARI stock, or (B) a group of pension trusts, each individually holding more than 10% of the value of ARI stock, collectively owns more than 50% of such stock; and (2) ARI would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Internal Revenue Code provides that stock owned by such trusts shall be treated, for purposes of the requirement that not more than 50% of the value of the outstanding stock of a REIT is owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities), as owned by the beneficiaries of such trusts. Certain restrictions on ownership and transfer of ARI stock should generally prevent a tax-exempt entity from owning more than 10% of the value of ARI stock, or ARI from becoming a pension-held REIT.

Tax-exempt U.S. stockholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign tax consequences of owning ARI stock, including applicable tax reporting requirements.

Taxation of Non-U.S. Stockholders

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of ARI stock applicable to non-U.S. stockholders of ARI stock, as defined above. The discussion is based on current law and is for general information only. It addresses only selective and not all aspects of U.S. federal income taxation.

Non-U.S. stockholders should consult their tax advisors concerning the U.S. federal estate consequences of ownership of ARI stock.

Ordinary Dividends

The portion of dividends received by non-U.S. stockholders payable out of ARI s earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively

Table of Contents

connected with a U.S. trade or business of the non-U.S. stockholder generally will be subject to U.S. federal withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs. In addition, any portion of the dividends paid to non-U.S. stockholders that are treated as excess inclusion income will not be eligible for exemption from the 30% withholding tax or a reduced treaty rate. As previously noted, ARI may engage in transactions that would result in a portion of ARI s dividends being considered excess inclusion income, and accordingly, it is possible that a portion of ARI s dividend income will not be eligible for exemption from the 30% withholding rate or a reduced treaty rate. In the case of a taxable stock dividend with respect to which any withholding tax is imposed on a non-U.S. stockholder, ARI may have to withhold or dispose of part of the shares otherwise distributable in such dividend and use such withheld shares or the proceeds of such disposition to satisfy the withholding tax imposed.

In general, non-U.S. stockholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of ARI stock. In cases where the dividend income from a non-U.S. stockholder s investment in ARI stock is, or is treated as, effectively connected with the non-U.S. stockholder s conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax on the income after the application of the income tax in the case of a non-U.S. stockholder that is a corporation.

Non-Dividend Distributions

Unless (A) ARI stock constitutes a U.S. real property interest with respect to a non-U.S. stockholder, or USRPI, or (B) either (1) the non-U.S. stockholder s investment in ARI stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain and, in the case of a non-U.S. stockholder that is a corporation, may also be subject to the 30% branch profits tax on such gain after the application of the income tax) or (2) the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual s net capital gain for the year), distributions by ARI which are not dividends out of ARI s earnings and profits will not be subject to U.S. federal income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the non-U.S. stockholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of ARI s current and accumulated earnings and profits.

If ARI stock constitutes a USRPI with respect to a non-U.S. stockholder, as described below, distributions by ARI in excess of the sum of ARI s earnings and profits plus the non-U.S. stockholder s adjusted tax basis in ARI stock will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. stockholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a withholding at a rate of 15% of the amount by which the distribution exceeds the stockholder s share of ARI s earnings and profits. As described below, ARI does not expect shares of ARI stock to constitute USRPIs.

Capital Gain Dividends

Under FIRPTA, a distribution made by ARI to a non-U.S. stockholder, to the extent attributable to gains from dispositions of USRPIs held by ARI directly or through pass-through subsidiaries, or USRPI capital gains, will be considered effectively connected with a U.S. trade or business of the non-U.S. stockholder and will be subject to U.S.

federal income tax at the rates applicable to U.S. stockholders, without regard to whether the distribution is designated as a capital gain dividend. In addition, ARI will be required to withhold tax equal to 35% (20% to

Table of Contents

the extent provided in Treasury Regulations) of the amount of capital gain dividends to the extent the dividends constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. holder that is a corporation. However, the 35% (20% to the extent provided in Treasury Regulations) withholding tax will not apply to any capital gain dividend with respect to (1) any class of ARI stock which is regularly traded on an established securities market located in the United States if the non-U.S. stockholder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend or (2) a non-U.S. stockholder which is treated as a qualified shareholder or qualified foreign pension fund as discussed below. Instead, any capital gain dividend to a qualified shareholder or a non-U.S. stockholder described in clause (1) of the preceding sentence will be treated as a distribution subject to the rules discussed above under *Taxation of Non-U.S. Stockholders Ordinary Dividends*. Also, the branch profits tax will not apply to such a distribution. A distribution is not a USRPI capital gain if ARI held the underlying asset solely as a creditor, although the holding of a shared appreciation mortgage loan would not be solely as a creditor. Capital gain dividends received by a non-U.S. stockholder from a REIT that are not USRPI capital gains generally are not subject to U.S. federal income or withholding tax, unless either (1) the non-U.S. stockholder s investment in ARI stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain and, in the case of a non-U.S. stockholder that is a corporation, may also be subject to the 30% branch profits tax on such gain after the application of the income tax) or (2) the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual s net capital gain for the year). ARI does not anticipate that a substantial portion of ARI s assets will constitute USRPIs.

Dispositions of ARI Stock

Unless ARI stock constitutes a USRPI with respect to a non-U.S. stockholder, a sale of the stock by a non-U.S. stockholder generally will not be subject to U.S. federal income taxation under FIRPTA. Generally, with respect to any particular stockholder, ARI common stock will constitute a USRPI only if each of the following three statements is true:

(a) Fifty percent or more of ARI s assets on any of certain testing dates during a prescribed testing period consist of interests in real property located within the United States, excluding for this purpose, interests in real property solely in a capacity as creditor;

(b) ARI is not a domestically-controlled REIT. A domestically-controlled REIT includes a REIT, less than 50% of value of which is held directly or indirectly by non-U.S. persons at all times during a specified testing period. Although ARI believes that it is currently a domestically-controlled REIT, because ARI s shares are publicly traded ARI cannot make any assurance that it will remain a domestically-controlled REIT; and

(c) Either (i) ARI stock is not regularly traded, as defined by applicable Treasury regulations, on an established securities market; or (ii) the applicable class of ARI stock held by the non-U.S. stockholder is regularly traded on an established securities market and the selling non-U.S. stockholder has actually or constructively held over 10% of such class of stock any time during the shorter of the five-year period ending on the date of the sale or the period such selling non-U.S. stockholder held ARI such stock.

Specific wash sales rules applicable to sales of stock in a domestically-controlled REIT could result in gain recognition, taxable under FIRPTA, upon the sale of ARI common or preferred stock, as the case may be, even if ARI is a domestically-controlled REIT. These rules would apply if a non-U.S. stockholder (a) disposes of such ARI stock within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been taxable to such non-U.S. stockholder as gain from the sale or exchange of a USRPI, and (b) acquires, or enters into a contract or option to acquire, other shares of ARI common or preferred

Table of Contents

stock, as the case may be, during the 61-day period that begins 30 days prior to such ex-dividend date unless such stock is regularly traded and the non-U.S. stockholder did not own more than 5% of the stock at any time during the one-year period ending on the date of the distribution described in clause (a).

If gain on the sale of ARI stock were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the stock could be required to withhold 15% of the purchase price and remit such amount to the IRS.

Gain from the sale of ARI stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. stockholder in two cases: (a) if the non-U.S. stockholder s investment in ARI common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder, the non-U.S. stockholder will be subject to the same treatment as a U.S. stockholder with respect to such gain, and, in the case of a non-U.S. stockholder that is a corporation, may also be subject to the 30% branch profits tax on such gain after the application of the income tax, or (b) if the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, the nonresident alien individual will be subject to a 30% tax on the individual s net capital gain.

Qualified Shareholders

Subject to the exception discussed below, any distribution to a qualified shareholder who holds ARI common or preferred stock, as the case may be, directly or indirectly (through one or more partnerships) generally will not be subject to U.S. federal income tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. However, a qualified shareholder will be subject to FIRPTA withholding on distributions to the extent certain non-U.S. investors of such qualified shareholder that are not also qualified shareholders hold interests in the qualified shareholder (other than interests solely as a creditor) and hold more than 10% of ARI common or preferred stock, as the case may be (whether or not by reason of the investor s ownership in the qualified shareholder).

In addition, a sale of shares of ARI common or preferred stock, as the case may be, by a qualified shareholder who holds such shares directly or indirectly (through one or more partnerships) generally will not be subject to U.S. federal income tax under FIRPTA. As with distributions, a qualified shareholder will be subject to FIRPTA withholding on a sale of such ARI stock to the extent certain non-U.S. investors of such qualified shareholder that are not also qualified shareholders hold interests in the qualified shareholder (other than interests solely as a creditor) and hold more than 10% of ARI common or preferred stock, as the case may be (whether or not by reason of the investor s ownership in the qualified shareholder).

A qualified shareholder is a foreign person that (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets, (ii) is a qualified collective investment vehicle (defined below), and (iii) maintains records on the identity of each person who, at any time during the foreign person s taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

A qualified collective investment vehicle is a foreign person that (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT, (ii) is publicly traded, is treated as a partnership under the Internal Revenue Code, is a withholding foreign partnership, and would be treated as a United States real property holding

Table of Contents

corporation if it were a domestic corporation, or (iii) is designated as such by the Secretary of the Treasury and is either (a) fiscally transparent within the meaning of Section 894 of the Internal Revenue Code, or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Qualified Foreign Pension Funds

Any distribution to a qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) who holds ARI stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of shares of ARI stock by a qualified foreign pension fund that holds such shares directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income tax under FIRPTA.

A qualified foreign pension fund is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

Backup Withholding and Information Reporting

ARI reports to its U.S. stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding with respect to dividends paid unless the holder comes within an exempt category and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, ARI may be required to withhold a portion of capital gain distribution to any U.S. stockholder who fails to certify their non-foreign status.

ARI must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of ARI stock within the United States is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of ARI stock conducted through certain U.S. related financial intermediaries is subject to information reporting (but not backup withholding) unless the

financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established.

Table of Contents

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Foreign Accounts

Federal legislation imposes withholding taxes on certain types of payments made to foreign financial institutions and certain other non-U.S. entities. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to U.S. stockholders who own shares of ARI stock through foreign accounts or foreign intermediaries and certain non-U.S. stockholders. Under Treasury regulations and administrative guidance, a 30% withholding tax is imposed on payments made with respect to dividends on, and after December 31, 2018, with respect to gross proceeds from the sale or other disposition of, ARI stock paid to a foreign financial institution or to a foreign entity other than a financial institution, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign entity that is not a financial institution either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If the payee is a foreign financial institution (that is not otherwise exempt), it must either enter into an agreement with the U.S. Treasury Department requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements, or in the case of a foreign financial institution that is resident in a jurisdiction that has entered into an intergovernmental agreement to implement this legislation comply with the revised diligence and reporting obligations of such intergovernmental agreement. ARI stockholders should consult their tax advisors regarding this legislation.

State, Local and Foreign Taxes

ARI and its stockholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which it or they transact business, own property or reside. The state, local or foreign tax treatment of ARI and its stockholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes incurred by ARI would not pass through to stockholders as a credit against their U.S. federal income tax liability. ARI stockholders should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in ARI stock.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, U.S. federal income tax laws applicable to ARI and its stockholders may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal income tax laws could adversely affect an investment in shares of ARI stock. Several REIT rules were recently amended under the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), which was enacted December 18, 2015, some of which are discussed herein. These rules were enacted with varying effective dates, some of which are retroactive. Each stockholder should consult its tax advisor regarding the effect of the PATH Act on its particular circumstances.

Table of Contents

THE AGREEMENTS

This section of this proxy statement/prospectus summarizes the material provisions of the merger agreement (which is attached as Annex A to this proxy statement/prospectus and is incorporated herein by reference), the asset purchase agreement (which is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference), the bridge loan commitment (which is attached as Annex C to this proxy statement/prospectus and is incorporated herein by reference), the stock purchase agreement (which is attached as Annex D to this proxy statement/prospectus and is incorporated herein by reference) and certain letter agreements entered into in connection with the transaction (which are attached as Annexes D and E to this proxy statement prospectus and are incorporated herein by reference) (collectively referred to herein as the transaction agreements). This section of this proxy statement/prospectus is qualified in its entirety by reference to those transaction agreements. As a stockholder, you are not a third party beneficiary of the merger agreement, the asset purchase agreement, the bridge loan commitment, the stock purchase agreement or certain letter agreements entered into in connection with the transaction and therefore you may not directly enforce any of their terms and conditions.

This summary may not contain all of the information about the transaction agreements that is important to you. ARI and AMTG urge you to carefully read the full text of the transaction agreements because they are the legal documents that govern the transaction. The transaction agreements are not intended to provide you with any factual information about ARI or AMTG. In particular, the assertions embodied in the representations and warranties contained in the merger agreement (and summarized below) are qualified by information each of ARI and AMTG filed with the SEC prior to the effective date of the merger agreement, as well as by certain disclosure letters each of the parties delivered to the other in connection with the signing of the merger agreement, which modify, qualify and create exceptions to the representations and warranties set forth in the merger agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may apply contractual standards of materiality in a way that is different from what may be viewed as material by investors or that is different from standards of materiality generally applicable under the U.S. federal securities laws or may not be intended as statements of fact, but rather as a way of allocating risk among the parties to the merger agreement. The representations and warranties and other provisions of the transaction agreements and the description of such provisions in this proxy statement/prospectus should not be read alone but instead should be read in conjunction with the other information contained in the reports, statements and filings that each of ARI and AMTG file with the SEC and the other information in this proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 233.

ARI and AMTG acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, each of them is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this proxy statement/prospectus not misleading.

Description of the Merger Agreement

Form, Effective Time and Closing of the Mergers

The merger agreement provides for the combination of AMTG and ARI through (i) a merger of Merger Sub with and into AMTG (the First Merger), with AMTG surviving the First Merger upon the terms and subject to the conditions set forth in the merger agreement and (ii) promptly following the effective time of the First Merger (and in any event on the same business day) AMTG merging with and into ARI (the Second Merger and, together with the First Merger, the mergers), with ARI surviving the Second Merger upon the terms and subject to the conditions set forth in the merger agreement. Each of the First Merger and the Second Merger will be effective upon the filing of the articles of merger with the State Department of Assessments and Taxation of Maryland or at a later date and time agreed to by

ARI and AMTG and specified in the articles of merger relating to the First Merger or the articles of merger relating to the Second Merger, as applicable, in each case, not to exceed thirty (30) days from the date that the applicable articles of merger have been accepted for record by the State Department of Assessments and Taxation of Maryland.

Table of Contents

At the effective time of the First Merger, the charter and bylaws of AMTG, as in effect immediately prior to the First Merger, will continue to be the charter and bylaws of AMTG. At the effective time of the Second Merger, the charter and bylaws of ARI, as in effect immediately prior to the Second Merger, will be the charter and bylaws of the Combined Company.

The merger agreement provides that the closing of the mergers will take place at 10:00 a.m. Eastern Time at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP in New York, NY on the second business day following the date on which the last of the conditions to closing of the mergers (described below under Conditions to Completion of the First Merger) have been satisfied or waived (other than the conditions that by their terms are to be satisfied at the closing of the mergers, but subject to the satisfaction or waiver of those conditions), provided that ARI may, at its discretion, elect to postpone the closing for up to an additional five (5) business days following such date; provided that if ARI elects to postpone the closing, it will not be entitled to make any claim on such later date that a material adverse effect with respect to AMTG has occurred or would occur. In no event will ARI be entitled to postpone the closing if, as a result of the postponement, the closing would occur on or after the Outside Date (as defined below under *Termination of the Merger Agreement Termination by Either AMTG or ARI*).

Board of Directors of the Combined Company

The members of the ARI Board immediately prior to the effective time of the Second Merger will serve as the board of directors of the Combined Company following the mergers, with Jeffrey M. Gault continuing to serve as the Chairman.

The executive officers of ARI immediately prior to the effective time of the Second Merger will serve as the executive officers of the Combined Company, with Stuart A. Rothstein continuing to serve as President and Chief Executive Officer.

Merger Consideration; Treatment of Securities

At the effective time of the First Merger, each outstanding share of AMTG common stock will be automatically converted into the right to receive (i) 0.417571 shares of ARI common stock, or the Per Share Stock Consideration, (ii) an amount in cash equal to $6.86 less the per share amount of any dividend declared or paid by AMTG between the Pricing Date and the effective time of the First Merger, or the Per Share Cash Consideration, and (iii) in the event the First Merger does not occur by the date that is 45 days after the Pricing Date, an amount of cash equal to 3% of AMTG s book value as of the Pricing Date on an annualized basis accruing daily beginning on and including September 5, 2016 and ending on, but excluding, the last business day prior to the date on which the First Merger occurs, divided by 32,090,313 (which was the number of shares of AMTG common stock outstanding as of the Pricing Date, on a fully diluted basis (calculated after giving effect to the vesting of all AMTG Restricted Shares)) (the Per Share Adjustment Amount). In lieu of the issuance of any fractional shares of ARI common stock, holders of AMTG common stock will receive a cash payment (without interest) (the Fractional Share Consideration) in an amount representing such holder s proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all such holders, of ARI common stock that would otherwise be issued. The Per Share Stock Consideration, the Per Share Cash Consideration, the Per Share Adjustment Amount (if any) and the Fractional Share Consideration (if any) are collectively referred to as the Per Common Share Merger Consideration.

Immediately prior to the effective time of the First Merger, each outstanding AMTG Restricted Share which is not then vested will vest and, at the effective time of the First Merger, automatically be converted into the right to receive, with respect to each share of AMTG common stock underlying such AMTG Restricted Share, the Per Common Share Merger Consideration.

At the effective time of the Second Merger, each outstanding share of AMTG Series A Preferred Stock will be automatically converted into and become the right to receive one newly issued share of ARI Series C Preferred

Table of Contents

Stock (the Per Preferred Share Merger Consideration). The ARI Series C Preferred Stock will have preferences, rights and privileges substantially similar to the preferences, rights and privileges of the AMTG Series A Preferred Stock prior to the First Merger.

Exchange Agent; Delivery of Consideration

The conversion of shares of AMTG common stock into the right to receive the Per Common Share Merger Consideration will occur automatically at the effective time of the First Merger. In accordance with the merger agreement, ARI has appointed Wells Fargo Shareholder Services as the exchange agent to handle the payment and delivery of the Per Common Share Merger Consideration and the Per Preferred Share Merger Consideration. On the date of the First Merger, ARI or Merger Sub will deliver to the exchange agent (i) evidence of a number of shares of ARI common stock in book-entry form equal to the Per Share Stock Consideration, (ii) evidence of a number of shares of ARI Series C Preferred Stock in book entry form sufficient for the exchange agent to distribute the Per Preferred Share Merger Consideration and (iii) cash in immediately available funds in an amount sufficient for the exchange agent to pay the aggregate Per Share Cash Consideration, the aggregate Per Share Adjustment Amount, and, as necessary from time to time thereafter, the aggregate Fractional Share Consideration (if any) and any dividends or other distributions payable with respect to ARI common stock or ARI Series C Preferred Stock in accordance with the merger agreement. Promptly after the effective time of the First Merger, ARI will cause the exchange agent to mail (and make available for collection by hand) to each record holder of shares of AMTG common stock, a letter of transmittal and instructions explaining how to surrender AMTG common share certificates to the exchange agent.

Following the consummation of the mergers, each AMTG common stockholder that surrenders its stock certificate evidencing AMTG common stock to the exchange agent together with a duly completed letter of transmittal (and other documents that may be required pursuant to the instructions), and each AMTG common stockholder that holds book-entry shares of AMTG common stock, will receive the consideration due to such stockholder (including cash in lieu of any fractional shares). After the effective time of the First Merger, each certificate that previously represented shares of AMTG common stock will only represent the right to receive the Per Common Share Merger Consideration into which those shares of AMTG common stock have been converted.

Following the consummation of the mergers, each AMTG preferred stockholder that surrenders its stock certificate evidencing AMTG Series A Preferred Stock to the exchange agent together with a duly completed letter of transmittal (and other documents that may be required pursuant to the instructions), and each AMTG preferred stockholder that holds book-entry shares of AMTG Series A Preferred Stock, will receive the Per Preferred Share Merger Consideration due to such stockholder. After the effective time of the Second Merger, each certificate that previously represented shares of AMTG Series A Preferred Stock will only represent the right to receive the Per Preferred Share Merger Consideration into which those shares of AMTG Series A Preferred Stock have been converted.

Lost, Stolen or Destroyed Certificates

In the event that an AMTG stockholder s stock certificate has been lost, stolen or destroyed, the exchange agent will issue to such AMTG stockholder the merger consideration due to such AMTG stockholder upon (i) the making of an affidavit by such AMTG stockholder of the fact that such stock certificate has been lost, stolen or destroyed, (ii) delivery by such AMTG stockholder for the benefit of ARI of a bond or indemnity in an amount and upon such terms reasonably satisfactory to the exchange agent, and (iii) execution and delivery by such AMTG stockholder of a letter of transmittal to the exchange agent.

Withholding

All payments under the merger agreement are subject to applicable withholding requirements.

Table of Contents

Representations and Warranties

The merger agreement contains a number of representations and warranties made by ARI and Merger Sub, on the one hand, and AMTG, on the other hand. The representations and warranties were made by the parties as of the date of the merger agreement and do not survive the effective time of the First Merger. Certain of these representations and warranties are subject to specified exceptions and qualifications contained in the merger agreement and qualified by information with respect to each of ARI and AMTG filed with the SEC on or after January 1, 2015 and prior to the date of the merger agreement, and information contained in the confidential disclosure letters delivered in connection with the merger agreement.

Representations and Warranties of AMTG

The merger agreement includes representations and warranties by AMTG relating to, among other things:

organization, valid existence, good standing and qualification to conduct business;

capitalization and investments in other persons;

due authorization, execution, delivery and validity of the merger agreement and the power and authority to complete the transactions contemplated by the merger agreement;

board approval of the merger agreement and the transactions contemplated by the merger agreement;

absence of any conflict with or violation of organizational documents or applicable laws, the absence of any filings required in connection with the proposed transactions, and absence of any violation or breach of, or default or consent requirements under, certain agreements, in each case in connection with the transactions contemplated by the merger agreement;

SEC filings and financial statements;

internal controls over financial reporting;

absence of certain changes since January 1, 2015, including the absence of any events that have had or would reasonably be expected to have a material adverse effect;

absence of undisclosed liabilities;

absence of certain litigation or investigation by governmental entities;

employee benefit plans and employees;

tax matters, including the qualification of AMTG as a REIT;

material contracts;

inapplicability of the 1940 Act;

intellectual property;

compliance with laws and permits;

tangible assets and real property;

investments;

accuracy of information supplied for inclusion in this proxy statement/prospectus and the registration statement of which it forms a part;

the opinion received by the AMTG Board from its financial advisor;

insurance policies;

related party transactions;

broker s, finder s and other fees;

inapplicability of takeover statutes; and

the required stockholder vote.

Table of Contents

Representations and Warranties of ARI and Merger Sub

The merger agreement includes representations and warranties by ARI and Merger Sub relating to, among other things:

- organization, valid existence, good standing and qualification to conduct business;
- capitalization and investments in other persons;
- due authorization, execution, delivery and validity of the merger agreement and the power and authority to complete the transactions contemplated by the merger agreement;
- board approval of the merger agreement and the transactions contemplated by the merger agreement;
- absence of any conflict with or violation of organizational documents or applicable laws, the absence of any filings required in connection with the proposed transactions, and the absence of any violation or breach of, or default or consent requirements under, certain agreements, in each case in connection with the transactions contemplated by the merger agreement;
- SEC filings and financial statements;
- internal controls over financial reporting;
- absence of certain changes since January 1, 2015, including the absence of any events that have had or would reasonably be expected to have a material adverse effect;
- absence of undisclosed liabilities;
- absence of certain litigation or investigation by governmental entities;
- employee benefit plans; employees;
- tax matters, including the qualification of ARI as a REIT;

inapplicability of the 1940 Act;

compliance with laws and permits;

accuracy of information supplied for inclusion in this proxy statement/prospectus and the registration statement of which it forms a part;

the opinion received by the ARI Special Committee from its financial advisor;

broker s, finder s and other fees;

sufficiency of funds to consummate the transactions contemplated by the merger agreement;

ownership of AMTG common stock;

related party transactions;

inapplicability of takeover statutes; and

absence of any required vote.

Definition of Material Adverse Effect

Many of the representations of ARI, Merger Sub and AMTG are qualified by a material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would reasonably be expected to have a material adverse effect). For the purposes of the merger agreement, material adverse effect means any change, effect, development, circumstance, condition, state of facts, event or occurrence that, individually or in the aggregate (A) prevents or materially delays the consummation of the transactions contemplated by the merger agreement or (B) has a material adverse effect on the financial condition, business, assets, properties, or results of operations of ARI and its subsidiaries, taken as a

Table of Contents

whole, or AMTG and its subsidiaries, taken as a whole, as the case may be. However, any change, effect, development, circumstance, condition, state of facts, event or occurrence arising out of or resulting from the following will not be considered a material adverse effect and will not be taken into account when determining whether a material adverse effect has occurred or is reasonably likely to exist or occur:

- any changes in the general U.S. or global economic conditions;
- conditions in the industry in which ARI or AMTG, as applicable, operates;
- changes in GAAP or applicable law, or interpretation thereof, or in legal, political and/or regulatory conditions;
- actions expressly required by, or the failure to take action expressly prohibited by, the merger agreement;
- the announcement or pendency of the merger agreement or the transactions contemplated by the merger agreement;
- any failure of ARI or AMTG, as applicable, to meet projections, estimates or expectations of earnings or other financial performance; and
- any changes in geopolitical conditions, acts or terrorism or sabotage, war, acts of armed hostility, natural disasters or other force majeure events;

provided, in the case of first, second and third bullet points above, ARI and its subsidiaries, taken as a whole, or AMTG and its subsidiaries, taken as a whole, as the case may be, are not disproportionately affected thereby as compared to other companies operating in the same industry in which ARI or AMTG, as applicable, operates.

Covenants and Agreements

Conduct of Business of AMTG Pending the Mergers

AMTG has agreed to certain obligations and restrictions with respect to the conduct of the business of AMTG and its subsidiaries until the earlier of the effective time of the First Merger and the valid termination of the merger agreement. In general, except with ARI s prior written consent (not to be unreasonably withheld, conditioned or delayed), or as otherwise expressly required or permitted by the merger agreement or required by law, AMTG will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course and in a manner consistent with past practice, and use its commercially reasonable efforts to (i) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and significant relationships with third parties, (ii) keep available the services of its present officers provided it does not require additional compensation, (iii) maintain all AMTG insurance policies, and (iv) maintain the qualification of AMTG as a REIT. Without limiting the foregoing, AMTG has also agreed that, except with ARI s prior written consent (not to be unreasonably withheld,

conditioned or delayed), or as otherwise expressly required or permitted by the merger agreement or required by law, AMTG will not, and it will not permit any of its subsidiaries to (subject to certain exceptions), among other things:

amend or propose to amend its organizational documents;

issue, sell, pledge, dispose, encumber or grant any equity interests other than the issuance of AMTG common stock upon the settlement of AMTG Restricted Shares;

split, combine, subdivide or reclassify any shares of stock of AMTG or any of its subsidiaries or other equity interests;

declare, set aside or pay any dividends on or make any other distributions with respect to shares of capital stock or other equity securities or ownership interests in AMTG or any of its subsidiaries;

redeem, purchase or otherwise acquire (or offer to redeem, purchase or acquire) any shares of AMTG s capital stock or other equity interests of AMTG or any of its subsidiaries;

Table of Contents

acquire real property, personal property, business organizations or any division or material amount of assets thereof;

sell, pledge, assign, transfer, dispose of or encumber any property or assets, other than certain financial investments and instruments (including any securities, derivative instruments, currency hedging arrangements, repurchase agreements, options, forwards, futures, swaps, or hybrid securities) owned by AMTG in accordance with the other provisions of the merger agreement;

incur, create, assume, refinance, replace or prepay any indebtedness for borrowed money or issue or amend the terms of any debt securities of AMTG or any of its subsidiaries (other than as expressly provided elsewhere in the merger agreement), or assume, guarantee or endorse, or otherwise become responsible (whether directly, contingently or otherwise) for the indebtedness of any other person;

make any loans, advances or capital contributions to, or investments in, any other person or entity (including to any of its officers, trustees, affiliates, agents or consultants), make any change in its existing borrowing or lending arrangements for or on behalf of such persons or entities, or enter into any keep well or similar agreement to maintain the financial condition of another entity;

increase the compensation of any directors of AMTG, grant any officer or director of AMTG any increase in severance or termination pay, establish or adopt any collective bargaining agreement, hire any officer (with the title of vice president or higher) of AMTG or promote any person to such position, enter into or terminate any employee benefit plan, accelerate the vesting or payment of any award under any equity plan of AMTG, grant any awards under any equity plan or other compensation plan of AMTG, or grant bonuses to any person providing services to AMTG;

enter into, renew, modify, amend or terminate, or waive, release, compromise or assign any rights or claims under, any material contract;

make, change or revoke any material tax election, enter into any material closing agreement with a tax authority, file any amended tax return or change any material method of accounting for tax purposes or annual tax accounting period;

take any action that could reasonably be expected to, or fail to take any action, the failure of which could reasonably be expected to, cause AMTG to fail to qualify as a REIT;

make, authorize or incur any capital expenditures or any obligations or liabilities in respect thereof in excess of certain thresholds;

change an annual accounting period or change in any material respect any of the accounting methods used by it materially affecting its assets, liabilities or business;

other than in connection with stockholder litigation arising in connection with the merger agreement or the transactions contemplated thereby, settle or compromise any material legal proceeding where the settlement exceeds certain thresholds or enter into any consent decree or similar restraint that would reasonably be expected to restrict the operations of the business of AMTG and its subsidiaries (or of ARI and its subsidiaries, following the transaction closing);

take any action that could, or fail to take any action the failure of which could reasonably be expected to, result in AMTG or any of its subsidiaries being required to be registered as an investment company under the 1940 Act;

adopt a plan of complete or partial liquidation, dissolution, restructuring or other reorganization (other than the mergers);

amend the compensation terms or any of AMTG s obligations in its engagement letter with Morgan Stanley & Co. LLC relating to the transactions contemplated by the merger agreement; or

enter into any contract with respect to, or agree to take or make any commitment to take, or cause the AMTG Board to adopt any resolutions approving, any of the foregoing.

Table of Contents

However, nothing in the merger agreement prohibits AMTG from taking any action that, in the reasonable judgment of AMTG, upon advice of counsel, is reasonably necessary for AMTG to maintain its qualification as a REIT for any period or portion thereof ending on or prior to the effective time of the First Merger or to qualify or preserve the tax status of certain AMTG s subsidiaries, including making dividend or other distribution payments to stockholders of AMTG.

Conduct of Business of ARI Pending the Mergers

ARI has agreed to certain obligations and restrictions with respect to the conduct of the business of ARI and its subsidiaries until the earlier of the effective time of the First Merger and the valid termination of the merger agreement. In general, except with AMTG s prior written consent (not to be unreasonably withheld, conditioned or delayed), or as otherwise expressly required or permitted by the merger agreement or required by law, ARI will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course and in a manner consistent with past practice, and use its commercially reasonable efforts to (i) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and significant relationships with third parties, and (iii) maintain the qualification of ARI as a REIT. Without limiting the foregoing, ARI has also agreed that, except with AMTG s prior written consent (not to be unreasonably withheld, conditioned or delayed), or as otherwise expressly required or permitted by the merger agreement or required by law, ARI will not, and it will not permit any of its subsidiaries to (subject to certain exceptions), among other things:

amend or propose to amend its organizational documents, in a manner adverse to AMTG;

issue or grant any equity interests at a price below the per share value of ARI s net assets as of the date of such issuance or grant;

split, combine, subdivide or reclassify any shares of stock of ARI or any of its subsidiaries or other equity interests;

declare, set aside or pay any dividends on or make any other distributions with respect to shares of capital stock or other equity securities or ownership interests in ARI or any of its subsidiaries, other than ARI s regular quarterly dividend and a pro rata portion of ARI s regular quarterly dividend at or prior to closing;

redeem, purchase or otherwise acquire (or offer to redeem, purchase or acquire) any shares of ARI s capital stock or other equity interests of ARI or any of its subsidiaries, subject to limited exceptions;

make, change or revoke any material tax election, enter into any material closing agreement with a tax authority, file any amended tax return or change any method of accounting for tax purposes or annual tax accounting period;

take any action that could reasonably be expected to, or fail to take any action, the failure of which could, reasonably be expected to cause ARI to fail to qualify as a REIT;

change an annual accounting period or change in any material respect any of the accounting methods used by it materially affecting its assets, liabilities or business;

take any action that could, or fail to take any action the failure of which could reasonably be expected to, result in AMTG or any of its subsidiaries being required to be registered as an investment company under the 1940 Act; or

adopt a plan of complete or partial liquidation, dissolution, restructuring or other reorganization (other than the mergers); or

enter into any contract with respect to, or agree to take or make any commitment to take, or cause the ARI Board to adopt any resolutions approving any of the foregoing.

However, nothing in the merger agreement prohibits ARI from taking any action that, in the reasonable judgment of ARI, upon advice of counsel, is reasonably necessary for ARI to maintain its qualification as a REIT for any

Table of Contents

period or portion thereof ending on or prior to the effective time of the mergers or to qualify or preserve the tax status of certain ARI subsidiaries, including making dividend or other distribution payments to stockholders of ARI.

Go-Shop Period; No Shop Period; Change in AMTG Recommendation

Go-Shop Period

The merger agreement provides that during the period from February 26, 2016 until 11:59 p.m. (Eastern Time) on April 1, 2016 (which is referred to herein as the go-shop period), AMTG, its subsidiaries and their respective directors, officers, employees, consultants, financial advisors, accountants, legal counsel, investment bankers, and other agents, advisors or representatives (collectively representatives) had the right to directly or indirectly:

- initiate, solicit, facilitate and encourage (publicly or otherwise) any inquiry or the making of any proposals or offers that constitute, may have reasonably been expected to lead to, any Acquisition Proposal (as defined below), including by way of providing access to non-public information to any person or entity and its representatives, its affiliates and its prospective equity and debt financing sources; provided that prior to furnishing such non-public information, AMTG has entered into an acceptable confidentiality agreement with such person or entity; provided, further, that AMTG was required to promptly make available to ARI any non-public information concerning AMTG or its subsidiaries that AMTG provides to any person or entity if such information was not previously made available to ARI; and

- engage or enter into, continue or otherwise participate in any discussions or negotiations with any persons, entities or groups of persons and their representatives, their affiliates and their prospective equity and debt financing sources with respect to any Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any Acquisition Proposals.

For purposes of the merger agreement (i) Acquisition Proposal means any proposal or offer (other than with respect to the transactions contemplated by the merger agreement) with respect to any transaction or series of related transactions with a person, entity or group of persons concerning any (a) merger, consolidation, business combination, joint venture or similar transaction, (b) acquisition (whether by tender offer, share exchange, or other manner), (c) issuance or sale or other disposition of the equity securities of AMTG, (d) sale, lease, license or other disposition directly or indirectly of assets of AMTG, or (e) any combination of any of the foregoing, in each case, which if consummated would result in any person, entity or group of persons acquiring beneficial ownership (or the right to acquire beneficial ownership), directly or indirectly, of equity securities of AMTG or any of its subsidiaries representing 20% or more of the issued and outstanding equity securities of AMTG (by vote or value), or 20% or more of the consolidated total assets (including equity securities of AMTG s subsidiaries), revenues or net income of AMTG or its subsidiaries, taken as a whole; and (ii) acceptable confidentiality agreement means confidentiality agreement that contains provisions that are not materially less favorable to AMTG than those contained in that certain confidentiality agreement, dated December 16, 2015, by and between AMTG and ARI (provided, that such confidentiality agreement does not need to contain standstill provisions or prohibit the making of an Acquisition Proposal and does not prohibit disclosure to ARI of the identity of the counterparty and any terms proposed by such counterparty).

As promptly as reasonably practicable, and in any event within three business days following the expiration of the go-shop period, AMTG was required to provide ARI with a written list identifying each excluded party , if any. Under

the merger agreement, an excluded party means any person, entity or group of persons from whom AMTG has received during the go-shop period a bona fide written Acquisition Proposal, (i) that remains pending as of, and shall not have been irrevocably withdrawn prior to, the expiration of the go-shop period, (ii) that the AMTG Board, or such committee thereof, determines in good faith constitutes or would be reasonably expected to lead to a Superior Proposal and (iii) as of any date following the no-shop period start date, has not lapsed in accordance with its terms or been withdrawn.

Table of Contents

For purposes of the merger agreement, Superior Proposal means a bona fide written Acquisition Proposal (provided, that for purpose of this definition, the percentages in the definition of Acquisition Proposal shall be 50% rather than 20%) that did not result from a breach of the go-shop/no-shop provisions of the merger agreement that the AMTG Board, or an authorized committee thereof, determines in its good faith business judgment (after consultation with its outside legal counsel and financial advisor), after taking into account all terms of the Acquisition Proposal (including, without limitation, the person or entity making such proposal, all legal, financial and regulatory aspects of such proposal, the anticipated time of completion of the proposed transaction and the conditions for completion of such transaction), (a) is reasonably expected to be consummated in accordance with its terms, and (b) if consummated, would be more favorable from a financial point of view to the holders of AMTG Common Stock than the mergers and the other transactions contemplated by the merger agreement (taking into account any offer by ARI to amend the terms of the merger agreement or the other documents contemplated thereby).

Upon the expiration of the go-shop period, AMTG and its subsidiaries and their respective representatives were required to (i) immediately cease any solicitation activity with respect to any Acquisition Proposals or any discussions or negotiations with any person or entity (other than an excluded party for so long as such person or entity is an excluded person) that may be ongoing with respect to any Acquisition Proposals and (ii) request that each person or entity (other than an excluded party for so long as such person or entity is an excluded party) promptly return to AMTG or its representatives or destroy any non-public information previously furnished to such person or entity by AMTG or its representatives and terminate access of any person or entity (other than an excluded party for so long as such person or entity is an excluded party) to any electronic data room maintained by AMTG with respect to the mergers and the other transactions contemplated by the merger agreement. Notwithstanding the expiration of the go-shop period, AMTG and its subsidiaries and their respective representatives may continue to engage in the solicitation activities described above with any excluded party (for so long as such party remains an excluded party), including with respect to any amended Acquisition Proposal submitted by such excluded party, following the expiration of the go-shop period, and the restrictions set forth in the no-shop provisions of the merger agreement will not apply with respect to such activities.

The go-shop period ended at 11:59 p.m. on April 1, 2016 and AMTG has not identified any person or entity that would be deemed an excluded party for purposes of the merger agreement.

No-Shop Period

From April 2, 2016 until the earlier of the effective time of the First Merger and the termination of the merger agreement in accordance with its terms, AMTG will not, nor will it permit any of its subsidiaries to, and it will use its commercially reasonable efforts to cause its and its subsidiaries representatives not to, directly or indirectly, (i) initiate, solicit, knowingly facilitate or knowingly encourage (publicly or otherwise) any inquiries regarding, or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to an Acquisition Proposal, (ii) furnish any non-public information regarding AMTG to any person or entity, or (iii) engage in, enter into, continue or otherwise participate in any discussions or negotiations regarding, or provide any information concerning AMTG or its subsidiaries or afford access to AMTG s or its subsidiaries books, records, management, employees or properties to any person or entity (other than discussions in the ordinary course of business that are unrelated to an Acquisition Proposal); provided, however, that AMTG may continue to do any of the foregoing with an excluded party for so long as such person or entity is an excluded party.

Notwithstanding the restrictions set forth in the first paragraph above, the merger agreement provides that, at any time prior to the approval of the First Merger by the AMTG common stockholders, the AMTG Board is permitted to, in response to a written Acquisition Proposal by any person or group of persons that did not result from a breach of the no solicitation provisions of the merger agreement, (i) contact such person or group of persons solely to clarify the

terms and conditions thereof, (ii) subject to first entering into a confidentiality

Table of Contents

agreement having provisions that are no less favorable to those contained in the confidentiality agreement between ARI and AMTG (provided that such confidentiality agreement is not required to contain standstill provisions) and notifying ARI, provide non-public information and data concerning AMTG and its subsidiaries to such person or group of persons and their representatives, affiliates and prospective debt and equity financing sources and (iii) engage in discussions and negotiations with any such person or group of persons and which the AMTG Board determines in good faith (after consultation with outside legal counsel and a nationally recognized third party financial advisor) constitutes or is reasonably likely to result in a Superior Proposal. AMTG will provide ARI with a copy of any nonpublic information or data provided to a third party substantially simultaneously with furnishing such information to such third party.

Except as otherwise expressly permitted by the merger agreement, the AMTG Board may not withhold, withdraw, qualify, amend or modify (or publicly propose or resolve to withhold, withdraw, qualify, amend or modify), in any manner adverse to ARI, the AMTG Board s recommendation to holders of AMTG common stock or approve, authorize, adopt or recommend or otherwise declare advisable, or propose publicly to approve, authorize, adopt or recommend or otherwise declare advisable, any Acquisition Proposal or fail to include the AMTG Board recommendation in this proxy statement/prospectus. Furthermore, the AMTG Board may not take any action to make the provisions of any fair price , moratorium , control share acquisition , business combination or other similar anti-takeover statute or regulation inapplicable to any transaction contemplated by an Acquisition Proposal. Except as expressly contemplated by the merger agreement, the AMTG Board may not authorize, adopt, approve, recommend or otherwise declare advisable, or propose publicly to approve or recommend, or cause or permit AMTG or any of its subsidiaries to execute or enter into any letter of intent, agreement in principle, memorandum or understanding or definitive merger, acquisition, purchase or joint venture agreement or other similar contract (other than an acceptable confidentiality agreement) in respect of or relating to any Acquisition Proposal.

Notwithstanding the restrictions above, with respect to an Acquisition Proposal, the AMTG Board may make a change in recommendation (and in the event that the AMTG Board determines the Acquisition Proposal to be a Superior Proposal, terminate the merger agreement in order to enter into a definitive agreement with respect to such Superior Proposal (provided that AMTG pays the termination fee to ARI)) at any time prior to the approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG common stockholders, if (i) AMTG receives an Acquisition Proposal (which did not result from a breach of the no solicitation provisions of the merger agreement) that the AMTG Board (or an authorized committee thereof) has determined in good faith (after consultation with outside legal counsel and a nationally recognized third party financial advisor) constitutes a Superior Proposal; (ii) the AMTG Board (or an authorized committee thereof) has determined in good faith (after consultation with outside legal counsel) that failure to do so would be inconsistent with its duties under applicable law, (iv) five business days, which we refer to as the notice period, has elapsed since AMTG has given written notice to ARI advising ARI that it intends to take such action and specifying all material terms and conditions of such Superior Proposal, including the identity of the person who made such Superior Proposal, the type and amount of consideration that AMTG s stockholders will receive and all other terms and conditions which the AMTG Board (or authorized committee thereof) considered in making the determination that such Acquisition Proposal constituted a Superior Proposal, (v) during such notice period, the AMTG Board has considered and, if requested by ARI, negotiated in good faith with ARI and its representatives to make revisions to the terms of the merger agreement proposed by ARI, and (vi) the AMTG Board (or authorized committee thereof), following such notice period and after taking into consideration any changes to the merger agreement offered in writing by ARI in a manner that would form a binding contract if accepted by AMTG, continues to believe in its good faith business judgment (after consultation with its outside legal counsel and a nationally recognized third party financial advisor) that such Acquisition Proposal continues to constitute a Superior Proposal and that, after consultation with outside legal counsel, the failure to effect a change in recommendation or terminate the merger agreement to enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with the AMTG Board s duties under applicable law. Upon any material

amendment to the financial or other material terms of the Superior Proposal giving rise to the notice, AMTG is required to deliver a new notice and commence a new negotiation period of three business days.

Table of Contents

In addition to the foregoing, in circumstances not involving or relating to an Acquisition Proposal, the AMTG Board may, at any time prior to the approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG common stockholders, make a change in recommendation if (i) any change, effect, development, circumstance, condition, state of facts, event or occurrence (other than the receipt, existence or terms of an Acquisition Proposal or any matter relating thereto) first occurs after February 26, 2016 (ii) the AMTG Board has determined in its good faith business judgment (after consultation with its outside legal counsel) that, in light of such intervening event, the failure to do so would be inconsistent with its duties under applicable law, (iii) five business days, which we refer to as the intervening event notice period, will have elapsed since AMTG has given a notice of recommendation change to ARI advising that the AMTG Board intends to take such action and specifying in reasonable detail the reasons therefor, (iv) during the intervening event notice period, the AMTG Board has considered and, if requested by ARI, negotiated in good faith with ARI, making such revisions to the terms and conditions of the merger agreement such that the failure to effect a change in recommendation would no longer be inconsistent with the AMTG Board s duties under applicable law, and (v) the AMTG Board, following such intervening event notice period, after taking into consideration any changes to the merger agreement offered in writing by ARI in a manner that would form a binding contract if accepted by AMTG, continues to believe in its good faith business judgment (after consultation with outside legal counsel) that failure to do so would be inconsistent with its duties under applicable law. Upon any material change to the facts and circumstances relating to such intervening event, AMTG is required to deliver a new notice and commence a new negotiation period of three business days.

Unless the merger agreement is validly terminated, notwithstanding a change in recommendation, AMTG has agreed to submit the approval of the First Merger and the other transactions contemplated by the merger agreement to a vote of its stockholders.

Form S-4, Proxy Statement/Prospectus; Special Meeting

The merger agreement provides that ARI and AMTG will use their commercially reasonable efforts to (i) have this proxy statement cleared by the SEC, and the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, declared effective under the Securities Act as promptly as practicable after filing, (ii) ensure that the Form S-4, complies in all material respects with the applicable provisions of the Exchange Act or Securities Act, and (iii) keep the Form S-4 effective for so long as necessary to complete the First Merger.

As promptly as reasonably practicable following the effectiveness of the Form S-4, AMTG will establish a record date for and give notice of the AMTG special meeting to the holders of AMTG common stock, cause this proxy statement/prospectus to be mailed to its stockholders entitled to vote at the AMTG special meeting and, within 30 days of such record date, hold the AMTG special meeting (subject to AMTG s right to postpone or adjourn the AMTG special meeting under certain circumstances specified in the merger agreement). AMTG also agreed to use commercially reasonable efforts to obtain the requisite approval of its stockholders, unless the AMTG Board makes an adverse recommendation change in accordance with the provisions of the merger agreement described above.

Access to Information; Confidentiality

The merger agreement requires both ARI and AMTG to provide to the other, upon reasonable advance notice and during normal business hours, reasonable access to its properties, offices, books, contracts, commitments, personnel and records, and each of ARI and AMTG are required to furnish reasonably promptly to the other a copy of each report, schedule, registration statement and other document filed prior to closing pursuant to U.S. federal or state securities laws and all other information concerning its business, properties and personnel as the other party may reasonably request.

Each of ARI and AMTG have agreed to hold, and cause its representatives and affiliates to hold, any non-public information in confidence to the extent required by the terms of its existing confidentiality agreements.

Table of Contents

Efforts to Complete Transactions; Consents

Both ARI and AMTG have agreed to use their commercially reasonable efforts to take all actions and do all things necessary, proper or advisable under applicable laws or pursuant to any contract or agreement to consummate and make effective, as promptly as practicable, the mergers and the other transactions contemplated by the merger agreement, including (i) taking all actions necessary to cause the conditions to closing to be satisfied, (ii) obtaining all necessary actions or nonactions, waivers, consents and approvals from governmental authorities or other persons or entities in connection with the mergers and the other transactions contemplated by the merger agreement, (iii) defending any lawsuits or other legal proceedings challenging the merger agreement or the consummation of the mergers or other transactions contemplated by the merger agreement, and (iv) executing and delivering all additional instruments necessary to consummate the mergers and the other transactions contemplated by the merger agreement and to fully carry out the purposes of the merger agreement. ARI and AMTG have agreed to provide any necessary notices to third parties and use their reasonable best efforts to obtain any third-party consents that are necessary, proper or advisable to consummate the mergers and the other transactions contemplated by the merger agreement.

Notification of Certain Matters; Transaction Litigation

Each of ARI and AMTG have agreed to provide prompt notice to the other of any notice received from any governmental authority in connection with the merger agreement, the mergers or the transactions contemplated by the merger agreement, including the mergers, or from any person or entity alleging that its consent is or may be required in connection with any such transaction, if the subject matter of such communication or the failure of ARI or AMTG, as applicable, to obtain such consent could be material to ARI or AMTG. Each of ARI and AMTG have agreed to provide prompt notice to the other of any legal proceeding commenced or, to such party s knowledge, threatened in writing against, such party or otherwise relating to or involving or affecting such party or any of its subsidiaries or affiliates, in each case in connection with, arising from or otherwise relating to the mergers or the other transactions contemplated by the Merger Agreement.

Each of ARI and AMTG have agreed to provide prompt notice to the other if any representation or warranty made by it in the merger agreement becomes untrue or inaccurate, or if it fails to comply with or satisfy in any material respect any covenant, condition or agreement contained in the merger agreement, in each case such that it would be reasonable to expect that the applicable closing conditions would be incapable of being satisfied by the Outside Date. In addition, each of ARI and AMTG have agreed to give prompt written notice to the other if, to the knowledge of such party, the occurrence of any state of facts, change, development, event or condition would cause, or would reasonably be expected to cause, any of the conditions to closing set forth in the merger agreement not to be satisfied or satisfaction to be materially delayed.

In the event any litigation related to the merger agreement, the mergers or the other transactions contemplated by the merger agreement is brought against AMTG and/or its directors or officers, AMTG has agreed to keep ARI informed on a current basis with respect to the status thereof and has agreed to give ARI the opportunity to participate, subject to a customary joint defense agreement, in, but not control, the defense and settlement of any such litigation, and has agreed not to agree to a settlement without ARI s prior written consent (not to be unreasonably withheld, conditioned or delayed).

Indemnification of Directors and Officers; Insurance

The merger agreement provides that, subject to certain limitations, the Combined Company has agreed to honor and fulfill in all respects the obligations of AMTG to the fullest extent permissible under applicable law, under AMTG s organizational documents as in effect on February 26, 2016 and under any indemnification or other similar agreements

in effect on February 26, 2016, which we refer to as the Indemnification Agreements, to the individuals covered by such organizational documents or Indemnification Agreements, which we refer to as the Covered Persons, arising out of or relating to actions or omissions in their capacity as such occurring at or prior to the effective time of the First Merger, including in connection with the approval of the merger agreement and the transactions contemplated by the merger agreement.

Table of Contents

In addition, for a period of 10 years from and after the closing date, the Combined Company has agreed to: (i) indemnify and hold harmless each Covered Person against and from any costs or expenses (including attorneys fees), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, to the extent such claim, action, suit, proceeding or investigation arises out of or pertains to: (A) any action or omission or alleged action or omission in such Covered Person s capacity as such, or (B) the merger agreement and any of the transactions contemplated by the merger agreement; and (ii) pay in advance of the final disposition of any such claim, action, suit, proceeding or investigation the expenses (including attorneys fees) of any Covered Person upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount if it will ultimately be determined that such Covered Person is not entitled to be indemnified. The merger agreement contains certain limitations on the Combined Company s and each Covered Person s ability to settle or compromise or consent to the entry of any judgment or otherwise seek termination with respect to any claim, action, suit, proceeding or investigation of a Covered Person for which indemnification may be sought under the merger agreement.

For a period of 10 years from and after the closing date, the charter and bylaws of ARI or any of its successors or assigns will contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of Covered Persons for periods prior to and including the effective time of the First Merger than are currently set forth in AMTG s organizational documents. The Indemnification Agreements with Covered Persons that survive the mergers will continue in full force and effect in accordance with their terms.

Subject to certain limitations set forth in the merger agreement, AMTG may, prior to closing, purchase a directors and officers liability insurance tail or runoff insurance program for a period of 10 years after the closing date with respect to wrongful acts and/or omissions committed or allegedly committed at or prior to the effective time of the mergers, which coverage must have an aggregate coverage limit over the term of such policy in an amount not to exceed the annual aggregate coverage limit under AMTG s existing directors and officers liability policy, and in all other respects shall be comparable to such existing coverage, provided that the cost of such program may not exceed 250% of the annual premiums paid as of February 26, 2016 by AMTG for directors and officers liability insurance, which we refer to as the base premium, and further provided that if such insurance coverage cannot be obtained at all, or can only be obtained at a cost in excess of the base premium, AMTG may purchase the most advantageous policies of tail or run-off directors and officers insurance obtainable for a cost equal to the base premium.

Publicity

Each of ARI and AMTG has agreed to, subject to certain exceptions, obtain the other party s consent (which consent will not be unreasonably withheld, conditioned or delayed) before issuing any press release or other announcement with respect to the mergers or the merger agreement.

Acceleration of AMTG Restricted Shares

Prior to the First Merger, AMTG has agreed to take all action necessary to accelerate the vesting of any outstanding AMTG Restricted Shares. Each AMTG Restricted Share so accelerated by AMTG will, at the effective time of the First Merger, be converted into the right to receive the Per Share Merger Consideration.

Delisting and Deregistration of AMTG Capital Stock

Each of ARI and AMTG has agreed to cooperate with the other party in taking, or causing to be taken, all actions necessary to delist the AMTG common stock and the AMTG Series A Preferred Stock from the NYSE and terminate their registration under the Exchange Act (provided, that such delisting and termination will not be effective until after

the closing of the mergers).

Table of Contents

Director and Officer Resignations

AMTG is required to use commercially reasonable efforts to cause to be delivered to ARI resignations executed by each director and officer of AMTG and its subsidiaries in office immediately prior to the effective time of the Second Merger.

Tax Opinions and Tax Representation Letters

ARI is required to use its reasonable best efforts to:

- obtain an opinion of Clifford Chance US LLP (or such other nationally recognized REIT counsel as may be reasonably acceptable to AMTG), dated the closing date, to the effect that for all taxable periods commencing with its taxable year ended December 31, 2009, ARI has been organized and operated in conformity with the requirements for qualification and taxation as a REIT and that its proposed method of operation will enable ARI to continue to meet the requirements for qualification and taxation as a REIT; and

- deliver to Clifford Chance US LLP (or such other nationally recognized REIT counsel) a tax representation letter, dated the closing date and signed by an officer of ARI, in customary form and substance and approved by AMTG (which approval will not be unreasonably withheld, conditioned or delayed) containing representations of ARI as are reasonably determined by Clifford Chance US LLP (or such other counsel) to be necessary or appropriate to enable Clifford Chance US LLP (or such other counsel) to render the opinion described above.

AMTG is required to use its reasonable best efforts to:

- obtain an opinion of Clifford Chance US LLP (or such other nationally recognized REIT counsel as may be reasonably acceptable to ARI), dated the closing date, to the effect that for all taxable periods commencing with its taxable year ended December 31, 2011 through the closing date, AMTG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT (other than the REIT distribution requirement for AMTG s taxable year ending on the date of the Second Merger); and

- deliver to Clifford Chance US LLP (or such other nationally recognized REIT counsel) a tax representation letter, dated the closing date and signed by an officer of AMTG, in customary form and substance and approved by ARI (which approval will not be unreasonably withheld, conditioned or delayed) containing representations of AMTG as are reasonably determined by Clifford Chance US LLP (or such other counsel) to be necessary or appropriate to enable Clifford Chance US LLP (or such other counsel) to render the opinion described above.

Listing of Newly Issued ARI Common Stock and ARI Series C Preferred Stock

ARI is required to use its commercially reasonable efforts to cause the shares of ARI common stock and ARI Series C Preferred Stock to be issued in the mergers to be approved for listing on the NYSE, subject to official notice of issuance, prior to the effective time of the First Merger.

Dividends

From the Pricing Date until the earlier of the effective time of the First Merger and any termination of the merger agreement in accordance with its terms, AMTG is prohibited from making, declaring or setting aside any dividend or other distribution to its stockholders without the prior written consent of ARI; provided, however, that the written consent of ARI will not be required (but prior written notice will be given by AMTG to ARI) for the authorization and payment of dividends (i) that are regular quarterly dividends payable in respect of the

Table of Contents

AMTG Series A Preferred Stock in accordance with past practice, or (ii) to enable AMTG to maintain its qualification as a REIT and avoid incurring U.S. federal, state or local income or excise taxes under the Internal Revenue Code or applicable state or local law, including payment of dividends under Internal Revenue Code Sections 858 or 860 (provided that any such dividend will be taken into account in calculating the Per Share Cash Consideration).

Financing Cooperation

Prior to the closing of the transactions contemplated by the merger agreement, AMTG is required to use commercially reasonable efforts to cooperate (as well as to cause its subsidiaries to use commercially reasonable efforts to cooperate, and to use its commercially reasonable efforts to cause its and its subsidiaries representatives to provide, on a timely basis, all reasonable cooperation requested by ARI) in connection with the documentation and arrangement of any debt financing, including repurchase agreements (the Debt Financing), including:

providing certain information regarding AMTG and its subsidiaries, including the financial information required to be delivered in connection with the Debt Financing and such other information as may be reasonably requested by ARI in connection with the Debt Financing;

assisting in the preparation of customary documents and materials, including confidential information memoranda, lender and investor presentations and similar documents and materials in connection with the Debt Financing;

participating in a reasonable number of meetings, due diligence sessions and presentations;

providing reasonable and customary assistance to ARI and its debt financing sources in (A) the preparation of all agreements, certificates, opinions or documents, including customary certificates with respect to solvency matters, in connection with the Debt Financing and (B) the negotiation, preparation and delivery of amendments to or the termination of any of AMTG s or its subsidiaries existing credit agreements, currency or interest hedging agreements, or other agreements, including repurchase agreements and related documentation in respect of AMTG s or its subsidiaries borrowings collateralized by residential mortgage backed securities, securitized mortgage loans, other mortgage and mortgage related assets or other investment securities (including by negotiating amendments, waivers or supplements reasonably satisfactory to ARI with respect to any and all obligations of AMTG and its subsidiaries under such repurchase agreements and related documentation which are intended by ARI to be terminated in connection with the consummation of the transactions), in each case, on terms reasonably satisfactory to ARI and that are reasonably requested by ARI in connection with the Debt Financing;

permitting any cash and marketable securities of AMTG and its subsidiaries to be made available to ARI and Merger Sub following the effective time of the First Merger;

cooperating reasonably with ARI s debt financing sources due diligence; and

furnishing ARI and its debt financing sources promptly with all documentation and other information required by any governmental entity with respect to the financing under applicable know your customer and anti-money laundering rules and regulations, including the PATRIOT Act.

ARI has agreed to (i) promptly, upon request by AMTG, reimburse AMTG for all reasonable and documented out-of-pocket costs (including reasonable and documented attorneys fees) incurred by AMTG or any of its subsidiaries in connection with the cooperation of AMTG and its subsidiaries described above and in *Company Investment Activity* below and (ii) subject to certain exceptions, indemnify and hold harmless AMTG, its subsidiaries and their respective representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with third party claims arising out of the arrangement of the Debt Financing or any of the actions or steps described above and in *AMTG Investment Activity* below.

Table of Contents

Investment Guidelines; AMTG Investment Activity

AMTG is required to comply with certain agreed upon guidelines related to the hedging of some or all of the risk associated with AMTG s liabilities, except (i) with ARI s prior written consent (not to be unreasonably withheld or delayed), (ii) as may be reasonably necessary or appropriate to maintain AMTG s qualification as a REIT, (iii) to the extent reasonably necessary or appropriate to avoid becoming required to register as an investment company under the 1940 Act or (iv) prior to the Pricing Date as AMTG reasonably believes may be commercially prudent under then current market conditions, after consultation with ARI. AMTG will promptly notify ARI in writing whenever, in reliance on any of the exceptions described in the immediately preceding sentence, it fails to comply with such guidelines.

In managing its liabilities prior to the closing date, AMTG is required to take commercially reasonable steps to manage the maturity of, and execute new arrangements with respect to, AMTG s existing portfolio of repurchase agreements, hedging arrangements and other fixed term liabilities, in each case to the extent obtainable at commercially reasonable costs, such that the term or maturity of such liabilities ends on or before the reasonably anticipated closing date. From and after the Pricing Date, AMTG will take the actions reasonably requested by ARI to adjust the maturity of or otherwise modify the terms of any such liability that extends beyond the anticipated closing date such that such liability ends on such earlier maturity date requested by ARI. From and after the Pricing Date, AMTG will consult with ARI in setting such maturities to more closely align with the anticipated closing date and will not extend such maturities beyond such anticipated closing date without the prior written consent of ARI. AMTG will promptly notify ARI in writing in the event that it determines, notwithstanding its compliance with its obligations described in this paragraph, that it is or will likely be unable to cause the term or maturity of the relevant liabilities to end on or before the reasonably anticipated closing date.

Prior to the closing of the transactions contemplated by the merger agreement, AMTG is required to use commercially reasonable efforts to cooperate (as well as to cause its subsidiaries to use commercially reasonable efforts to cooperate, and to use its commercially reasonable efforts to cause its and its subsidiaries representatives to provide, on a timely basis, all reasonable cooperation requested by ARI) in connection with amending, terminating, rolling, novating and/or assigning or otherwise transferring to other counterparties any or all of AMTG s or its subsidiaries (i) repurchase agreements (whether in effect on the date of the merger agreement or subsequently executed) and related documentation in respect of repurchase transactions in connection with residential mortgage backed securities, securitized mortgage loans, other mortgage and mortgage related assets or other investment securities (such transactions, repurchase borrowings) and (ii) other investments of AMTG (including any securities, derivative instruments, currency hedging arrangements, repurchase agreements, options, forwards, futures, swaps, or hybrid securities, and all contracts relating thereto) (whether in effect on the date of the merger agreement or subsequently executed), in each case to avoid defaults under, early terminations of and refusals to extend the maturities of or roll such repurchase borrowings or such other investments and related contracts caused by the transactions contemplated by the merger agreement or to facilitate the termination of such repurchase borrowings or such other investments and related contracts at or about the effective time of the First Merger.

AMTG Investments

Except as described in Investment Guidelines; AMTG Investment Activity above, AMTG will not enter into, renew, modify, amend or terminate any contract related to any of its investments (including any securities, derivative instruments, currency hedging arrangements, repurchase agreements, options, forwards, futures, swaps, or hybrid securities) or acquire, sell, pledge, lease assign, transfer, exclusively license, dispose of or encumber any such investment, other than in accordance with the certain agreed upon guidelines.

Ownership Limit

Prior to the effective time of the First Merger, the AMTG Board will take all action necessary to provide a waiver with respect to the applicable stock ownership limits set forth in AMTG s charter, in order to permit ARI to acquire ownership of 100% of the AMTG common stock in the First Merger. The granting of such waiver will

Table of Contents

be subject to the execution by ARI of a certificate containing certain representations and warranties with respect to its proposed acquisition and ownership of the AMTG common stock. The waiver will be effective immediately prior to the First Merger.

Customary Covenants

The merger agreement also contains customary covenants relating to, among other things, (i) the tax treatment of the mergers, (ii) dispositions of equity securities in the mergers by persons who may be subject to reporting requirements of Section 16(a) of the Exchange Act, (iii) limitations on the activities of Merger Sub, (iv) AMTG s complete control and supervision over its operations prior to the effective time of the First Merger, and (v) certain financial reporting to be provided by AMTG to ARI.

Conditions to Completion of the First Merger

Mutual Closing Conditions

The obligation of each of ARI, Merger Sub and AMTG to effect the First Merger is subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the closing date, of the following conditions:

- the First Merger and the other transactions contemplated by the merger agreement shall have been approved by the affirmative vote of holders of a least a majority of the outstanding shares of AMTG common stock entitled to vote upon the First Merger and at least a majority of the outstanding shares of AMTG Common Stock that are beneficially owned by persons who are not affiliates of Apollo;

- the Form S-4 registration statement, of which this proxy statement/prospectus is a part, having been declared effective and no stop order suspending the effectiveness of the Form S-4 shall have been issued by the SEC and remain in effect, and no proceeding to that effect shall have been commenced or threatened; and

- the absence of any order or injunction or other legal restraint issued by any governmental entity of competent jurisdiction which prevents, prohibits or makes illegal the consummation of the First Merger, the Second Merger or the other transactions contemplated by the merger agreement. The closing condition described in this bullet is referred to as the Absence of Injunction Condition.

Additional Closing Conditions for the Benefit of ARI and Merger Sub

The obligations of ARI and Merger Sub to effect the First Merger are subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the effective time of the First Merger, of the following additional conditions:

- the accuracy in all respects as of the date of the merger agreement and as of the effective time of the First Merger of certain representations and warranties made in the merger agreement by AMTG regarding authority relative to the merger agreement, the required stockholder vote to approve the First Merger and the other transactions contemplated by the merger agreement, and broker s fees and similar expenses;

the accuracy in all but de minimis respects as of the date specified in the merger agreement of certain representations and warranties made in the merger agreement by AMTG regarding certain aspects of its capital structure;

the accuracy of all other representations and warranties made in the merger agreement by AMTG as of the date of the merger agreement and as of the effective time of the First Merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except where the failure of such representations or warranties to be true and correct (without giving effect to any materiality or material adverse effect qualifications set forth therein) would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on AMTG;

Table of Contents

AMTG having performed in all material respects all obligations required to be performed by it under the merger agreement on or prior to the effective time of the First Merger, and receipt by ARI of a certificate signed on behalf of AMTG by a duly authorized executive officer of AMTG to the effect that this condition and the conditions described in the preceding three bullet points have been satisfied;

there not having occurred any events since February 26, 2016 that, individually or in the aggregate, constitute or would, with the passage of time constitute, a material adverse effect with respect to AMTG, and receipt by ARI of a certificate signed on behalf of AMTG by a duly authorized executive officer of AMTG to the effect that this condition has been satisfied;

receipt by ARI of an opinion from Clifford Chance US LLP (or such other nationally recognized REIT counsel reasonably acceptable to ARI), dated the closing date, to the effect that for all taxable periods commencing with its taxable year ended December 31, 2011, through the closing date, AMTG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT (other than the REIT distribution requirement for AMTG s taxable year ending on the date of the Second Merger); and

receipt by ARI of a good standing certificate in respect of AMTG and each of its subsidiaries, dated a date no more than five business days prior to the closing date.

Additional Closing Conditions for the Benefit of AMTG

The obligations of AMTG to effect the First Merger are subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the effective time of the First Merger, of the following additional conditions:

the accuracy in all respects as of the date of the merger agreement and as of the effective time of the First Merger of certain representations and warranties made in the merger agreement by ARI and Merger Sub regarding authority relative to the merger agreement, ARI s sufficiency of funds to consummate the transactions contemplated by the merger agreement and broker s fees and similar expenses;

the accuracy in all but de minimis respects as of the date specified in the merger agreement of certain representations and warranties made in the merger agreement by ARI and Merger Sub regarding certain aspects of their capital structure;

the accuracy of all other representations and warranties made in the merger agreement by ARI and Merger Sub as of the date of the merger agreement and as of the effective time of the First Merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except where the failure of such representations or warranties to be true and correct (without giving effect to any materiality or material adverse effect qualifications set forth therein) would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on ARI;

ARI and Merger Sub having performed in all material respects all obligations required to be performed by it under the merger agreement on or prior to the effective time of the First Merger, and receipt by AMTG of a certificate signed on behalf of ARI by a duly authorized executive officer of ARI to the effect that this condition and the conditions described in the preceding three bullet points have been satisfied;

receipt by AMTG of an opinion from Clifford Chance US LLP (or such other nationally recognized REIT counsel reasonably acceptable to AMTG), dated the closing date, to the effect that for all taxable periods commencing with its taxable year ended December 31, 2009, ARI has been organized and operated in conformity with the requirements for qualification and taxation as a REIT and that its proposed method of operation will enable ARI to continue to meet the requirements for qualification and taxation as a REIT;

Table of Contents

there not having occurred any events since February 26, 2016 that, individually or in the aggregate, constitute or would, with the passage of time constitute, a material adverse effect with respect to ARI, and receipt by AMTG of a certificate signed on behalf of ARI by a duly authorized executive officer of ARI to the effect that this condition has been satisfied;

the shares of ARI common stock and ARI Series C Preferred Stock to be issued to AMTG stockholders in the mergers having been approved for listing on the NYSE, subject to official notice of issuance, and the Articles Supplementary classifying the ARI Series C Preferred Stock shall have been filed with the State Department of Assessments and Taxation of Maryland; and

the absence of any conditions precedent to the parties obligations to effect the Second Merger, other than consummation of the First Merger.

Termination of the Merger Agreement

Termination by Mutual Agreement

The merger agreement may be terminated at any time before the effective time of the First Merger by the mutual written consent of ARI and AMTG.

Termination by Either AMTG or ARI

The merger agreement may also be terminated prior to the effective time of the First Merger by either AMTG or ARI if:

the First Merger has not been consummated on or before 11:59 p.m. (Eastern time) on September 9, 2016 (which date may be extended to October 26, 2016 by either AMTG or ARI upon written notice to the other party if on September 9, 2016 all conditions to closing have been satisfied or waived (or are then capable of being satisfied), other than the Absence of Injunction Condition described under *Mutual Closing Conditions*) (such date, as may be extended, the Outside Date) (provided that this termination right will not be available to any party if the failure of the closing to occur by the Outside Date is due primarily to such party s failure to perform any of the covenants or agreements required to be performed by it under the merger agreement);

the holders of AMTG common stock fail to approve the First Merger and the other transactions contemplated by the merger agreement at the AMTG special meeting, including postponements and adjournments thereof; or

a governmental authority of competent jurisdiction has issued a final, non-appealable order, decree or ruling permanently restraining, enjoining or otherwise prohibiting consummation of the mergers (provided that the party seeking to exercise this termination right shall have used commercially reasonable efforts to appeal, resolve or remove such order, decree or ruling).

Termination by AMTG

The merger agreement may also be terminated by AMTG by written notice to ARI:

at any time prior to the requisite approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG common stockholders, in order to enter into any alternative acquisition agreement with respect to a Superior Proposal; provided, that AMTG must substantially concurrently pay the termination fee described below under *Termination Fee and Expenses Payable by AMTG to ARI* ;

at any time prior to the effective time of the First Merger, if there has been a breach by ARI or Merger Sub of any of their covenants or agreements or an inaccuracy in any of the representations and warranties, set forth in the merger agreement on the part of ARI or Merger Sub, which breach, either

Table of Contents

individually or in the aggregate, would result in, if occurring or continuing on the closing date, the failure of certain closing conditions to be satisfied, and such breach cannot be or is not cured prior to the earlier of (x) 30 calendar days after notice thereof is given by AMTG to ARI, or (y) the Outside Date (provided that this termination right will not be available to AMTG at any time when it is in breach of the merger agreement and such breach would cause, or result in, the failure of certain specified conditions to ARI s obligations to effect the First Merger); and

if (i) all of the conditions to ARI s obligation to effect the First Merger have been satisfied or waived (other than those conditions that by their nature cannot be satisfied other than at closing), (ii) AMTG has confirmed by written notice to ARI that it is ready, willing and able to consummate the First Merger and (iii) ARI and Merger Sub fail to consummate the mergers and the other transactions contemplated by the merger agreement within four business days after the date on which the closing should have occurred pursuant to the merger agreement (provided that during such four business day period, ARI is not entitled to terminate the merger agreement).

Termination by ARI

The merger agreement may also be terminated by ARI by written notice to AMTG:

at any time prior to the requisite approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG common stockholders, if (i) the AMTG Board has effected a change in recommendation or AMTG failed to include in this proxy statement/prospectus the recommendation of the AMTG Board that AMTG common stockholders approve the First Merger and the other transactions contemplated by the merger agreement; (ii) AMTG shall have failed to reaffirm the AMTG Board s recommendation within 10 business days after both (x) an Acquisition Proposal has been made public and (y) AMTG has received a written request from ARI to reaffirm the AMTG Board recommendation; or (iii) AMTG has materially breached its obligations under the no solicitation provision of the merger agreement or its obligations regarding the preparation of this proxy statement/prospectus and such breach impairs, prevents or materially delays the consummation of the transactions contemplated by the merger agreement and, in the case of any failure by AMTG to comply with its obligations regarding preparation of this proxy statement/prospectus, such breaches cannot be or are not cured reasonably promptly after receipt of written notice of such breach; and

at any time prior to the effective time of the First Merger, if there has been a breach by AMTG of any of the covenants or agreements or an inaccuracy in any of the representations and warranties set forth in the merger agreement on the part of AMTG, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the closing date, the failure of certain closing conditions to be satisfied, and such breach cannot be or is not cured prior to the earlier of (x) 30 calendar days after notice thereof is given by ARI to AMTG, or (y) the Outside Date (provided that this termination right will not be available to ARI at any time when it is in breach of the merger agreement and such breach would cause, or result in, the failure of certain specified conditions to AMTG s obligations to effect the First Merger).

Termination Fee and Expenses Payable by AMTG to ARI

AMTG has agreed to pay ARI a termination fee in the amount of $12 million if:

the merger agreement is terminated by AMTG in order to enter into an alternative acquisition agreement with respect to a Superior Proposal in accordance with the provisions of the merger agreement;

the merger agreement is terminated by ARI because (i) the AMTG Board has effected a change in recommendation or failed to include in this proxy statement/prospectus the recommendation of the AMTG Board that AMTG common stockholders approve the First Merger and the other transactions

Table of Contents

contemplated by the merger agreement; (ii) AMTG has failed to reaffirm the AMTG Board s recommendation within 10 business days after (x) any Acquisition Proposal has been made public and (y) AMTG has received a written request from ARI to reaffirm the AMTG Board recommendation, or (iv) AMTG has materially breached its non-solicitation obligations or its obligations with respect to the preparation and filing of this proxy statement/prospectus and, in either case, such breach impairs, prevents or materially delays the consummation of the transactions contemplated by the merger agreement and, in the case of any failure by AMTG to comply with its obligations regarding preparation of this proxy statement/prospectus, such breaches cannot be or are not cured reasonably promptly after receipt of written notice of such breach;

all of the following occurs (in which case, the termination fee will be less, if applicable, any reimbursable expenses previously paid by AMTG to ARI):

the merger agreement is terminated by either ARI or AMTG because (i) stockholders of AMTG failed to approve the First Merger and the other transactions contemplated by the merger agreement at a duly convened AMTG special meeting, or (ii) the First Merger had not occurred by the Outside Date,

(x) in the case of a termination in accordance with clause (i) in the immediately preceding bullet, at or prior to the AMTG special meeting a bona fide Acquisition Proposal shall have been publicly disclosed or announced and not publicly withdrawn prior to the time of the AMTG special meeting and (y) in the case of a termination in accordance with clause (ii) in the immediately preceding bullet, a bona fide Acquisition Proposal shall have been publicly disclosed or announced, and not publicly withdrawn prior to the termination of the merger agreement, and provided that the requisite approval by AMTG common stockholders of the First Merger and the other transactions contemplated by the merger agreement shall not have been obtained, and

within 12 months after termination of the merger agreement, AMTG consummates an Acquisition Proposal or enters into a definitive agreement with respect to any Acquisition Proposal (that is later consummated).

In addition, AMTG has agreed to pay ARI a termination fee in the amount of $7.5 million if:

the merger agreement is terminated by AMTG in order to enter into an alternative acquisition agreement with respect to a Superior Proposal made by an excluded party in accordance with the provisions of the merger agreement; or

the merger agreement is terminated by ARI because the AMTG Board has effected a change in recommendation in connection with a Superior Proposal made by an excluded party.

The merger agreement provides generally that each party will pay its own fees and expenses in connection with the merger agreement and the transactions contemplated thereby, except that:

AMTG will pay ARI up to $6 million of ARI s out-of-pocket fees and expenses if the merger agreement is terminated by either AMTG or ARI (i) because stockholders of AMTG failed to approve the First Merger and the other transactions contemplated by the merger agreement at a duly convened AMTG special meeting and (ii) either (x) an Acquisition Proposal has been publicly disclosed or announced, and not publicly withdrawn, prior to the AMTG special meeting or (y) within 12 months after the date of termination, the AMTG Board (or authorized committee thereof) has adopted (or resolved or authorized AMTG to pursue) a plan of bankruptcy or reorganization or a plan of liquidation or dissolution. In the event that such expense reimbursement is paid to ARI and the termination fee subsequently becomes payable, the expense reimbursement (to the extent actually paid) will be credited against the termination fee;

AMTG and ARI will share equally (i) all expenses relating to the printing, filing and mailing of this proxy statement/prospectus and the registration statement on Form S-4 of which this forms a part and

Table of Contents

(ii) any documentary, sales, use, real property transfer, real property gains, registration, value-added, transfer, stamp, recording and other similar taxes, fees and costs together with any interest thereon or additional amounts with respect thereto.

Remedies; Specific Performance

In the event AMTG pays the termination fee described above to ARI when required, AMTG will have no further liability to AMTG or Merger Sub, except in the case of willful and intentional breach or fraud. In addition, the merger agreement provides that nothing in the merger agreement will relieve ARI or Merger Sub from any liability or damages in the event the merger agreement is terminated under specified circumstances. In addition, the parties to the merger agreement are entitled to injunctions, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement in addition to any and all other remedies at law or in equity.

Miscellaneous Provisions

Amendment

The parties to the merger agreement may amend the merger agreement by an instrument in writing signed by each of the parties, provided that, after approval of the First Merger and the other transactions contemplated by the merger agreement by AMTG s common stockholders, no amendment may be made which by law requires further approval by such stockholders without such further approval. Certain provisions of the merger agreement relating to the bridge loan facility may not be modified, waived or terminated in a manner that is materially adverse in any respect to the lender under the bridge loan facility or a party related to the lender without the prior written consent of the lender or such related party.

Waiver

Prior to the effective time of the First Merger, ARI, Merger Sub or AMTG may extend the time for performance of any obligations of the other or waive any inaccuracies in the representations and warranties of the other or the other party s compliance with any agreements or conditions contained in the merger agreement.

Governing Law

The merger agreement is governed by the laws of the State of Maryland, without giving effect to conflicts of laws principles.

Amendment

On June 30, 2016, the parties entered into Amendment No. 1 to the merger agreement to extend the termination date from August 26, 2016 to September 9, 2016. A copy of the amendment is attached as Annex J to this proxy statement/prospectus.

Description of the Asset Purchase Agreement

Purchase and Sale; Assets; Consideration

Under the terms of the asset purchase agreement, promptly following the consummation of the First Merger and subject to the satisfaction or waiver of certain conditions, Athene Annuity has agreed to purchase from ARI, and ARI

has agreed to sell to Athene Annuity, approximately $1.2 billion (subject to increase or decrease in certain circumstances) of certain assets, primarily non-Agency residential mortgage backed securities (referred to herein as the Assets), that are owned by AMTG or its subsidiaries (or, following the Second Merger, the Combined Company). The actual amount payable for the Assets at the closing contemplated by the asset purchase agreement will be determined in accordance with the methodology set forth in the asset purchase agreement, which is based on (i) the actual amount of Assets to be sold to Athene Annuity at the closing (which cannot be determined until just prior to the closing) and (ii) the value of each such Asset determined in accordance with the asset purchase agreement (which is based on the pricing methodology that was used to determine the Per Share Cash Consideration payable in the First Merger under the merger agreement).

Table of Contents

Representations and Warranties

The asset purchase agreement contains a number of representations and warranties made by ARI, on the one hand, and by Athene Annuity, on the other hand. The representations and warranties were made by the parties as of the date of the asset purchase agreement and will be remade as of closing date under the asset purchase agreement. The representations and warranties generally do not survive the closing under the asset purchase agreement, other than the representation made by ARI with respect to Athene Annuity receiving good and valid title to the transferred Assets at the closing, which will survive for 12 months following the closing. Certain of the parties representations and warranties are subject to specified exceptions and qualifications contained in the merger agreement and are qualified by information in the disclosure schedules delivered in connection with the asset purchase agreement.

Covenants and Agreements

Conduct of ARI; Merger Agreement Rights

ARI has committed to use reasonable best efforts to comply with its obligations under the merger agreement. In addition, ARI agreed not to amend, waive or consent to any amendment or waiver of, any provision of the merger agreement, where such amendment, waiver or consent (i) would, or would reasonably be expected to have an adverse effect on the Assets, (ii) would, or would reasonably be expected to, materially delay or prevent the closing of the purchase and sale of the Assets, or (iii) would alter any term of the asset purchase agreement, the stock purchase agreement or the Bridge Loan contemplated by the Bridge Loan Commitment Letter.

ARI has agreed to promptly notify Athene Annuity of any material communication received from AMTG or any of AMTG s affiliates or representatives or any governmental entity, relating to or affecting the status of the transactions contemplated by the merger agreement that have or would reasonably be expected to have any adverse effect on the Assets, the timing of the mergers or the other transactions contemplated by the asset purchase agreement.

Efforts to Close

ARI has agreed to use reasonable best efforts to amend and terminate any repurchase agreement, and to obtain counterparty waivers and consents in connection with the repurchase agreements, in order to facilitate the delivery of the Assets at closing to Athene Annuity. ARI has committed to use reasonable best efforts to sell to Athene Annuity Assets having an aggregate value (established in accordance with the asset purchase agreement) of (i) at least $500.0 million within three business days following the date on which the First Merger occurs, and (ii) at least $1.0 billion within 15 business days following the date on which the First Merger occurs.

Efforts to Complete Transactions; Consents

Both ARI and Athene Annuity have agreed to use their reasonable best efforts to take all actions and do all things necessary, proper or advisable under applicable laws or pursuant to any contract or agreement, to ensure the conditions to closing of the purchase and sale of the Assets can occur, including obtaining all necessary waivers, consents and approvals from governmental authorities or other persons or entities. In addition, each of ARI and Athene Annuity has agreed to use reasonable best efforts to defend any lawsuits or other legal proceedings challenging the asset purchase agreement or the transactions contemplated by the asset purchase agreement.

Athene Annuity has agreed to use reasonable best efforts to obtain any applicable regulatory approval as promptly as practicable following the date of the asset purchase agreement and shall keep ARI reasonably informed of any material communication received by Athene Annuity from the governmental authority responsible for granting such

regulatory approval.

Table of Contents

Exclusivity

Athene Annuity has agreed that, until the later of the closing under the asset purchase agreement or 12 months following termination of the asset purchase agreement, neither Athene Annuity nor its affiliates will enter into any contract, or have discussions, with AMTG regarding any transaction in which Athene Annuity would acquire assets or equity of AMTG, whether by purchase, merger, consolidation or otherwise.

Public Announcements

Each of ARI and Athene Annuity has agreed to, subject to certain exceptions, obtain the other party s consent (which consent will not be unreasonably withheld, conditioned or delayed) before issuing any press release, public statement or other disclosure with respect to the mergers or the asset purchase agreement.

Conditions to Completion of the Asset Sale

Mutual Closing Conditions

The obligation of each of ARI and Athene Annuity to effect the purchase and sale of the Assets is subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the closing date, of the following conditions:

- the absence of any law, order, legal stipulation or other legal restraint being in effect which prevents, prohibits or makes illegal the consummation of the transactions contemplated by the asset purchase agreement; and

- the First Merger having been fully consummated in accordance with the terms of the merger agreement.

Additional Closing Conditions for the Benefit of ARI

The obligations of ARI to effect the purchase and sale of the Assets are subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the effective time of the purchase and sale of the Assets, of the following additional conditions:

- the accuracy the representations and warranties made in the asset purchase agreement by Athene Annuity as of the date of the asset purchase agreement and as of date of the closing of the transactions contemplated by the asset purchase agreement (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except where the failure of such representations or warranties to be true and correct (without giving effect to any materiality or material adverse effect qualifications set forth therein) would not have, individually or in the aggregate, a material adverse effect on Athene Annuity s ability to consummate the transactions contemplated by the asset purchase agreement;

- Athene Annuity having performed and complied in all material respects with all agreements and covenants required to be performed by it under the asset purchase agreement at or prior to the closing of the transactions contemplated by the asset purchase agreement;

the continued effectiveness of each of the stock purchase agreement and the Bridge Loan Commitment Letter, without any material default under either of those agreements by Athene USA; and

Athene Annuity s delivery of certain closing instruments, including an executed cross-receipt with respect to the purchased Assets.

Table of Contents

Additional Closing Conditions for the Benefit of Athene Annuity

The obligations of Athene Annuity to effect the purchase and sale of the Assets are subject to the satisfaction or, to the extent permitted by law, waiver, at or prior to the effective time of the purchase and sale of the Assets, of the following additional conditions:

- the accuracy the representations and warranties made in the asset purchase agreement by ARI as of the date of the asset purchase agreement and as of date of the closing of the transactions contemplated by the asset purchase agreement (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except where the failure of such representations or warranties to be true and correct (without giving effect to any materiality or material adverse effect qualifications set forth therein) would not have, individually or in the aggregate, a material adverse effect on ARI s ability to consummate the transactions contemplated by the asset purchase agreement or on the Assets (excluding for these purposes certain effects arising from general economic conditions, changes in ARI s industry, changes in law and certain other agreed exclusions);

- ARI having performed and complied in all material respects with all agreements and covenants required to be performed by it under the asset purchase agreement at or prior to the closing of the transactions contemplated by the asset purchase agreement;

- Athene Annuity having obtained any required consent to the transactions contemplated by the asset purchase agreement from the Iowa Insurance Division and the Delaware Department of Insurance, as applicable;

- each Asset to be sold to Athene Annuity being free and clear of all liens; and

- ARI s delivery of certain closing instruments, including an executed cross-receipt, with respect to the amount of the closing consideration.

Termination of the Asset Purchase Agreement

Termination by Mutual Agreement

The asset purchase agreement may be terminated at any time prior to the closing date by mutual written consent of ARI and Athene Annuity.

Termination by Either ARI or Athene Annuity

The asset purchase agreement may also be terminated by either ARI or Athene Annuity prior to the closing date if:

- any law, order, legal stipulation or other legal restraint which prevents, prohibits or makes illegal the consummation of the transactions contemplated by the asset purchase agreement comes into effect and is

final and nonappealable;

the merger agreement is terminated in accordance with its terms;

a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the other party shall have occurred, which breach or failure to perform (i) would cause the failure of one of the conditions to the closing under the asset purchase agreement and (ii) such breach or failure cannot be cured prior to the closing date; provided, that the party terminating under this provision cannot then be in breach with respect to any of its representations, warranties, covenants or other agreements contained in the asset purchase agreement; or

all of the conditions to the other party s obligations to close the transactions contemplated by the asset purchase agreement have been satisfied or waived, the terminating party has confirmed in writing to the other party that it stands ready, willing and able to consummate the transactions contemplated by the asset purchase agreement, and the other party fails to consummate the transactions within three business days.

Table of Contents

Termination by Athene Annuity

The asset purchase agreement may also be terminated by Athene Annuity in the event the closing under the asset purchase agreement has not occurred by October 26, 2016.

Miscellaneous Provisions

Payment of Expenses

Each party will pay its own fees and expenses in connection with the asset purchase agreement.

Specific Performance

Each of ARI and Athene Annuity is entitled to enforce the terms of the asset purchase agreement by a decree of specific performance.

Amendment

The parties to the asset purchase agreement may amend the asset purchase agreement by an instrument in writing signed by each of the parties.

Governing Law

The asset purchase agreement is governed by the laws of the State of Maryland, without giving effect to conflicts of laws principles.

Description of the Bridge Loan Commitment

The mergers are not conditioned upon ARI having received any financing at or prior to the effective time of the mergers. However, in connection with the mergers, ARI has entered into the Bridge Loan Commitment Letter pursuant to which Athene USA has agreed to provide the Bridge Loan. At or prior to the consummation of the mergers, ARI expects to enter into definitive documentation for the Bridge Loan in substantially the form of the loan agreement attached as Exhibit A to the Bridge Loan Commitment Letter (the Bridge Loan Agreement). Pursuant to the terms of the Bridge Loan Agreement, the proceeds of the Bridge Loan will be available upon the satisfaction of certain conditions precedent on completion of the mergers and, if drawn, will be used to finance, in part, the cash component of the merger consideration and to pay fees and expenses incurred in connection with the mergers.

The obligations of Athene USA to provide the Bridge Loan are subject to a number of conditions (including conditions that do not relate directly to the merger agreement), including without limitation: (i) consummation of the mergers in accordance with the merger agreement (without giving effect to any amendments, waivers, supplements or other modifications or consents to the merger agreement by ARI that are materially adverse to the interests of Athene USA without the prior written consent of Athene USA); (ii) that since January 1, 2015, there has not been a material adverse effect with respect to AMTG (as such term is defined in the merger agreement) that would excuse ARI from its obligations to consummate the mergers under the merger agreement; (iii) payment of all fees, expenses and amounts due and payable to Athene USA pursuant to the Bridge Loan Commitment Letter; (iv) delivery of all documents and instruments necessary to grant Athene USA a perfected security interest in the collateral securing the Bridge Loan; (v) delivery of certain customary closing documents; and (vi) the accuracy of certain customary representations and warranties.

The amount of the bridge loan commitment will be reduced by 100% of the Net Cash Proceeds (as defined in the Bridge Loan Agreement) received by ARI or any of its subsidiaries as a result of the disposition of any Assets on or prior to the date of the closing of the mergers.

The Bridge Loan Commitment Letter will expire on the earliest of (i) the funding of the Bridge Loan, (ii) September 9, 2016, or if extended in accordance with the terms of the merger agreement, October 26, 2016,

Table of Contents

(iii) the date of the termination of the merger agreement by ARI or with the written consent of ARI, in each case prior to the closing of the mergers, (iv) the date of the closing of the mergers without the use of the Bridge Loan and (v) the date of the termination of the asset purchase agreement by ARI or with the written consent of ARI.

The Bridge Loan will mature on the earlier of (i) the date that is 364 days after the funding of the Bridge Loan, (ii) the date on which all of the Assets have been sold by ARI and its subsidiaries and (iii) ARI s failure to sell (x) at least $500.0 million of Assets within three business days after the funding of the Bridge Loan and/or (y) at least $1.0 billion of Assets within 15 business days after the funding of the Bridge Loan, in each case for this clause (iii) to the extent such failure is not outside of ARI s control (provided, however, that termination of repurchase agreements and similar agreements with respect to the Assets is deemed to be within ARI s control) (the Bridge Loan Maturity Date).

The Bridge Loan will bear interest at one-month LIBOR plus 7.0%. The Bridge Loan will not amortize and any amounts outstanding will be repaid in full on the Bridge Loan Maturity Date.

The Bridge Loan will constitute senior indebtedness of ARI, and will be guaranteed by, and secured by the equity interests of, certain subsidiaries of ARI and AMTG.

The terms of the Bridge Loan will include (i) mandatory prepayment provisions including with respect to (x) the proceeds of indebtedness and (y) the Net Cash Proceeds received by ARI or any of its subsidiaries from the sale of the Assets and (ii) representations and warranties, covenants and events of default as set forth in the Bridge Loan Agreement. The application of the prepayment provision described in clause (i)(y) of the previous sentence is anticipated to result in the entire repayment of the Bridge Loan prior to its stated maturity date.

Description of the Stock Purchase Agreement

Pursuant to the terms of the stock purchase agreement, Athene USA has committed to purchase (or cause one of its subsidiaries to purchase), during the first 30 trading days commencing on the first day following the later of (i) the closing of the mergers, (ii) the date on which the conditions to Athene USA s obligations to consummate the transactions contemplated by the asset purchase agreement have been satisfied and (iii) the date on which the conditions to Athene USA s obligation to extend the financing pursuant to the Bridge Loan Agreement have been satisfied (such 30-day period, the purchase period), up to $20 million (subject to the maximum and conditional amounts described below) of shares of ARI common stock in the open market at the then-current market price if the quoted price of a share of ARI common stock on the NYSE at any time during such specified period is less than the price per share at which ARI common stock is issued to holders of AMTG common stock in the First Merger (which is fixed at $16.75).

At all times during the purchase period, Athene USA s maximum obligation to purchase is limited to the lesser of (i) $210.0 million minus the amount of Bridge Loan outstanding under the Bridge Loan Agreement (which may be an amount outstanding of up to $200.0 million) and (ii) the Conditional Amount. During the first three business days following the closing of the mergers, the Conditional Amount is $5.0 million. During the remainder of the purchase period the Conditional Amount is equal to $0.00, unless Athene Annuity has purchased at least $500.0 million worth of Assets pursuant to the asset purchase agreement no later than the third business day following the closing of the mergers, in which case the Conditional Amount is $20.0 million for the remainder of the purchase period.

In order to fulfill its purchase obligations under the stock purchase agreement, Athene USA has agreed to adopt and enter into a purchase plan established for purposes of complying with Rule 10b5-1 and Rule 10b-18 as promulgated by the SEC pursuant to the Exchange Act with one or more broker-dealers or other agents. Athene USA s commitment to purchase shares of ARI common stock is subject to certain other limitations, including compliance with ARI s

charter and bylaws and any restrictions imposed by applicable law.

For a period of 180 days following the purchase of any share of ARI common stock pursuant to the stock purchase agreement, Athene USA has agreed that it will not (and will cause its subsidiaries not to) (i) offer,

Table of Contents

pledge, sell, grant any option or right for the sale of, or otherwise dispose of, such share of ARI common stock or any securities convertible into or exchangeable or exercisable for such share of ARI common stock, or (ii) enter into any swap or any other similar agreement that transfers any of the economic consequences of ownership of such share of ARI common stock, whether any such swap or other agreement is to be settled by delivery of such share of ARI common stock or other securities, in cash or otherwise.

During the purchase period, ARI has agreed that it will not (and will cause each of its affiliated purchasers (as defined in Rule 10b-18 under the Exchange Act) not to) purchase, offer to purchase or place any bid for the purchase of any ARI common stock or any securities convertible or exchangeable into or exercisable for, or the value of which is derived from, ARI common stock.

The stock purchase agreement automatically terminates upon (i) the termination of the merger agreement in accordance with its terms or (ii) subject to certain exceptions, the termination of the asset purchase agreement in accordance with its terms.

Description of Letter Agreements with the Managers

Concurrently with the execution of the merger agreement, ARI entered into the ARI Manager letter agreement, pursuant to which the ARI Manager agreed to perform such services and activities as may be necessary to enable ARI to consummate the mergers and the other transactions contemplated by the merger agreement. In consideration for the services to be provided to ARI by the ARI Manager in connection with the mergers and the process leading to the mergers, ARI agreed to pay the ARI Manager an aggregate amount of up to $500,000, in monthly installments of $150,000 payable on the first of each calendar month between the execution of the merger agreement and the effective date of the mergers. The ARI Manager letter agreement also provides that, following the closing of the mergers and the other transactions contemplated by the merger agreement, and in accordance with the provisions of the ARI management agreement, an additional amount (based on an agreed formula) will be added to Stockholders Equity (as defined in the ARI management agreement) for the purposes of calculating the amount of management fee payable by ARI to the ARI Manager pursuant to the ARI management agreement. In addition, the ARI Manager acknowledged that, as a result of the Second Merger, the AMTG management agreement will be assigned to ARI and, following the mergers, any management fees paid by ARI to the AMTG Manager pursuant to the AMTG management agreement will offset, and therefore reduce (but not below zero), ARI s obligation to pay corresponding management fees to the ARI Manager under the ARI management agreement. Those management fee-related provisions will have the effect of reducing the aggregate amounts of management fees that otherwise would be payable to the ARI Manager and the AMTG Manager after the consummation of the mergers. If the mergers had been consummated on January 1, 2015, the aggregate amount of management fees that would have been payable for 2015 under the ARI management agreement and the AMTG management agreement would have been approximately $22.6 million, which represents a reduction of approximately $4.8 million from the aggregate amount of management fees actually paid for 2015 under the two management agreements.

Concurrently with the execution of the Merger Agreement, AMTG entered into the AMTG Manager letter agreement, pursuant to which the AMTG Manager agreed to perform such services and activities as may be necessary to enable AMTG to consummate the mergers and other transactions contemplated by the merger agreement.

Table of Contents

LITIGATION RELATED TO THE MERGERS AND RELATED TRANSACTIONS

After the announcement of the execution of the merger agreement, two putative class action lawsuits challenging the proposed First Merger, captioned *Aivasian v. Apollo Residential Mortgage, Inc., et al.*, No. 24-C-16-001532 and *Wiener v. Apollo Residential Mortgage, Inc., et al.*, No. 24-C-16-001837 were filed in the Circuit Court for Baltimore City (or, the Court). A putative class and derivative lawsuit was later filed in the same Court captioned Crago v. Apollo Residential Mortgage, Inc., No. 24-C-16-002610. Following a hearing on May 6, 2016, the Court entered orders among other things, consolidating the three actions under the caption In Re Apollo Residential Mortgage, Inc. Shareholder Litigation, Case No.: 24-C-16-002610. The plaintiffs have designated the Crago complaint as the operative complaint. The operative complaint includes both direct and derivative claims, names as defendants AMTG, the AMTG Board, ARI, Merger Sub, Apollo and Athene and alleges, among other things, that the members of the AMTG Board breached their fiduciary duties to the AMTG stockholders and that the other corporate defendants aided and abetted such fiduciary breaches. The operative complaint further alleges, among other things, that the proposed First Merger involves inadequate consideration, was the result of an inadequate and conflicted sales process, and includes unreasonable deal protection devices that purportedly preclude competing offers. It also alleges that the transactions with Athene are unfair and that the registration statement on Form S-4 filed with the SEC on April 6, 2016 contains materially misleading disclosures and omits certain material information. The operative complaint seeks, among other things, certification of the proposed class, declaratory relief, preliminary and permanent injunctive relief, including enjoining or rescinding the First Merger, unspecified damages, and an award of other unspecified attorneys and other fees and costs. On May 6, 2016, counsel for the plaintiffs filed with the Court a stipulation seeking the appointment of interim co-lead counsel, which stipulation was approved by the court on June 9, 2016. The defendants believe that the claims asserted in the complaints are without merit and intend to vigorously defend the lawsuits.

Table of Contents

PRO FORMA FINANCIAL INFORMATION

Unaudited Pro Forma Combined Financial Statements

as of March 31, 2016 and for the year ended December 31, 2015

and the three months ended March 31, 2016

The following unaudited pro forma combined balance sheet as of March 31, 2016 and the unaudited pro forma combined statement of income for the year ended December 31, 2015, and the three months ended March 31, 2016, are based on the historical financial statements of ARI and AMTG after giving effect to the mergers. The transaction will be completed using the acquisition method of accounting and adjustments described in the accompanying notes to the unaudited pro forma combined financial statements have been made as if the mergers had occurred as of March 31, 2016 for purposes of the pro forma combined balance sheet and as of January 1, 2015 for purposes of the pro forma combined statement of income.

The transaction has been accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification No. 805 (ASC 805), Business Combinations. Under the acquisition method of accounting, the total estimated purchase price of $593.6 million is allocated to the net assets acquired and liabilities assumed in connection with the mergers, based on their estimated fair values. Management has made a preliminary allocation of the estimated purchase price based on various preliminary estimates. The allocation of the estimated purchase price is preliminary pending finalization of those estimates and analyses. Final purchase accounting adjustments may differ materially from the pro forma adjustments presented herein.

The unaudited pro forma combined financial statements are based upon available information, preliminary estimates and certain assumptions that we believe are reasonable in the circumstances, as set forth in the notes to the unaudited pro forma combined financial statements. The unaudited pro forma combined financial statements do not take into account any synergies or cost savings that may or are expected as a result of the mergers.

The unaudited pro forma combined financial statements are presented for informational purposes only and are not necessarily indicative of the future financial position or results of operations of the Combined Company or the combined financial position or the results of operations that would have been realized had the mergers been consummated during the period or as of the dates for which the unaudited pro forma combined financial statements are presented.

Certain reclassification adjustments have been made to the presentation of AMTG s historical financial statements to conform them to the presentation followed by ARI. The unaudited pro forma combined financial statements should be read in conjunction with, and are qualified by reference to, our historical consolidated financial statements and notes thereto and those of AMTG, which are incorporated herein by reference.

Table of Contents

Apollo Commercial Real Estate Finance, Inc.

Pro Forma Balance Sheet

March 31, 2016

	Historical ARI	Historical AMTG	Pro-forma Adjustments	ARI Pro-Forma
Assets:				
Cash, and cash equivalent	$ 23,035	$ 99,129	$ 50,893(A)	$ 173,057
Restricted cash	55,781	54,947		110,728
Securities, at estimated fair value	472,464	2,752,865	(1,126,720)(B)	2,098,609
Securities, held-to-maturity	152,451			152,451
Commercial mortgage loans, held for investment, net	1,173,185			1,173,185
Securitized mortgage loans, at fair value		159,301		159,301
Subordinate loans, held for investment, net	930,401			930,401
Other investment securities, at fair value		159,917	(60,887)(B)	99,030
Other investments		45,644	(8,116)(C)	37,528
Investment in unconsolidated joint venture	23,728			23,728
Derivative instruments, at fair value	1,938	455		2,393
Investment related receivable		57		57
Interest receivable	23,495	8,143		31,638
Other assets	18	1,338		1,356
Total Assets	$ 2,856,496	$ 3,281,796	$ (1,144,831)	$ 4,993,461
Liabilities and Stockholders Equity				
Liabilities:				
Borrowings under repurchase agreements	$ 1,083,665	$ 2,549,701	$ (923,319)(B)	$ 2,710,047
Convertible senior notes, net	248,617			248,617
Participations sold	116,952			116,952
Non-recourse securitized debt, at fair value		16,531		16,531
Derivative instruments, at fair value		18,580		18,580
Accounts payable and accrued expenses	8,562	9,875	19,721(D)	38,158
Payable to related party	5,229	4,741		9,970
Dividends and dividend equivalents payable	36,421	19,217		55,638
Total Liabilities	1,499,446	2,618,645	(903,598)	3,214,493
Commitments and Contingencies				
Stockholders Equity:				
Series A preferred stock, 3,450,000 shares issued and outstanding ($86,250 aggregate liquidation preference)	35			35
Series B preferred stock, 8,000,000 shares issued and outstanding ($200,000 aggregate liquidation	80			80

preference)				
Series C Preferred Stock, $0.01 par value, 6,900,000 shares issued and outstanding ($172,500 aggregate liquidation preference) (formerly AMTG Series A Preferred Stock)		69	(F)	69
Common stock, $0.01 par value	674	319	(185)(E)	808
Additional paid-in-capital	1,409,489	789,573	(429,314)(F)	1,769,748
Retained earnings (accumulated deficit)	(50,973)	(126,810)	188,266(G)	10,483
Accumulated other comprehensive loss	(2,255)			(2,255)
Total Stockholders Equity	1,357,050	663,151	(241,233)	1,778,968
Total Liabilities and Stockholders Equity	$ 2,856,496	$ 3,281,796	$ (1,144,831)	$ 4,993,461

The accompanying notes to the unaudited pro forma combined financial statements are an integral part of these statements.

Table of Contents

Apollo Commercial Real Estate Finance, Inc.

Pro Forma Income Statement

Three Months ended March 31, 2016

	Historical ARI	Historical AMTG	Pro-forma Adjustments	ARI Pro-Forma
Net interest income:				
Interest income from securities	$ 8,049	$ 28,577	$ (16,355)(A)	$ 20,271
Interest income from securities, held-to-maturity	2,896			2,896
Interest income from commercial mortgage loans	21,127			21,127
Interest income from securitized mortgage loans and mortgage loans		3,265		3,265
Interest income from subordinate loans	29,375			29,375
Other interest income		3,019	(805)(A)	2,214
Interest expense	(14,642)	(8,681)	4,954(A)	(18,369)
Net interest income	46,805	26,180	(12,206)	60,779
Operating expenses:				
General and administrative expenses	(8,185)	(7,189)		(15,374)
Management fees to related party	(5,229)	(2,785)		(8,014)
Total operating expenses	(13,414)	(9,974)		(23,388)
Income from unconsolidated joint venture	68			68
Interest income from cash balances	2			2
Realized loss on sale of securities		296		296
Other than temporary impairments recognized		(695)	571(A)	(124)
Unrealized gain (loss) on securities	(15,074)	3,681	9,917(A)	(1,476)
Unrealized gain (loss) on securitized debt		2		2
Unrealized gain (loss) on securitized mortgage loans		(3,759)		(3,759)
Unrealized gain (loss) on other investment securities		(308)	903(A)	595
Foreign currency gain (loss)	(4,474)			(4,474)
Gain (loss) on derivative instruments	4,703	(28,474)		(23,771)
Other, net		17		17
Net income	18,616	(13,034)	(815)	4,767
Preferred dividends	(5,815)	(3,450)		(9,265)
Net income available to common stockholders	$ 12,801	$ (16,484)	$ (815)	$ (4,498)

Diluted net income per share of common stock	As Previously Reported	$ 0.18
Diluted net income per share of common stock	Pro Forma	$ (0.06)[B]

Table of Contents

Apollo Commercial Real Estate Finance, Inc.

Pro Forma Income Statement

Year ended December 31, 2015

	Historical ARI	Historical AMTG	Pro-forma Adjustments	ARI Pro-Forma
Net interest income:				
Interest income from securities	$ 33,188	$ 137,238	$ (76,009)(A)	$ 94,417
Interest income from securities, held-to-maturity	12,054			12,054
Interest income from commercial mortgage loans	56,092			56,092
Interest income from securitized mortgage loans and mortgage loans		13,444		13,444
Interest income from subordinate loans	90,830			90,830
Other interest income		9,418	(2,535)(A)	6,883
Interest expense	(48,861)	(32,358)	19,983(A)	(61,236)
Net interest income	143,303	127,742	(58,561)	212,484
Operating expenses:				
General and administrative expenses	(9,492)	(15,415)		(24,907)
Management fees to related party	(16,619)	(11,069)		(27,688)
Total operating expenses	(26,111)	(26,484)		(52,595)
Income from unconsolidated joint venture	3,464			3,464
Interest income from cash balances	1,239			1,239
Realized loss on sale of securities	(443)	17,100		16,657
Other than temporary impairments recognized		(12,089)	9,031(A)	(3,058)
Unrealized gain (loss) on securities	(17,408)	(64,027)	44,167(A)	(37,268)
Unrealized gain (loss) on securitized debt		1,031		1,031
Unrealized gain (loss) on securitized mortgage loans		(1,958)		(1,958)
Unrealized gain (loss) on other investment securities		(6,376)	2,823(A)	(3,553)
Foreign currency gain (loss)	(4,894)			(4,894)
Gain (loss) on derivative instruments	4,106	(46,411)		(42,305)
Other, net		(123)		(123)
Net income	103,256	(11,595)	(2,539)	89,121
Preferred dividends	(11,884)	(13,800)		(25,684)
Net income available to common stockholders	$ 91,372	$ (25,395)	$ (2,539)	$ 63,437

Diluted net income per share of common stock As Previously Reported	$ 1.54	
Diluted net income per share of common stock Pro Forma		$ 0.87[(B)]

Table of Contents

Combined Financial Statements

1. Description of Transaction

Merger Agreement. On February 26, 2016, ARI entered into the merger agreement with AMTG, and Merger Sub, pursuant to which ARI will acquire AMTG for an aggregate purchase price equal to 89.25% of AMTG s book value as of the Pricing Date, plus the conversion in the Second Merger of $172.5 million of AMTG Series A Preferred Stock into an equal amount of ARI Series C Preferred Stock. The book value of AMTG, and therefore the actual purchase price payable, was determined as of July 22, 2016, the Pricing Date, and will be subject to adjustment under certain circumstances. Upon the closing of the First Merger, holders of AMTG common stock will receive a combination of cash and shares of ARI common stock. The aggregate number of shares of ARI common stock issuable under the merger agreement is limited to 13.4 million shares, and the remainder of the consideration will be paid in cash. In addition, upon the closing of the Second Merger, each share of AMTG Series A Preferred Stock will be converted into one share of ARI Series C Preferred Stock.

The merger agreement and related transactions were approved by all of the members of the ARI Board (with the exception of Mark C. Biderman, who recused himself from deliberations relating to the mergers). Consummation of the mergers and other transactions contemplated by the merger agreement is subject to the satisfaction of customary closing conditions, including the registration and listing of the shares of ARI common stock and ARI Series C Preferred Stock that will be issued in the mergers and the approval and adoption of the First Merger and the other transactions contemplated by the merger agreement by the holders of a majority of the shares of AMTG common stock entitled to vote on the transaction, including a majority of the votes entitled to be cast by persons unaffiliated with Apollo. ARI stockholder approval will not be required in connection with the transaction.

Arrangements with Athene. In connection with the transactions contemplated by the merger agreement, on February 26, 2016 ARI entered into certain agreements with certain subsidiaries of Athene. These agreements are (i) a bridge loan commitment from Athene USA, pursuant to which Athene has committed to provide ARI with a term loan in an aggregate amount of up to $200.0 million to consummate the mergers, (ii) an asset purchase agreement which provides that, promptly following the closing of the First Merger, ARI will sell to Athene up to approximately $1.2 billion (subject to increase or decrease in certain circumstances) of primarily non-Agency residential mortgage backed securities at a price set (based on a pre-agreed methodology) as of the Pricing Date, and (iii) a stock purchase agreement, under which Athene USA has committed to purchase, during a specified period of time following the closing of the mergers, up to $20.0 million (subject to reduction in certain circumstances) of ARI common stock in the open market at the then-current market price if the quoted price of a share of ARI common stock on the NYSE at any time during such period is less than $16.75 (which is the value per share at which ARI common stock is to be issued to holders of AMTG common stock in the First Merger).

Letter Agreement with the ARI Manager. Concurrently with the execution of the merger agreement, ARI entered into the ARI Manager letter agreement, pursuant to which the ARI Manager has agreed to perform such services and activities as may be necessary to enable ARI to consummate the mergers. In consideration of the services provided and to be provided to ARI by the ARI Manager in connection with the mergers and the process leading to the mergers, ARI agreed to pay the ARI Manager an aggregate amount of up to $0.5 million, in monthly installments of $0.15 million payable on the first of each calendar month between the execution of the merger agreement and the closing of the mergers. Upon consummation of the mergers, an additional amount (based on an agreed formula) will be added to Stockholders Equity (as defined in the ARI Management Agreement) for purposes of calculating the amount of the management fee payable to the ARI Manager under the ARI Management Agreement. In addition, the ARI Manager acknowledged that, as a result of the mergers, the ARI Management Agreement will be assigned to ARI and, following the mergers, any management fees paid by ARI to ARM Manager, LLC pursuant to the AMTG

Management Agreement will offset, and therefore reduce (but not below zero), ARI s obligation to pay corresponding management fees to the ARI Manager.

Table of Contents

2. Preliminary Estimate of Sources

ARI expects to fund the acquisition of AMTG with a combination of cash and ARI common stock, estimated to be $437.8 million, and the issuance of ARI Series C Preferred Stock in exchange for the outstanding AMTG Series A Preferred Stock with an estimated fair value of $155.7 million and a liquidation value of $172.5 million. In addition, ARI expects to incur additional transaction costs aggregating $19.7 million. A preliminary estimate of the sources for the purchase price is as follows (amounts in thousands, except shares and share price):

Issuance of 13,400,000 shares of ARI common stock, at an offering price of $16.75	$ 224,450
Borrowings under committed bridge facility	200,000
Assumption of AMTG Series A Preferred Stock	155,733
Cash	13,396
Total Sources	$ 593,579

The table above assumes an equity issuance of $224.4 million to finance a portion of the purchase price. Cash proceeds will vary based on the book value of AMTG as of the pricing date. Alternatively, the additional financing sources may include a combination of new debt or equity securities and/or borrowings under existing credit facilities, asset sales, and cash on hand dependent on a number of factors, including the market conditions at closing, strategic alternatives, and ARI s liquidity position and outlook.

3. Fair value of assets acquired, liabilities assumed, and calculation of goodwill

Under the acquisition method of accounting, the total purchase price has been allocated for the accompanying pro forma financial statements based on a preliminary valuation of AMTG s tangible and intangible assets and liabilities as if the transaction occurred as of March 31, 2016, is summarized as follows (amounts in thousands):

Assets Acquired	
Cash	$ 99,129
Restricted Cash	54,947
Securities	2,752,865
Securitized mortgage loans	159,301
Other investment securities	159,917
Other investments	37,528
Derivative instruments	455
Investment related receivable	57
Interest receivable	8,143
Other assets	1,338
Liabilities Assumed	
Borrowings under repurchase agreements	(2,549,701)
Non-recourse securitized debt	(16,531)
Derivative instruments	(18,580)
Accounts payable and accrued expenses	(9,875)

Payable to related party	(4,741)
Dividends payable	(19,217)
Net assets acquired	$ 655,035

Table of Contents

Bargain purchase gain represents the excess of the fair value of the underlying net assets acquired and liabilities assumed over the purchase price. This determination of bargain purchase gain is preliminary, and is subject to change when the evaluation is complete. A preliminary determination of the bargain purchase gain is as follows (amounts in thousands):

Total purchase price	$ 593,579
Preliminary estimate of the fair value of the net assets acquired	(655,035)
Bargain purchase gain	$ 61,456

4. Pro Forma Adjustments

The accompanying unaudited pro forma combined financial statements have been prepared as if the acquisition had occurred as of December 31, 2015 for balance sheet purposes and as of January 1, 2015 for income statement purposes and reflect the following pro forma adjustments (amounts in thousands):

Pro Forma Combined Balance Sheet as of March 31, 2016:

(A) Adjustment represents the impact on cash from the sale of primarily non-Agency Residential Mortgage Backed Securities (assumed to be approximately $1.188 billion as of March 31, 2016) to Athene (net of the repayment of related repurchase agreements (assumed to be approximately $923 million as of March 31, 2016)) as well as the cash consideration paid to the stockholders of AMTG.

(B) Adjustment represents the sale of primarily non-Agency Residential Mortgage Backed Securities (assumed to be approximately $1.188 billion as of March 31, 2016) to Athene and the related repayment of repurchase agreements (assumed to be approximately $923 million as of March 31, 2016) and $200 million of debt financing from Athene.

(C) Adjustment to reflect the estimated fair value of the investments classified as other investments that ARI is acquiring.

(D) Represents the estimated additional remaining total third party costs, such as merger and acquisition fees, as well as legal, accounting, and other third party due diligence costs. All such costs are required to be expensed immediately in the income statement under ASC 805. However, note that such amounts have not been reflected in the pro forma combined statement of income for the year ended December 31, 2015 and three months ended March 31, 2016 as they do not have a recurring impact on net income.

(E) Adjustment represents the issuance, at par value, of 13,400,000 shares of ARI common stock in exchange for the retirement, at par value, of 31,882,788 shares of AMTG common stock.

(F) Adjustment represents the elimination of AMTG s additional paid-in-capital balance of $789.6 million, the fair value adjustment of $16.8 million for the AMTG preferred stock and the issuance of 13,400,000 shares of ARI common stock at $16.75 as well as a reduction in capital of $19.7 million for additional expenses related to the transaction per (D) above.

(G) Adjustment represents the elimination of AMTG accumulated deficit of $126.8 million, the fair value adjustments of $(8.1) million related to other investments and $16.8 million related to the AMTG preferred stock as well as the

bargain purchase gain of $33.0 million.

Pro Forma Income Statement for the Year Ended March 31, 2016:

(A) Adjustment represents the elimination of revenues, gains and losses related to securities sold to Athene and the expenses related to the corresponding repurchase agreements.

(B) Represents the pro forma combined earnings per share of ARI common stock, including the impact of the 13,400,000 shares of ARI common stock assumed to be issued per Note 2 to the unaudited pro forma combined financial statements.

Table of Contents

Pro Forma Income Statement for the Year Ended December 31, 2015:

(A) Adjustment represents the elimination of revenues, gains and losses related to securities sold to Athene and the expenses related to the corresponding repurchase agreements.

(B) Represents the pro forma combined earnings per share of ARI common stock, including the impact of the 13,400,000 shares of ARI common stock assumed to be issued per Note 2 to the unaudited pro forma combined financial statements.

Table of Contents

MANAGEMENT AND BOARD OF COMBINED COMPANY

The members of the ARI Board immediately prior to the effective time of the Second Merger will serve as the board of directors of the Combined Company following the mergers, with Jeffrey M. Gault continuing to serve as the Chairman.

The executive officers of ARI immediately prior to the effective time of the Second Merger will serve as the executive officers of the Combined Company, with Stuart A. Rothstein continuing to serve as President and Chief Executive Officer.

Biographical Information about Officers and Directors

Biographical information concerning the directors and executive officers (some of whom are also directors) expected to serve as officers and directors of the Combined Company following the completion of the mergers is set forth below.

Jeffrey M. Gault, 70, has served as the Chairman of the ARI Board since December 2014. Mr. Gault currently serves as the chairman of the board of Americold Logistics, LLC. Previously, Mr. Gault was president and chief executive officer of Americold Logistics from 2012 to 2014. Prior to joining Americold Logistics, during the years 2005 to 2011, Mr. Gault was President of KB Urban, a division of KB Home (NYSE: KBH), general partner of LandCap Partners, an affiliate of Whitehall Funds, and manager of an affiliate of Westbrook Partners. Prior to that, Mr. Gault served as chief operating officer of Empire Land from 2000 to 2005, general partner of the Pritzker Family affiliated partnerships from 1995 to 2000, general partner of Sun America Realty Partners, an affiliate of Sun America Incorporated from 1990 to 1995, executive vice president and director of real estate at Home Savings of America & H.F. Ahmanson & Company from 1985 to 1990, and partner at Kennard, Dalahousie and Gault from 1971 to 1985. From mid-2014 through May 2016, Mr. Gault served as a non-management director of Classic Party Rentals, a portfolio company of a fund managed by an affiliate of Apollo, and since June 2016, he has been a director and the interim chief executive officer of Classic Party Rentals. Mr. Gault currently serves as an independent director of Great Wolf Resorts Inc. He was a director of Morgan s Hotel Group Co. (NASDAQ: MHGC) from 2007 to 2011 and chairman of the Fisher Center Policy Advisory Board at the University of California at Berkeley from 2005 to 2011. Mr. Gault received a Bachelor degree in Architecture from the University of California at Berkeley and a Master of Environmental Design from Yale University. Mr. Gault was selected to serve on the board of the Combined Company because of his extensive knowledge about the real estate industry, construction finance and logistics, and his experience in a variety of executive, senior leadership and director roles.

Mark C. Biderman, 70, has been on the ARI Board since November 2010. Since its initial public offering in July 2011, Mr. Biderman has also served on the AMTG Board. Since February 2011, Mr. Biderman had served as a member of the board of directors of Atlas Energy G.P., LLC, General Partner of Atlas Energy, L.P., an energy-focused master limited partnership. In February of 2015, Atlas Energy G.P., LLC completed a merger with a subsidiary of Targa Resources Group (NYSE: TRGP), forming a new public company. Mr. Biderman then ceased being a director of Atlas Energy G.P., LLC and became a director of Atlas Energy Group, LLC (NYSE: ATLS). Since August 2010, Mr. Biderman has been a member of the Board of Directors of the Full Circle Capital Corporation (NASDAQ: FULL), an externally managed business development company. Mr. Biderman served as a member of the Board of Directors of Atlas Energy, Inc., an independent natural gas producer that also owned an interest in an energy services provider, from July 2009 through February 2011. Since January 2009, Mr. Biderman has been a consultant focused on the financial services sector. Mr. Biderman served as Vice Chairman of National Financial Partners Corp. (NYSE: NFP), a benefits, insurance and wealth management services firm, from September 2008 through December 2008. From November 1999 until September 2008, he served as NFP s Executive Vice President and Chief Financial

Officer. From 1987 to 1999, Mr. Biderman served as Managing Director and Head of the Financial Institutions Group at CIBC World Markets, or CIBC, an investment banking firm, and its predecessor, Oppenheimer & Co., Inc. Prior to investment banking, he was an equity research analyst covering the commercial banking industry. Mr. Biderman was on the Institutional Investor All American Research Team from 1973 to 1985 and was First Team Bank Analyst in 1974 and 1976. Mr. Biderman chaired the due diligence committee at CIBC and served on the commitment and credit committees. He serves on the Board of Governors and as Treasurer of Hebrew Union College-Jewish Institute of

Table of Contents

Religion, on the Board of Trustees of Congregation Rodeph Sholom, and as Chairman of the Board of Directors of Center for Jewish Life Princeton University Hillel. Mr. Biderman is a Chartered Financial Analyst. Mr. Biderman received a BSE degree, with high honors, in chemical engineering from Princeton University and an MBA from the Harvard Graduate School of Business Administration. Mr. Biderman qualifies as an audit committee financial expert under the guidelines of the Securities and Exchange Commission. Mr. Biderman was selected to serve as a director on the Combined Company s board of directors because of his business acumen and valuable operational experience.

Robert A. Kasdin, 58, has been one of ARI s directors since April 2014. Mr. Kasdin has served as senior vice president and chief operating officer of Johns Hopkins Medicine since July 2015. Prior to joining Johns Hopkins Medicine, he served as senior executive vice president of Columbia University from September 2002 to June 2015. Prior to joining Columbia University, he served as the executive vice president and chief financial officer of the University of Michigan from 1997 to 2002. Before his service at the University of Michigan, he was the treasurer and chief investment officer for the Metropolitan Museum of Art in New York City from 1993 to 1997, and, from 1988 to 1992, served as vice president and general counsel for Princeton University Investment Company. He began his career as a corporate attorney at Davis Polk & Wardwell LLP. Mr. Kasdin served on the Board of Directors of Noranda Aluminum Holding Corporation (NYSE: NOR) an Apollo affiliate, from February 2008 to March 2014 and the Harbor Funds since January 2014. Mr. Kasdin is also a trustee of the National September 11 Memorial & Museum and is a member of the Council on Foreign Relations. Mr. Kasdin earned his A.B. from Princeton University and his J.D. from Harvard Law School. Mr. Kasdin was selected to serve on the Combined Company s board of directors based on his legal experience as well as his leadership, financial, investment and management experience with large, complex institutions, including construction projects and major real estate development on behalf of those institutions, which brings an important perspective to ARI s strategic planning.

Eric L. Press, 50, has been one of ARI s directors since June 2009. He is also a Vice President of the ARI Manager and a member of the ARI Manager s Investment Committee. Mr. Press has been a Senior Partner-Private Equity of Apollo 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 Caesar s Entertainment Corporation (NASD: CZR) (January 2008 to present), Princimar Chemical Holdings, LLC and affiliated entities (December 2013 to present) and Verso Paper Corp. (NYSE: VRS) (December 2008 to present). Previously, he served on the boards of directors of Affinion Group Holdings, Inc. and its subsidiary Affinion Group Inc. (October 2005 to November 2015); Noranda Alumnium Holding Corporation (NYSE: NOR) (March 2007 to May 2015); Athene Holding Ltd. (July 2009 to February 2014); Athene Asset Management, L.P. (July 2009 to February 2014); Innkeepers USA (June 2007 to April 2010), Metals USA Holdings Corp. (November 2005 to April 2013); Quality Distribution, Inc. (NASD: QLTY) (May 2004 to May 2008); Wyndham International, Inc. (May 2005 to August 2005); and AEP Industries Inc. (NASD: AEPI) (June 2004 to February 2005). Mr. Press graduated magna cum laude from Harvard College with an AB in Economics and a JD from Yale Law School, where he was a Senior Editor of the Yale Law Review. Mr. Press was selected to serve on the Combined Company s board of directors because of his acute business judgment and his extensive experience serving on the boards of and advising publicly traded companies.

Scott S. Prince, 53, has been one of ARI s directors since November 2013. Since 2015, Mr. Prince has been a Co-Founder of GPS Investment Partners and Vice Chairman of Chiron Investment Management. He is also currently a Partner of Maxim Capital Group, a real estate investment and lending platform where he is a Member of the Board and Chairman of the Risk Committee. In 2012, Mr. Prince co-founded Lake Success Rentals which in partnership with Tricon Capital Group has purchased over 7,000 distressed single family residences and created one of the largest single family rental businesses in the United States. Mr. Prince was formerly Co-Managing Partner of Skybridge Capital from 2007 until January 2012. Prior to Skybridge, Mr. Prince was a Partner at Eton Park Capital Management

from launch in 2004 until 2007, heading global trading and the fund s derivatives business. Mr. Prince

Table of Contents

was Co-head of Equities Trading and Global Equity Derivatives at Goldman Sachs through 2004, named a Goldman Sachs Partner in 1998, and served on the firm s Finance Committee, Equity Division s Risk and Operating Committees. He was a Director of the International Securities Exchange from 2002 to 2004. He is currently an Executive Board Member of the Wharton School, and is a Board Member of the Hope and Heroes Pediatric Cancer Foundation. He received an MBA from the University of Chicago and a BS in Economics from the Wharton School of the University of Pennsylvania. Mr. Prince was selected to serve as a director on the board of directors of the Combined Company because of his significant finance and capital markets expertise.

Stuart A. Rothstein, 50, is President and Chief Executive Officer of ARI and one of ARI s directors. From September 2009 through April 1, 2013, Mr. Rothstein also served as ARI s Chief Financial Officer, Treasurer and Secretary. He is also the Vice President of, and a member of, the Investment Committee of the ARI Manager. Since 2009, Mr. Rothstein has been a partner and the Chief Operating Officer-Real Estate of Apollo. Mr. Rothstein is responsible for managing the day-to-day operations of the group as well as strategic planning and new business development. Since its initial public offering in July 2011 through January 1, 2014, Mr. Rothstein served as the Chief Financial Officer, Treasurer and Secretary of AMTG. Prior to joining Apollo in 2009, Mr. Rothstein was a Co-Managing Partner of Four Corners Properties, a privately held real estate investment company. Previously, he served as a Director of KKR Financial Advisors, LLC, overseeing all investments in commercial real estate and a Director at RBC Capital Markets, responsible for the West Coast Real Estate Investment Banking practice. Prior to RBC, Mr. Rothstein was an Executive Vice President and Chief Financial Officer of the Related Capital Company, also serving as Chief Financial Officer for three publicly traded companies Centerline Holding Company (formerly CharterMac), American Mortgage Acceptance Company and Aegis Realty Inc. Mr. Rothstein began his career at Spieker Properties Inc., an office REIT subsequently acquired by Equity Office Properties, and held various senior finance positions prior to being named Chief Financial Officer in 1999. Mr. Rothstein graduated from the Pennsylvania State University with a BS in Accounting and received an MBA from the Stanford University Graduate School of Business. He is a member of Pennsylvania State University s Smeal College of Business Real Estate Advisory Board. Mr. Rothstein was selected to serve on the Combined Company s board of directors because of the strategic leadership and business judgment he has demonstrated in his role as ARI s President and Chief Executive Officer, and previously as ARI s Chief Financial Officer, and his extensive managerial and executive experience.

Michael E. Salvati, 64, has been one of ARI s directors since September 2009. Since December 2000, Mr. Salvati has been President at Oakridge Consulting, Inc., which provides interim management, management consulting and corporate advisory services to companies ranging in size from start-ups to multinational corporations. From February 2004 to May 2004, Mr. Salvati served as Chief Financial Officer of AMI Semiconductor, Inc. From September 1998 to February 2000, Mr. Salvati was Executive Vice President Chief Operating Officer of National Financial Partners Corp. (NYSE: NFP), an Apollo affiliated venture focusing on the consolidation of small financial services firms that service high net worth individuals. From June 1996 to June 1998, he was Chief Financial Officer of Culligan Water Technologies, Inc., an affiliate of Apollo, where he oversaw the completion of nearly 50 acquisitions over a period of 18 months. Mr. Salvati was a partner at KPMG LLP from 1990 to 1996. Mr. Salvati is a Certified Public Accountant and member of the American Institute of Certified Public Accountants, Illinois CPA Society. He has served as a member of the board of directors of Global Power Equipment Group, Inc. (OTC: GLPW) since August 2011, and he is currently a member of the audit committee. He also serves as a member of MidCap FinCo Holdings, Limited, and MidCap FinCo Limited (affiliates of Apollo) where he is a member of the audit committee. Mr. Salvati s previous board memberships include Things Remembered, Inc., Lazydays, Inc., NCH Nu World Marketing, Ltd., Coho Energy, Inc. (OTC: COHIQ), Prime Succession, Inc., and Castle Holdco 4, Ltd., an Apollo affiliate. Mr. Salvati received a BS in microbiology and a MS in accounting from the University of Illinois at Champaign-Urbana. Mr. Salvati qualifies as an audit committee financial expert under the guidelines of the SEC. Mr. Salvati was selected to serve as a director on the Combined Company s board of directors due to his strong background in public accounting and auditing.

Jai Agarwal, 41, is the Chief Financial Officer, Treasurer and Secretary of ARI. Prior to joining ARI, he served from 2014 until May 2016 as the chief financial officer and treasurer of CM Finance Inc. (Nasdaq: CMFN). Prior

Table of Contents

to CM Finance, Mr. Agarwal was a senior vice president in Blackstone s real estate finance group from 2012 to 2014 and director of finance and accounting from 2008 through 2012 at Capital Trust, the predecessor to Blackstone Mortgage Trust (NYSE: BXMT). Prior to that, from 2000 until 2007, Mr. Agarwal held positions in finance and investments at iStar Inc. (NYSE: STAR). He holds a Bachelor of Science from University of Mumbai and is a Certified Public Accountant.

Table of Contents

CERTAIN BENEFICIAL OWNERS OF AMTG COMMON STOCK & AMTG SERIES A PREFERRED STOCK

The following table sets forth information as of the Record Date regarding the beneficial ownership of AMTG common stock by (i) each person known to AMTG to be the beneficial owner of 5% or more of the outstanding AMTG common stock, (ii) AMTG s named executive officers, (iii) AMTG s directors and (iv) all of AMTG s directors and executive officers as a group. In addition, the following table sets forth information as of the Record Date regarding the beneficial ownership of AMTG Series A Preferred Stock by (i) each person known to AMTG to be the beneficial owner of 5% or more of the outstanding AMTG Series A Preferred Stock, (ii) AMTG s named executive officers, (iii) AMTG s directors and (iv) all of AMTG s directors and executive officers as a group. Beneficial ownership includes any shares over which the beneficial owner has sole or shared voting or investment power and also any shares that the beneficial owner has the right to acquire within 60 days of such date through the exercise of options or other rights. The percentages below are based on 31,895,226 shares of AMTG s common stock outstanding as of the Record Date and 6,900,000 shares of AMTG Series A Preferred Stock outstanding as of the Record Date.

	Common Stock Beneficially Owned			Series A Preferred Stock Beneficially Owned		
Name and Business Address[1]	**Common Stock**	**Total**	**Percent of Class**	**Series A Preferred Stock**	**Total**	**Percent of Class**
Directors and Officers						
Michael A. Commaroto[2][3]	247,332	247,332	*			*
Teresa D. Covello[2][3][4]	27,559	27,559	*			*
Gregory W. Hunt[4]						
Frederick N. Khedouri[2][3]	22,259	22,259	*			*
Mark C. Biderman[2][5]	32,784	32,784	*			*
Thomas D. Christopoul[2][5]	27,407	27,407	*			*
James E. Galowski[6]	6,831	6,831	*			*
Frederick J. Kleisner[2][5]	44,007	44,007	*			*
Hope S. Taitz[2][5]	27,407	27,407	*			*
All directors and executive officers as a group (8 persons)[3][4][5]	408,027	408,027	1.28%			*
5% or Greater Beneficial Owners						
Black Rock, Inc.[7]	2,762,776	2,762,776	8.66%			*
International Value Advisers, LLC[8]			*	621,947	621,947	9.01%
Morgan Stanley[9]	1,664,750	1,664,750	5.22%			*

* Represents less than 1% of issued and outstanding shares.

(1) The business address of each director and named executive officer is c/o Apollo Residential Mortgage, Inc., 9 West 57th Street, 43rd Floor, New York, New York 10019.

(2) Each director and named executive officer has sole voting and investment power with respect to these shares.

(3) Includes restricted stock units granted under the 2011 Equity Incentive Plan as follows:

(a) Mr. Commaroto 94,900 restricted stock units; (b) Ms. Covello 14,103 restricted stock units all of which were fully vested at the Record Date; and (c) Mr. Khedouri 4,151 restricted stock units. The vesting of all such unvested restricted stock units will accelerate immediately prior to the effective time of the First Merger.

(4) Teresa D. Covello resigned as AMTG s Chief Financial Officer, Treasurer and Secretary effective March 15, 2016 and was succeeded on that date in these positions by Gregory W. Hunt.

(5) As of the Record Date, includes unvested shares of restricted AMTG common stock granted to AMTG s directors pursuant to the AMTG 2011 Equity Incentive Plan as follows:

(a) Mr. Biderman 8,673 shares of restricted AMTG common stock; (b) Mr. Christopoul 8,673 shares of restricted AMTG common stock;

Table of Contents

(c) Mr. Kleisner 8,673 shares of restricted AMTG common stock; and (d) Ms. Taitz 8,673 shares of restricted AMTG common stock. The vesting of all unvested shares of restricted AMTG common stock will accelerate immediately prior to the effective time of the First Merger.

(6) Mr. Galowski holds 6,181 shares jointly with his spouse.

(7) Based on the information provided in a Schedule 13G/A filed with the SEC on January 25, 2016, BlackRock, Inc. reported sole voting power with respect to 2,688,164 shares of AMTG Common Stock beneficially owned by it and sole dispositive power with respect to 2,762,776 shares of AMTG Common Stock beneficially owned by it. The Schedule 13G/A reports a beneficial ownership percentage of shares of AMTG Common Stock of 8.7%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G/A. BlackRock, Inc. s address is 55 East 52nd Street, New York, New York 10055.

(8) Based on the information provided in a Schedule 13G/A filed with the SEC on February 12, 2016, International Value Advisers, LLC reported sole voting power with respect to 699,700 shares of AMTG Series A Preferred Stock beneficially owned by it and sole dispositive power with respect to 747,125 shares of AMTG Series A Preferred Stock beneficially owned by it. The Schedule 13G/A reports a beneficial ownership percentage of shares of AMTG Series A Preferred Stock of 10.83%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G/A. International Value Advisers, LLC s address is 717 Fifth Avenue, New York, New York 10022.

(9) Based on the information provided in a Schedule 13G/A filed with the SEC on April 4, 2016, Morgan Stanley reported sole voting power with respect to 1,433,075 of AMTG Common Stock beneficially owned by it, shared voting power with respect to 227,428 shares of AMTG Common Stock beneficially owned by it and shared dispositive power with respect to 1,664,750 shares of AMTG Common Stock beneficially owned by it. The Schedule 13G/A reports a beneficial ownership percentage of shares of AMTG Common Stock of 5.2%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G/A. Morgan Stanley s address is 1585 Broadway, New York, New York 10036.

Table of Contents

CERTAIN OTHER BENEFICIAL OWNERS OF AMTG COMMON STOCK & AMTG SERIES A PREFERRED STOCK

Other than as set forth in the following table, as of the Record Date, the Apollo Participants, ARI, and their respective directors, executive officers and controlling persons, as applicable, did not beneficially own any shares of AMTG common stock or AMTG Series A Preferred Stock. The number and percentage of AMTG common stock and AMTG Series A Preferred Stock beneficially owned is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose.

	AMTG Stock Beneficially Owned			
Name and Business Address[1][2]	**Common Stock**	**Percent of Class**	**Series A Preferred Stock**	**Percent of Class**
Stuart A. Rothstein[3]	11,361	*		
Mark C. Biderman[3][4]	32,784	*		
Michael E. Salvati[3]	10,300	*		
ARM Manager, LLC	18,750	*		

* Represents less than 1% of issued and outstanding shares of AMTG common stock.

(1) The business address of each director and named executive officer of ARI is c/o Apollo Commercial Real Estate Finance, Inc., 9 West 57th Street, 43rd Floor, New York, New York 10019.

(2) The business address of the Apollo Participants and each of their respective directors, executive officer and controlling persons is c/o Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019.

(3) Each director and named executive officer has sole voting and investment power with respect to these shares.

(4) As of the Record Date, includes 8,673 unvested shares of restricted AMTG common stock granted to Mark C. Biderman pursuant to the AMTG 2011 Equity Incentive Plan.

Table of Contents

DESCRIPTION OF ARI COMMON STOCK

The following summary of the material terms of the ARI common stock does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and to ARI s charter and bylaws, copies of which are filed as exhibits to ARI s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. See *Where You Can Find More Information; Incorporation by Reference* beginning on page 233. For a summary description of Maryland law and ARI s charter and bylaws, see *Description of Certain Provisions of the Maryland General Corporation Law and ARI s Charter and Bylaws* beginning on page 221.

Common Stock

Shares of ARI common stock offered as merger consideration in connection with the First Merger will be duly authorized, and when issued upon the effective time of the First Merger, will be validly issued, fully paid and nonassessable. Subject to the preferential rights of holders of ARI s Series A, Series B and Series C Preferred Stock and any other class or series of ARI stock that may be issued in the future and to the provisions of the ARI charter regarding the restrictions on ownership and transfer of ARI stock, holders of outstanding shares of ARI common stock are entitled to receive dividends on such shares of common stock out of assets legally available for such purposes if, as and when authorized by the ARI Board and declared by ARI, and the holders of outstanding shares of ARI common stock are entitled to share ratably in ARI s assets legally available for distribution to ARI common stockholders in the event of ARI s liquidation, dissolution or winding up after payment of or adequate provision for all of ARI s known debts and liabilities.

The shares of ARI common stock that will be issued in connection with the First Merger will be issued by ARI and do not represent any interest in or obligation of the ARI Manager, Apollo or any of their affiliates. Further, the shares are not a deposit or other obligation of any bank, are not an insurance policy of any insurance company and are not insured or guaranteed by the Federal Deposit Insurance Company, any other governmental agency or any insurance company.

Subject to the provisions of the ARI charter regarding the restrictions on ownership and transfer of ARI common stock and except as may otherwise be specified in the terms of any class or series of stock, each outstanding share of ARI common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as provided with respect to any other class or series of stock, the holders of shares of ARI common stock will possess the exclusive voting power. A plurality of the votes cast in the election of directors is sufficient to elect a director and there is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock are entitled to elect all of the directors then standing for election (other than any directors elected solely by the holders of any other classes and series of ARI stock), and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of ARI common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any securities of ARI. Subject to the provisions of the ARI charter regarding the restrictions on ownership and transfer of ARI stock, shares of ARI common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally may not dissolve, amend its charter, merge or consolidate with or convert into another entity, sell all or substantially all of its assets or engage in a statutory share exchange unless the action is advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the corporation s charter. Subject to the voting rights of

holders of any other class or series of ARI stock, including ARI Series A, Series B, and Series C Preferred Stock, the ARI charter provides that these actions (other than certain amendments to the provisions of the ARI charter related to the removal of directors and the restrictions on ownership and transfer of

Table of Contents

ARI stock, and the vote required to amend such provisions, which must be approved by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the amendment) may be approved by a majority of all of the votes entitled to be cast on the matter.

Power to Reclassify ARI s Unissued Shares of Stock

The ARI charter authorizes the ARI Board to classify and reclassify from time to time any unissued shares of ARI common or preferred stock into other classes or series of stock, including one or more classes or series of stock that have priority with respect to voting rights, dividends or distributions upon liquidation over the ARI common stock, and authorizes ARI to issue the newly-classified shares. Prior to the issuance of shares of each new class or series, the ARI Board is required by Maryland law and by the ARI charter to set, subject to the provisions of the ARI charter regarding the restrictions on ownership and transfer of ARI stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series. Subject to the rights of holders of any other class or series of ARI stock, including ARI Series A, Series B and Series C Preferred Stock, the ARI Board may take these actions without stockholder approval unless stockholder approval is required by applicable law or the rules of any stock exchange or automatic quotation system on which ARI securities are listed or traded. Therefore, the ARI Board could authorize the issuance of shares of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of ARI common stock or otherwise be in the best interest of ARI stockholders.

Power to Increase or Decrease Authorized Shares of Stock and Issue Additional Shares of Common and Preferred Stock

A majority of the entire ARI Board has the power, without any action by ARI s stockholders, to amend the ARI charter to increase or decrease the number of authorized shares of stock of ARI. The ARI Board also has the power to authorize ARI to issue additional authorized but unissued shares of common or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to authorize ARI to issue such classified or reclassified shares of stock. The additional classes or series, as well as the additional shares of ARI common stock, will be available for issuance without further action by ARI s common stockholders, unless such approval is required by applicable law or the rules of any stock exchange or automated quotation system on which ARI securities may be listed or traded.

Transfer Agent and Registrar

The transfer agent and registrar for ARI common stock is Wells Fargo Bank, N.A.

Table of Contents

DESCRIPTION OF THE ARI SERIES C PREFERRED STOCK

The following description of certain terms and provisions of the ARI Series C Preferred Stock contained in this proxy statement/prospectus does not purport to be complete and is in all respects subject to, and qualified in its entirety by reference to, ARI s charter, including the Articles Supplementary setting forth the terms of the ARI Series C Preferred Stock, ARI s bylaws and Maryland law. Copies of ARI s charter and bylaws are filed as exhibits to ARI s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. See *Where You Can Find More Information; Incorporation by Reference* beginning on page 233. For a summary description of Maryland law and ARI s charter and bylaws, see *Description of Certain Provisions of the Maryland General Corporation Law and ARI s Charter and Bylaws* beginning on page 221. A copy of the Articles Supplementary is filed as Annex I to this proxy statement/prospectus.

For purposes of this section, references to ARI refers only to Apollo Commercial Real Estate Finance, Inc., a Maryland corporation, through the effective time of the Second Merger, and to the Combined Company, from and after the effective time of the Second Merger.

General

ARI s charter provides that it may issue up to 50,000,000 shares of preferred stock, $0.01 par value per share. ARI s charter authorizes a majority of the entire ARI Board, without any action by ARI s stockholders, to amend ARI s charter to increase or decrease the number of authorized shares of any class or series without stockholder approval.

Subject to the limitations prescribed by ARI s charter, the ARI Board is authorized to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of any series of preferred stock previously authorized by the ARI Board. Prior to issuance of shares of each class or series of preferred stock, the ARI Board is required by the MGCL and ARI s charter to fix the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

Prior to the effective time of the First Merger, the ARI Board will classify certain of ARI s authorized shares of preferred stock as shares of ARI Series C Preferred Stock and authorize the issuance thereof, and ARI will file the articles supplementary, setting forth the terms of the ARI Series C Preferred Stock, with the State Department of Assessments and Taxation of Maryland. When issued in the Second Merger, the ARI Series C Preferred Stock will be validly issued, fully paid and nonassessable. The holders of ARI Series C Preferred Stock will have no preemptive rights with respect to any shares of ARI s stock or any of ARI s other securities convertible into or carrying rights or options to purchase any shares of ARI s stock.

The ARI Series C Preferred Stock will not be subject to any sinking fund and ARI will have no obligation to redeem or retire the ARI Series C Preferred Stock. Unless converted by a holder in connection with a Change of Control (as defined below) or redeemed by ARI, the ARI Series C Preferred Stock will have a perpetual term, with no maturity.

ARI may in the future issue additional shares of ARI Series C Preferred Stock without the consent of the ARI Series C Preferred Stock. Any additional shares of ARI Series C Preferred Stock will have the same terms as the shares of ARI Series C Preferred Stock to be issued in the Second Merger. Any additional shares of ARI Series C Preferred Stock will, together with the shares of ARI Series C Preferred Stock, constitute a single class of securities.

Ranking

The ARI Series C Preferred Stock will rank senior to the Junior Stock (as defined below), including shares of ARI common stock, and on parity with any other Parity Stock (as defined below). While any shares of ARI Series C Preferred Stock are outstanding, ARI may not authorize or create, or increase the authorized number of

Table of Contents

shares of, any class or series of stock that ranks senior to the ARI Series C Preferred Stock with respect to the payment of dividends or amounts upon ARI s liquidation, dissolution or winding up without the affirmative vote of two-thirds of the votes entitled to be cast by holders of outstanding shares of ARI Series C Preferred Stock, voting together as a single class with the holders of any other class or series of Parity Stock upon which like voting rights have been conferred and are exercisable. However, ARI may, among other things, create additional classes or series of stock, amend ARI s charter to increase the authorized number of shares of common or preferred stock or create or issue shares of a class or series of preferred stock ranking on parity with, or junior to, the ARI Series C Preferred Stock with respect, in each case, to the payment of dividends and amounts upon ARI s liquidation, dissolution or winding up, or Parity Stock, without the consent of any holder of ARI Series C Preferred Stock. See *Voting Rights* below for a discussion of the voting rights applicable if ARI seeks to create any class or series of preferred stock senior to the ARI Series C Preferred Stock.

Dividends

Holders of ARI Series C Preferred Stock will be entitled to receive, when, as and if authorized by the ARI Board and declared by ARI, out of funds legally available for payment of distributions, cumulative cash dividends at the rate of 8.00% per annum per share of its liquidation preference (equivalent to $2.00 per annum per share of ARI Series C Preferred Stock).

Dividends on each share of ARI Series C Preferred Stock issued in the Second Merger will be cumulative from the date on which the most recent dividend was paid in respect of the AMTG Series A Preferred Stock and are payable quarterly in arrears on or about the last day of each January, April, July and October, commencing on the first calendar quarter end following the effectiveness of the Second Merger at the then applicable annual rate; provided, however, that if any dividend payment date falls on any day other than a business day, as defined in the Articles Supplementary, the dividend due on such dividend payment date will be paid on the immediately preceding business day, with the same force and effect as if made on such date. A dividend period is the period from and including a dividend payment date to, but excluding, the next dividend payment date (other than the initial dividend period and the dividend period during which any shares of ARI Series C Preferred Stock shall be redeemed). Each dividend is payable to holders of record as they appear on ARI s stock records at the close of business on the record date, not exceeding 45 days preceding the payment dates thereof as fixed by the ARI Board. Dividends are cumulative from the date of original issue or the most recent dividend payment date to which dividends on the ARI Series C Preferred Stock have been paid, whether or not in any dividend period or periods there shall be funds of ARI legally available for the payment of such dividends, whether ARI has earnings or whether such dividends are authorized by the ARI Board. Accumulations of dividends on the ARI Series C Preferred Stock will not bear interest and holders of the ARI Series C Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends. Dividends payable on the ARI Series C Preferred Stock for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the ARI Series C Preferred Stock for each full dividend period will be computed by dividing the annual dividend rate by four.

No dividend or other distribution may be declared and paid or set apart for payment on any class or series of Parity Stock unless full cumulative dividends have been declared and paid or are contemporaneously declared and paid or declared and funds sufficient for payment are set aside on the ARI Series C Preferred Stock for all prior full dividend periods; provided, however, that if accrued dividends on the ARI Series C Preferred Stock for all prior full dividend periods have not been paid in full or a sum sufficient for such payment is not set apart, then any dividend declared on the ARI Series C Preferred Stock for any dividend period and on any class or series of Parity Stock must be declared and paid ratably in proportion to accumulated and unpaid dividends on the ARI Series C Preferred Stock and such Parity Stock. All dividends paid on the Series C Preferred Stock will be credited first to the earliest accrued and unpaid dividend with respect to such shares which remain payable.

ARI may not (i) pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Stock, including common stock, (other than dividends or distributions paid solely in Junior Stock, or in options, warrants or rights to subscribe for or purchase Junior Stock, or distributions required to preserve ARI s

Table of Contents

qualification as a REIT) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Stock through a sinking fund or otherwise (other than a redemption or purchase or other acquisition of shares of ARI common stock made for purposes of and in compliance with the requirements of an employee incentive or benefit plan of ARI or any subsidiary, a conversion into or exchange for Junior Stock or options, warrants or rights to subscribe for or purchase Junior Stock or redemptions or other acquisitions pursuant to the provisions of ARI s charter (including the Articles Supplementary) relating to restrictions on the ownership and transfer of ARI s stock intended to preserve ARI s qualification as a REIT), unless, in either case, full cumulative dividends for all full prior dividend periods with respect to the ARI Series C Preferred Stock outstanding at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends.

The ARI Board may not authorize and ARI may not declare, pay or set apart funds for the payment of any dividend or other distribution (other than distributions required to preserve ARI s qualification as a REIT) at any time the terms and provisions of any agreement of ARI s, including any agreement relating to ARI s indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach or default under such agreement, or if such authorization, declaration, payment or setting apart for payment is restricted or prohibited by law.

As used herein, the term Junior Stock means ARI common stock, and any other class or series of ARI s stock now or hereafter issued and outstanding that ranks junior to the ARI Series C Preferred Stock as to the payment of dividends or amounts upon ARI s liquidation, dissolution and winding up.

As used herein, the term Parity Stock means ARI s 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share (the ARI Series A Preferred Stock), of ARI, ARI s 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share (the ARI Series B Preferred Stock), of ARI and any other class or series of ARI s stock now or hereafter issued and outstanding that ranks on parity with the ARI Series C Preferred Stock as to payment of dividends or amounts upon ARI s liquidation, dissolution or winding up.

Optional Redemption

ARI may not redeem the ARI Series C Preferred Stock prior to September 20, 2017, except in certain limited circumstances relating to the provisions of ARI s charter (including the Articles Supplementary) relating to restrictions on the ownership and transfer of ARI s stock intended to preserve ARI s qualification as a REIT or in connection with ARI s special optional redemption right to redeem ARI Series C Preferred Stock upon a Change of Control. For further information regarding these exceptions, see *Restrictions on Ownership and Transfer* beginning on page 217. On and after September 20, 2017, ARI, at its option, upon not less than 30 nor more than 60 days written notice, may redeem the ARI Series C Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date fixed for redemption, unless the applicable redemption date is after the record date fixed for a ARI Series C Preferred Stock dividend and prior to the corresponding dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in the redemption price.

Special Optional Redemption

Upon the occurrence of a Change of Control, ARI will have the option, upon not less than 30 nor more than 60 days written notice, to redeem the ARI Series C Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the date on which such Change of Control has occurred for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the redemption date,

unless the applicable redemption date is after the record date fixed for a ARI Series C Preferred Stock dividend and prior to the corresponding dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in the redemption price. If ARI exercises its special optional

Table of Contents

redemption right in connection with a Change of Control before the applicable conversion date, holders of ARI Series C Preferred Stock will not have the Change of Control Conversion Right described below with respect to any shares of ARI Series C Preferred Stock called for redemption.

General Provisions Applicable to Redemptions

A notice of optional redemption (which may be contingent on the occurrence of a future event) or a notice of special optional redemption, as applicable, will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the ARI Series C Preferred Stock at their addresses as they appear on ARI s stock transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the redemption of the shares of ARI Series C Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state:

The redemption date;

The redemption price;

The number of shares of ARI Series C Preferred Stock to be redeemed;

The place or places where the certificates, if any, representing the shares of ARI Series C Preferred Stock are to be surrendered for payment;

Whether the shares of ARI Series C Preferred Stock are being redeemed pursuant to ARI s special optional redemption right in connection with the occurrence of a Change of Control and, if so, a brief description of the transaction or transactions constituting such Change of Control;

if the shares of ARI Series C Preferred Stock are being redeemed pursuant to ARI s special optional redemption right in connection with the occurrence of a Change of Control, that the holders of shares of ARI Series C Preferred Stock to which the notice relates will not be able to tender such shares of ARI Series C Preferred Stock for conversion in connection with the Change of Control and each share of ARI Series C Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date (as defined below), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and

that dividends on the shares of ARI Series C Preferred Stock to be redeemed will cease to accrue on such redemption date.

If fewer than all the shares of ARI Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of shares of ARI Series C Preferred Stock to be redeemed from such holder or the method for determining such number. If fewer than all of the outstanding shares of ARI Series C Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata or by any other

equitable method ARI may choose (including by electing to exercise ARI s special optional redemption right only with respect to shares of the Series C Preferred Stock for which holders have exercised their Change of Control Conversion Right discussed below).

On the redemption date, ARI must pay on each share of ARI Series C Preferred Stock to be redeemed any accumulated and unpaid dividends (whether or not declared), to, but not including, the redemption date, unless a redemption date falls after the record date fixed for a ARI Series C Preferred Stock dividend and prior to the corresponding dividend payment date, in which case, the holders of ARI Series C Preferred Stock at the close of business on such record date will be entitled to receive the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares prior to such dividend payment date. Except as provided for in the preceding sentence, no payment or allowance will be made for unpaid dividends, whether or not in arrears, on any ARI Series C Preferred Stock called for redemption.

If full cumulative dividends on the ARI Series C Preferred Stock for all full prior dividend periods have not been paid or declared and set apart for payment, ARI may not purchase, redeem or otherwise acquire less than all of the outstanding shares of ARI Series C Preferred Stock and any class or series of Parity Stock other than in

Table of Contents

exchange for Junior Stock or Parity Stock or in exchange for options, warrants or rights to subscribe for or purchase any Junior Stock or Parity Stock; provided, however, that the foregoing will not prevent a purchase or exchange offer made on the same terms to holders of all outstanding shares of ARI Series C Preferred Stock and all classes and series of Parity Stock or the purchase or other acquisition by ARI of shares of ARI s stock pursuant to the provisions of the ARI charter (including the Articles Supplementary) relating to restrictions on the ownership and transfer of ARI stock intended to preserve ARI s qualification as a REIT. See *Description of ARI Common Stock Restrictions on Ownership and Transfer* above and *Restrictions on Ownership and Transfer* below.

On and after any date fixed for the redemption of shares of ARI Series C Preferred Stock, provided that ARI has made available at the office of the registrar and transfer agent for the ARI Series C Preferred Stock a sufficient amount of cash to effect the redemption of such shares, dividends will cease to accrue on the shares of ARI Series C Preferred Stock called for redemption (except that, in the case of a redemption date that is after the record date fixed for a ARI Series C Preferred Stock dividend and prior to the related dividend payment date, holders of ARI Series C Preferred Stock on the dividend payment record date will be entitled on such dividend payment date to receive the dividend payable on such shares on the corresponding dividend payment date), such shares will no longer be deemed to be outstanding and all rights of the holders of such shares as holders of ARI Series C Preferred Stock will cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

Liquidation Preference

The holders of ARI Series C Preferred Stock will be entitled to receive in the event of any liquidation, dissolution or winding up of ARI, whether voluntary or involuntary, $25.00 per share of ARI Series C Preferred Stock, which ARI refers to herein as the Liquidation Preference, plus an amount per share of ARI Series C Preferred Stock equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to, but not including, the date of final distribution to such holders.

Until the holders of ARI Series C Preferred Stock have been paid the Liquidation Preference and all accrued and unpaid dividends in full (whether or not earned or declared) to, but not including, the date of final distribution to such holders, no payment will be made to any holder of Junior Stock (other than dividends or distributions paid solely in Junior Stock, or in options, warrants or rights to subscribe for or purchase Junior Stock) upon the liquidation, dissolution or winding up of ARI. If, upon any liquidation, dissolution or winding up of ARI, its assets, or the proceeds thereof, distributable among the holders of the ARI Series C Preferred Stock are insufficient to pay the full amount due to the holders of ARI Series C Preferred Stock and any class or series of Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of ARI Series C Preferred Stock and any such other class or series of Parity Stock ratably in accordance with the respective amounts which would be payable on such shares of ARI Series C Preferred Stock and any such other class or series Parity Stock if all amounts payable thereon were paid in full. None of (i) a consolidation or merger of ARI with one or more entities, (ii) a statutory share exchange by ARI or (iii) a sale or transfer of all or substantially all of ARI s assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of ARI. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of ARI Series C Preferred Stock will have no right or claim to any of the remaining assets of ARI. In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if ARI were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series C Preferred Stock will not be added to ARI s total liabilities.

Voting Rights

Except as described below, the holders of ARI Series C Preferred Stock will have no voting rights. If and whenever six quarterly dividends (whether or not consecutive) payable on the ARI Series C Preferred Stock are

Table of Contents

in arrears, whether or not declared, the number of ARI directors will be increased automatically by two (unless the number of ARI directors has previously been so increased pursuant to the terms of any class or series of Parity Stock upon which like voting rights have been conferred and are exercisable (any such other series, the Voting Preferred Stock) and with which the holders of ARI Series C Preferred Stock are entitled to vote together as a single class in the election of such directors) and the holders of ARI Series C Preferred Stock, voting together as a single class with the holders of any other class or series of Voting Preferred Stock with which the holders of ARI Series C Preferred Stock are entitled to vote together as a single class in the election of such directors, will have the right to elect two additional directors of ARI (the Preferred Stock Directors) at any annual meeting of stockholders or properly called special meeting of the holders of the ARI Series C Preferred Stock, until all such dividends and dividends for the then current quarterly period on the ARI Series C Preferred Stock have been paid or declared and set aside for payment. Whenever all such dividends on the shares of ARI Series C Preferred Stock then outstanding have been paid and full dividends on the ARI Series C Preferred Stock for the then-current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of the ARI Series C Preferred Stock to elect the Preferred Stock Directors will cease and, unless there remain outstanding shares of Voting Preferred Stock of any class or series for which the right to vote in the election of Preferred Stock Directors remains exercisable, the terms of office of the Preferred Stock Directors will terminate automatically and the number of ARI directors will be reduced accordingly and automatically. However, the right of the holders of the ARI Series C Preferred Stock to elect the Preferred Stock Directors will again vest if and whenever dividends are in arrears for six new quarterly periods, as described above. In no event will the holders of ARI Series C Preferred Stock be entitled to nominate or elect a director if such individual s election as a director would cause ARI to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of ARI stock is listed. In class votes with other Voting Preferred Stock, preferred stock of different series shall vote in proportion to the liquidation preference of the preferred stock.

In addition, the approval of at least two-thirds of the votes entitled to be cast by the holders of outstanding shares of ARI Series C Preferred Stock, voting together as a single class with the holders of all outstanding shares of Parity Stock of any class or series upon which like voting rights have been conferred and with which holders of ARI Series C Preferred Stock are entitled to vote together as a single class on such matters, is required (i) to amend, alter or repeal any provisions of the ARI charter (including the Articles Supplementary), whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the ARI Series C Preferred Stock unless, in connection with any such amendment, alteration or repeal, the ARI Series C Preferred Stock remains outstanding without the terms thereof being materially and adversely changed or is converted into or exchanged for equity securities of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption that are substantially similar to those of the ARI Series C Preferred Stock (taking into account that ARI may not be the surviving entity), or (ii) to authorize, create, or increase the authorized number of shares of any class or series of stock having rights senior to the ARI Series C Preferred Stock with respect to the payment of dividends or amounts upon ARI s liquidation, dissolution or winding up (provided that if such amendment does not affect equally the rights, preferences, privileges or voting powers of one or more classes or series of Parity Stock with which holders of ARI Series C Preferred Stock are entitled to vote together as a single class, the consent of the holders of at least two-thirds of the outstanding shares of each class or series of preferred stock not affected equally, including the ARI Series C Preferred Stock, is required). In addition, the voting powers, rights or preferences of the ARI Series C Preferred Stock will not be deemed to be materially and adversely affected by, and the holders of shares of ARI Series C Preferred Stock will not be entitled to vote with respect to, any (A) amendment to the ARI charter increasing or decreasing the total number of authorized shares of stock of all classes and series, common stock, preferred stock without further designation as to class or series, ARI Series C Preferred Stock or any other class or series of Parity Stock or Junior Stock, (B) issuance of shares of ARI Series C Preferred Stock or shares of any class or series of Parity Stock or Junior Stock or (C) classification or reclassification of authorized but unissued shares of ARI Series C Preferred Stock or any

classification or reclassification of shares of any class or series of Parity Stock or Junior Stock.

Table of Contents

Information Rights

During any period in which ARI is not subject to Section 13 or 15(d) of the Exchange Act and any shares of ARI Series C Preferred Stock are outstanding, ARI will use its best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of ARI Series C Preferred Stock, as their names and addresses appear in ARI s record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that ARI would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if ARI were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of ARI Series C Preferred Stock. ARI will use its best efforts to mail (or otherwise provide) the information to the holders of ARI Series C Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC if ARI were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which ARI would be required to file such periodic reports if ARI were a non-accelerated filer within the meaning of the Exchange Act.

Conversion Rights

Definitions

As used in this proxy statement/prospectus, the following terms shall have the following meanings:

A Change of Control will be deemed to have occurred at such time after the original issuance of the ARI Series C Preferred Stock when the following have occurred:

- the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of ARI stock entitling that person to exercise more than 50% of the total voting power of all shares of ARI stock entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in clause (i) above, neither ARI nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) listed on the NYSE, the NYSE MKT or the NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE MKT or the NASDAQ.

The Common Stock Price will be (i) if the consideration to be received in the Change of Control by holders of ARI common stock is solely cash, the amount of cash consideration per share of ARI common stock, (ii) if the consideration to be received in the Change of Control by holders of ARI common stock is other than solely cash, the average of the closing prices per share of ARI common stock on the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, and (iii) if there is not a readily determinable closing price for the ARI common stock or Alternative Form Consideration (as defined below), the fair market value of ARI common stock or such Alternative Form Consideration (as determined by the ARI Board or a committee thereof).

Conversion

Upon the occurrence of a Change of Control, each holder of ARI Series C Preferred Stock will have the right, subject to ARI s redemption rights and subject to the restrictions on ownership and transfer of ARI stock contained in the ARI charter (including the Articles Supplementary), to convert some or all of the shares of ARI Series C Preferred Stock held by such holder, or the Change of Control Conversion Right, on the relevant

Table of Contents

Change of Control Conversion Date (as defined below) into a number of shares of ARI common stock per share of ARI Series C Preferred Stock to be converted, or the Common Stock Conversion Consideration, equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) $25.00, plus (y) an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date, except if such Change of Control Conversion Date is after a record date fixed for a ARI Series C Preferred Stock dividend and prior to the corresponding ARI Series C Preferred Stock dividend payment date, in which case, no amount for such accrued and unpaid dividend will be included in such sum, by (ii) the Common Stock Price, and (B) 2.36967, which is the Share Cap.

The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a dividend paid in shares of ARI common stock), subdivisions or combinations (in each case, a Share Split) with respect to ARI common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of ARI common stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of ARI common stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of ARI common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of ARI common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable), subject to increase to the extent the underwriters option to purchase additional Series C Preferred Stock is exercised, not to exceed shares of common stock in total (or equivalent Alternative Conversion Consideration, as applicable), or the Exchange Cap. The Exchange Cap is subject to pro rata adjustments if the number of authorized shares of ARI Series C Preferred Stock increases after the Series C Original Issue Date or for any Share Splits with respect to ARI common stock as follows: the adjusted Exchange Cap as the result of a Share Split will be the number of shares of ARI common stock that is equivalent to the product of (i) the Exchange Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of ARI common stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of ARI common stock outstanding immediately prior to such Share Split.

In the case of a Change of Control as a result of which holders of ARI common stock are entitled to receive consideration other than solely shares of common stock, including cash, other securities, other property or assets (or any combination thereof), with respect to or in exchange for shares of ARI common stock, or the Alternative Form Consideration, a holder of ARI Series C Preferred Stock will be entitled thereafter to receive upon conversion of such shares of ARI Series C Preferred Stock the kind and amount of Alternative Form Consideration which the holder of ARI Series C Preferred Stock would have owned or been entitled to receive upon such Change of Control had such holder of ARI Series C Preferred Stock held a number of shares of ARI common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the Alternative Conversion Consideration, and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the Conversion Consideration).

If the holders of ARI common stock have the opportunity to elect the form of consideration to be received in such Change of Control, the Conversion Consideration will be the kind and amount of consideration actually received by holders of a majority of the shares of ARI common stock that participated in such election (if electing between two types of consideration) or holders of a plurality of ARI common stock that voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of ARI common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

ARI will not issue fractional shares of ARI common stock upon the conversion of the ARI Series C Preferred Stock. Instead, ARI will pay the cash value of such fractional shares.

Table of Contents

Within 15 days following the occurrence of a Change of Control, ARI will provide to holders of ARI Series C Preferred Stock notice of the occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. Any failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the conversion of any shares of ARI Series C Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of ARI Series C Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date (defined below);
- that if, prior to the Change of Control Conversion Date, ARI has provided or ARI provides notice of an election to redeem all or any portion of the ARI Series C Preferred Stock, the holder will not be able to convert any shares of ARI Series C Preferred Stock called for redemption and such shares of ARI Series C Preferred Stock will be redeemed on the related redemption date, even if they have already been tendered for conversion;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of ARI Series C Preferred Stock;
- the name and address of the paying agent and the conversion agent;
- the procedures that the holders of ARI Series C Preferred Stock must follow to exercise the Change of Control Conversion Right; and
- the last date on which holders of ARI Series C Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

ARI will issue a press release for publication through either Dow Jones & Company, Inc., Business Wire, PR Newswire, Marketwire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on its website, in any event prior to the opening of

business on the first business day following any date on which ARI provides the notice described above to the holders of ARI Series C Preferred Stock.

In order to exercise the Change of Control Conversion Right, a holder of ARI Series C Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of ARI Series C Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to ARI s transfer agent. The conversion notice must state:

- relevant Change of Control Conversion Date;
- the number of shares of ARI Series C Preferred Stock to be converted; and
- that the shares of ARI Series C Preferred Stock are to be converted pursuant to the applicable provisions of the ARI Series C Preferred Stock.

The Change of Control Conversion Date will be a business day that is no less than 20 days nor more than 35 days after the date on which ARI provides the notice described above to the holders of ARI Series C Preferred Stock.

Table of Contents

Holders of ARI Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to ARI s transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal must state:

the number of withdrawn shares of ARI Series C Preferred Stock;

if certificated shares of ARI Series C Preferred Stock have been issued, the certificate numbers of the withdrawn shares of ARI Series C Preferred Stock; and

the number of shares of ARI Series C Preferred Stock, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the shares of ARI Series C Preferred Stock are held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of The Depository Trust Company, or DTC.

Shares of ARI Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, ARI has provided or ARI provides notice of an election to redeem such shares of ARI Series C Preferred Stock. If the Change of Control Conversion date is after a record date fixed for a ARI Series C Preferred Stock dividend and prior to the corresponding dividend payment date, the holders of ARI Series C Preferred Stock at the close of business on such record date will be entitled to receive the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the conversion of such shares prior to such dividend date.

In connection with the exercise of any Change of Control Conversion Right, ARI will comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of ARI Series C Preferred Stock into common stock. Notwithstanding any other provision of the ARI Series C Preferred Stock, no holder of the ARI Series C Preferred Stock will be entitled to convert such ARI Series C Preferred Stock for ARI common stock to the extent that receipt of such common stock would cause such holder (or any other person) to exceed the stock ownership limits contained in the ARI charter. See *Restrictions on Ownership and Transfer* beginning on page 217.

These Change of Control conversion and redemption features may make it more difficult for, or discourage, a third party from taking over ARI.

Listing

ARI intends to file an application to list the ARI Series C Preferred Stock on the NYSE under the symbol ARI-C. ARI expects trading of the shares of ARI Series C Preferred Stock on the NYSE, if listing is approved, to commence promptly following the consummation of the mergers.

Book-Entry Procedures

The Depository Trust Company, which ARI refers to herein as DTC, will act as securities depositary for the ARI Series C Preferred Stock. ARI will issue one or more fully registered global securities certificates in the name of

DTC s nominee, Cede & Co. These certificates will represent the total aggregate number of ARI Series C Preferred Stock. ARI will deposit these certificates with DTC or a custodian appointed by DTC. ARI will not issue certificates to the holders of ARI Series C Preferred Stock that are received in exchange for their shares of AMTG Series A Preferred Stock, unless DTC s services are discontinued as described below.

Table of Contents

Title to book-entry interests in the ARI Series C Preferred Stock will pass by book-entry registration of the transfer within the records of DTC in accordance with their respective procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC.

Each person owning a beneficial interest in the ARI Series C Preferred Stock must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of the ARI Series C Preferred Stock.

DTC has advised ARI that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants, referred to as Direct Participants, deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, referred to as Indirect Participants. The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

When the shares of ARI Series C Preferred Stock within the DTC system are exchanged for shares of AMTG Series A Preferred Stock, the exchange must be by or through a Direct Participant. The Direct Participant will receive a credit for the ARI Series C Preferred Stock on DTC s records. You, as the actual owner of the ARI Series C Preferred Stock, are the beneficial owner. Your beneficial ownership interest will be recorded on the Direct and Indirect Participants records, but DTC will have no knowledge of your individual ownership. DTC s records reflect only the identity of the Direct Participants to whose accounts ARI Series C Preferred Stock are credited.

Holders of ARI Series C Preferred Stock will not receive written confirmation from DTC of the exchange. The Direct or Indirect Participants through whom shares of AMTG Series A Preferred Stock were exchanged for the ARI Series C Preferred Stock should send written confirmations providing details of such transactions, as well as periodic statements regarding each holder s holdings of ARI Series C Preferred Stock. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers such as you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

The laws of some states may require that specified owners of securities take physical delivery of the ARI Series C Preferred Stock in definitive form. These laws may impair the ability to transfer beneficial interests in the global certificates representing the ARI Series C Preferred Stock.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

ARI understands that, under DTC s existing practices, in the event that ARI requests any action of holders, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder is entitled to take under the ARI charter, DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those

Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Table of Contents

Redemption notices will be sent to Cede & Co. If less than all of the shares of ARI Series C Preferred Stock are being redeemed, DTC will reduce each Direct Participant s holdings of ARI Series C Preferred Stock in accordance with its procedures. Notices regarding the occurrence of a Change of Control will also be sent to Cede & Co.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the ARI Series C Preferred Stock. Under its usual procedures, DTC would mail an omnibus proxy to ARI as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those Direct Participants whose accounts the ARI Series C Preferred Stock are credited on the record date, which are identified in a listing attached to the omnibus proxy.

Dividend payments on the ARI Series C Preferred Stock will be made directly to DTC (or its successor, if applicable). DTC s practice is to credit participants accounts on the relevant payment date in accordance with their respective holdings shown on DTC s records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name. These payments will be the responsibility of the participant and not of DTC, ARI or any agent of ARI.

DTC may discontinue providing its services as securities depositary with respect to the ARI Series C Preferred Stock at any time by giving reasonable notice to ARI. Additionally, ARI may decide to discontinue the book-entry only system of transfers with respect to the ARI Series C Preferred Stock. In that event, ARI will print and deliver certificates in fully registered form for the ARI Series C Preferred Stock. If DTC notifies ARI that it is unwilling to continue as securities depositary, or it is unable to continue or ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by ARI within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, ARI will issue the ARI Series C Preferred Stock in definitive form, at ARI s expense, upon registration of transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures. Initial settlement for the ARI Series C Preferred Stock will be made in immediately available funds. Secondary market trading between DTC s Participants will occur in the ordinary way in accordance with DTC s rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System.

Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent

The transfer agent, registrar, dividend disbursing agent and redemption agent for the ARI Series C Preferred Stock is Wells Fargo Bank, N.A.

Table of Contents

RESTRICTIONS ON OWNERSHIP AND TRANSFER

The following summary with respect to restrictions on ownership and transfer of ARI stock sets forth certain general terms and provisions of ARI s charter. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to ARI s charter. Copies of ARI s charter and bylaws are filed as exhibits to ARI s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. See *Where You Can Find More Information; Incorporation by Reference* beginning on page 233. For a summary description of Maryland law and ARI s charter and bylaws, see *Description of Certain Provisions of the Maryland General Corporation Law and ARI s Charter and Bylaws* beginning on page 221. A copy of the Articles Supplementary is filed as Annex I to this proxy statement/prospectus.

In order for ARI to qualify as a REIT under the Internal Revenue Code, shares of its stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of ARI s stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, ARI must satisfy other requirements as well. See The Mergers and Related Transactions Material U.S. Federal Income Tax Considerations Requirements for Qualification as a REIT.

ARI s charter, including the Articles Supplementary, contains restrictions on the ownership and transfer of ARI s stock. The relevant sections of ARI s charter provide that, subject to the exceptions described below, no person or entity may own, or be deemed to own, beneficially or by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the aggregate outstanding shares of ARI common stock, or 9.8% by value or number of shares, whichever is more restrictive, of the aggregate outstanding shares of all classes and series of ARI s stock. The Articles Supplementary for the ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock, respectively, prohibit any stockholder from beneficially or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of the ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock, respectively. These limits are collectively referred to as the ownership limit. An individual or entity is referred to as a prohibited owner if, but for the ownership limit or other restrictions on ownership and transfer of ARI s stock described below, had a violative transfer or other event been effective, the individual or entity would have been a beneficial owner or, if appropriate, a record owner of shares of ARI stock.

The constructive ownership rules under the Internal Revenue Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock, ARI Series C Preferred Stock or capital stock of all classes and series (or the acquisition of an interest in an entity that owns, actually or constructively, shares of ARI stock by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of the ownership limit.

The ARI Board may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, prospectively or retroactively, waive all or any component of the ownership limit or establish a different limit on ownership, or excepted holder limit, for a particular stockholder, among other conditions, if the stockholder s ownership in excess of the ownership limit would not result in ARI being closely held within the meaning of 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 would result in ARI failing to qualify as a REIT. As a condition of

its waiver or grant of excepted holder limit, the ARI Board may, but is not required to, require an opinion of counsel or ruling from the Internal Revenue Service, or the IRS,

Table of Contents

satisfactory to the ARI Board in order to determine or ensure ARI s qualification as a REIT and may impose such other conditions and limitations as the ARI Board may determine. The ARI Board has established an exemption from this ownership limit which permits Apollo and certain of its affiliates to collectively hold up to 25% of ARI common stock, a certain institutional investor to hold up to 19.9% of ARI s common stock and certain institutional investors and certain of their specified affiliates to each collectively hold up to 15% of ARI s common stock.

In connection with granting a waiver of the ownership limit, creating an excepted holder limit or at any other time, the ARI Board may from time to time increase or decrease all or any component of the ownership limit for all other individuals and entities unless, after giving effect to such increase, five or fewer individuals could beneficially own in the aggregate more than 49.9% in value of the shares of all classes and series of ARI stock then outstanding or, with respect to an increase or decrease of the ownership limit applicable to ARI common stock or all classes and series of ARI stock, ARI would otherwise fail to qualify as a REIT. Prior to the modification of the ownership limit, the ARI Board may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure ARI s qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock, ARI Series C Preferred Stock or stock of all classes and series, as applicable, is in excess of such decreased ownership limit until such time as such individual s or entity s percentage ownership of ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock, ARI Series C Preferred Stock or stock of all classes and series, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of shares of ARI common stock, ARI Series A Preferred Stock, B Preferred Stock, ARI Series C Preferred Stock or stock of any other class or series, as applicable, in excess of such percentage ownership of ARI common stock, ARI Series A Preferred Stock, B Preferred Stock, ARI Series C Preferred Stock or stock of all classes and series will be in violation of the ownership limit.

ARI s charter further prohibits:

- any person from beneficially or constructively owning, applying certain attribution rules of the Internal Revenue Code, shares of ARI stock that would result in ARI 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 ARI to fail to qualify as a REIT; and

- any person from transferring shares of ARI stock if such transfer would result in shares of ARI stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of ARI stock that will or may violate the ownership limit or any of the other foregoing restrictions on ownership and transfer of ARI stock, or who would have owned shares of ARI stock transferred to a trust as described below, must immediately give ARI written notice of the event or, in the case of an attempted or proposed transaction, must give at least 15 days prior written notice to ARI and provide ARI with such other information as ARI may request in order to determine the effect of such transfer on ARI S qualification as a REIT. The foregoing restrictions on ownership and transfer of ARI stock will not apply if the ARI Board determines that it is no longer in ARI s best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with the restrictions and limitations on ownership and transfer of ARI stock as described above is no longer required in order for ARI to qualify as a REIT.

If any transfer of shares of ARI stock would result in shares of ARI stock being beneficially owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In

addition, if any purported transfer of shares of ARI stock or any other event would otherwise result in any person violating the ownership limit or an excepted holder limit established by the ARI Board or in ARI 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 failing to qualify as a REIT, then that number

Table of Contents

of shares (rounded up to the nearest whole share) that would cause such person to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by ARI and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or ARI 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 failing to qualify as a REIT, then ARI s charter provides that the transfer of the shares will be null and void.

Shares of stock transferred to the trustee are deemed offered for sale to ARI, or ARI s designee, at a price per share equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares of stock at market price, the last reported sales price on the NYSE (or other applicable exchange on which shares of ARI stock are listed) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the market price on the date ARI accepts, or ARI s designee accepts, such offer. ARI may reduce this amount by the amount of any dividend or other distribution that ARI has paid to the prohibited owner before ARI discovered that the shares had been automatically transferred to the trust and that are then owed to the trustee as described above, and ARI may pay the amount of any such reduction to the trustee for the benefit of the charitable beneficiary. ARI has the right to accept such offer until the trustee has sold the shares of ARI stock held in the trust as discussed below. Upon a sale to ARI, the interest of the charitable beneficiary in the shares sold terminates, the trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee with respect to such shares of stock will be paid to the charitable beneficiary.

If ARI does not buy the shares, the trustee must, within 20 days of receiving notice from ARI of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limit or the other restrictions on ownership and transfer of ARI stock. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. The trustee may (or in the case of shares of ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock transferred to the trust in connection with a violation of the ownership limit applicable to shares of ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock, must) reduce the amount payable to the prohibited owner by the amount of any dividend or other distribution that ARI paid to the prohibited owner before ARI discovered that the shares had been automatically transferred to the trust and that are then owed to the trustee as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner must be immediately paid to the beneficiary of the trust, together with any dividends or other distributions thereon. In addition, if, prior to discovery by ARI that shares of stock have been transferred to a trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount will be paid to the trustee upon demand. The prohibited owner has no rights in the shares held by the trustee.

The trustee will be designated by ARI and will be unaffiliated with ARI and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary of the trust, all dividends and other distributions paid by ARI with respect to the shares held in trust and may also exercise all voting rights with respect to

the shares held in trust. These rights will be exercised for the exclusive benefit of the beneficiary of the trust. Any dividend or other distribution paid to a prohibited owner prior to ARI s discovery that shares of stock have been transferred to the trust must be paid by the recipient to the trustee upon demand.

Table of Contents

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee s sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to ARI s discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if ARI has already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

In addition, if the ARI Board determines in good faith that a proposed transfer or other event would violate the restrictions on ownership and transfer of ARI stock, the ARI Board may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing ARI to redeem the shares of stock, refusing to give effect to the transfer on ARI s books or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Internal Revenue Code or the regulations promulgated thereunder) of ARI stock, within 30 days after the end of each taxable year, must give ARI written notice, stating the stockholder s name and address, the number of shares of each class and series of ARI stock that the stockholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide to ARI in writing such additional information as ARI may request in order to determine the effect, if any, of the stockholder s beneficial ownership on ARI s qualification as a REIT and to ensure compliance with the ownership limit applicable to ARI common stock or all classes and series of ARI stock. Every owner of ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock and each person holding ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock on behalf of a beneficial or constructive owner of ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock, as applicable must, within 30 days after the end of each taxable year, provide ARI with a completed questionnaire containing the information regarding the ownership of such shares, as set forth in the regulations promulgated under the Internal Revenue Code, as in effect from time to time, and must, upon demand, provide ARI in writing with such information as ARI may request in order to determine the effect, if any, of such person s actual or constructive ownership of ARI common stock, ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock on ARI s qualification as a REIT or to ensure compliance with the ownership limit applicable to the ARI common stock, the ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock or any applicable excepted holder limit. In addition, each stockholder must provide to ARI in writing such information as ARI may request in good faith in order to determine ARI s qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Any certificates representing shares of ARI stock must bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change in control that might involve a premium price for the ARI common stock or otherwise be in the best interest of the stockholders.

Table of Contents

DESCRIPTION OF CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND ARI s CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and ARI s charter and bylaws. Copies of ARI s charter and bylaws are filed as exhibits to ARI s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. See *Where You Can Find More Information; Incorporation by Reference* beginning on page 233. A copy of the Articles Supplementary is filed as Annex I to this proxy statement/prospectus.

ARI s Board of Directors

ARI s charter and bylaws provide that, except as provided in the terms of ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock, the number of directors ARI has may be established only by the ARI Board but may not be fewer than the minimum required under the MGCL, which is currently one, and ARI s bylaws provide that the number of ARI s directors may not be more than 15. Subject to the terms of any class or series of preferred stock, including ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock, vacancies on the ARI Board may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will hold office for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

At each annual meeting of ARI s stockholders, ARI s stockholders will elect each of ARI s directors to serve until the next annual meeting of ARI s stockholders and until his or her successor is duly elected and qualifies. A plurality of the votes cast in the election of directors is sufficient to elect a director and holders of shares of common stock will have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, subject to any applicable rights of holders of ARI s other securities, the holders of a majority of the shares of common stock entitled to vote will be able to elect all of ARI s directors at any annual meeting.

Holders of ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock generally have no voting rights in the election of directors. However, if and whenever dividends for six quarterly dividend periods (whether or not consecutive) payable on the ARI Series A Preferred Stock, ARI Series B Preferred Stock or the ARI Series C Preferred Stock are in arrears, whether or not declared, the number of ARI s directors will be increased automatically by two (unless the number of ARI s directors has previously been so increased pursuant to the terms of any class or series of preferred stock ranking on parity with the ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock, as applicable, with respect, in each case, to the payment of dividends and amounts upon ARI s liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (any such other series, the parity preferred stock) and with which the holders of ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock are entitled to vote together as a single class in the election of such directors) and the holders of ARI Series A Preferred Stock, ARI Series B Preferred Stock or ARI Series C Preferred Stock and the holders of any class or series of parity preferred stock with which the holders of ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock are entitled to vote together as a single class in the election of such directors, voting as a single class, will have the right to elect two directors of ARI, or the Preferred Stock Directors, at any annual meeting of stockholders or properly called special meeting of the holders of the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock (including to fill any vacancy on the board of directors resulting from the removal of a Preferred Stock Director), until all such prior dividends and dividends for the then current quarterly period on the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock have been paid or declared and set aside for payment. Whenever all such dividends on the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock, as applicable, then outstanding have been paid and

221

Table of Contents

full dividends on the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock, as applicable, for the then-current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock, as applicable, to elect the Preferred Stock Directors will cease and, unless there remain outstanding shares of parity preferred stock of any class or series for which the right to vote in the election of Preferred Stock Directors remains exercisable, the terms of office of the Preferred Stock Directors will terminate automatically and the number of ARI s directors will be reduced accordingly and automatically. However, the right of the holders of the ARI Series A Preferred Stock, the ARI Series B Preferred Stock or the ARI Series C Preferred Stock to elect the Preferred Stock Directors will again vest if and whenever dividends are in arrears for six new quarterly periods, as described above. In no event will the holders of ARI Series A Preferred Stock, ARI Series B Preferred Stock and ARI Series C Preferred Stock be entitled to nominate or elect a director if such individual s election as a director would cause ARI to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of ARI s stock is listed. In class votes with other parity preferred stock, preferred stock of different series may vote in proportion to the liquidation preference of the preferred stock.

Removal of Directors

ARI s charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed with or without cause but only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of the ARI Board to fill vacancies, precludes stockholders from (1) removing incumbent directors except upon a two-thirds vote and (2) filling the vacancies created by such removal with their own nominees. Preferred Stock Directors may be removed by the affirmative vote of a majority of the votes entitled to be cast in the election of Preferred Stock Directors.

Business Combinations

Under the MGCL, certain business combinations (including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation s outstanding voting stock or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation) or an affiliate of such an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must generally be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation and (b) 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, unless, among other conditions, the corporation s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the Maryland corporation s board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. The board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by it.

Pursuant to the statute, the ARI Board has by resolution exempted business combinations (1) between ARI and any other person, provided that such business combination is first approved by the ARI Board (including a majority of the

directors for ARI who are not affiliates or associates of such person) and (2) between ARI and Apollo or any of its affiliates and associates, or 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 ARI that certain stockholders

Table of Contents

believe may not be in the best interest of ARI s stockholders, without compliance with the supermajority vote requirements and other provisions of the statute. There is no assurance that such resolution will not be amended or rescinded at any time in the future.

The business combination statute may discourage others from trying to acquire control of ARI and increase the difficulty of consummating any offer.

Control Share Acquisitions

The MGCL provides that a holder of control shares of a Maryland corporation acquired in a control share acquisition has no voting rights with respect to the control shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast by stockholders on the matter, other than: (1) the person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. Control shares are issued and outstanding voting shares of stock which, if aggregated with all other such shares of stock owned by the acquiror, or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third; (B) one-third or more but less than a majority; or (C) a majority of all voting power. Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and delivering an acquiring person statement as described in the MGCL), may compel the corporation s board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition by the acquiror. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to, among other things, (a) shares acquired in a merger, consolidation or statutory share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

ARI s bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of ARI s stock. There is no assurance that such provision will not be amended or eliminated at any time in the future.

223

Table of Contents

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions of the MGCL which provide for:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the board of directors;
- a requirement that a vacancy on the board be filled only by the remaining directors in office and (if the board is classified) for the remainder of the remaining term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

ARI has elected in its charter to be subject to the provision of Subtitle 8 that provides that, except as provided in the terms of any class or series of stock of ARI, including the ARI Series A Preferred Stock, the ARI Series B Preferred Stock and the ARI Series C Preferred Stock, vacancies on the ARI Board may be filled only by the remaining directors and that directors elected to fill vacancies will serve for the remainder of the term of the directorship in which the vacancy occurred. Through provisions in the ARI charter and bylaws unrelated to Subtitle 8, ARI already (1) requires the affirmative vote of stockholders entitled to cast not less than two-thirds of all of the votes entitled to be cast generally in the election of directors for the removal of any director (other than a Preferred Stock Director) from the ARI Board, with or without cause, (2) vests in the ARI Board the exclusive power to fix the number of directorships and (3) requires, unless called by the chairman of the ARI Board, ARI s chief executive officer, ARI s president or the ARI Board, the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such a meeting to call a special meeting.

Meetings of Stockholders

Pursuant to ARI s bylaws, a meeting of ARI s stockholders for the election of directors and the transaction of any business will be held annually on a date and at the time and place set by the ARI Board. The chairman of the ARI Board, ARI s chief executive officer, ARI s president or the ARI Board may call a special meeting of ARI s stockholders. Subject to the provisions of ARI s bylaws (and other than a special meeting called as described above for the purpose of electing Preferred Stock Directors), a special meeting of ARI s stockholders to act on any matter that may properly be brought before a meeting of ARI s stockholders will also be called by ARI s secretary upon the written request of the stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting on such matter and containing the information required by ARI s bylaws. ARI s secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of meeting (including ARI s proxy materials), and the requesting stockholder must pay such estimated cost before ARI s secretary is required to prepare and deliver the

notice of the special meeting.

Exclusive Forum for Certain Litigation

ARI s bylaws provide that, unless it consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or if that court does not have jurisdiction because the action asserts a federal claim, the U.S. district court for the district of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on ARI s behalf, (b) any action asserting a claim of breach of any duty owed by any director, officer or other employee or agent to ARI or to ARI s stockholders, (c) any action asserting a claim against ARI or any director, officer or other employee or agent of ARI arising pursuant to any provision of the MGCL or ARI s charter or bylaws or (d) any action asserting a claim against ARI or any director, officer or other employee or agent that is governed by the internal affairs doctrine.

Table of Contents

Amendment to ARI s Charter and Bylaws

Except for amendments to the provisions of ARI s charter relating to the removal of directors and the restrictions on ownership and transfer of ARI s stock, and the vote required to amend these provisions (each of which must be advised by the ARI Board and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all the votes entitled to be cast on the matter), ARI s charter generally may be amended only if advised by the ARI Board and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. The affirmative vote of at least two-thirds of the votes entitled to be cast by holders of outstanding shares of ARI Series A Preferred Stock, ARI Series B Preferred Stock, ARI Series C Preferred Stock and any other class or series of parity preferred stock upon which like voting rights have been conferred (voting together as a single class) is required to amend ARI s charter (including the Articles Supplementary) in a manner that materially and adversely affects the rights of the ARI Series A Preferred Stock, ARI Series B Preferred Stock, ARI Series C Preferred Stock and any such other class or series of parity preferred stock, except that, if such amendment does not affect equally the rights, preferences, privileges or voting powers of one or more class or series of preferred stock so voting together as a single class, the consent of the holders of at least two-thirds of the outstanding shares of each class or series of preferred stock not affected equally (each voting as a separate class) is required to approve such amendment.

The ARI Board has the exclusive power to adopt, alter or repeal any provision of ARI s bylaws and to make new bylaws.

Dissolution of ARI

The dissolution of ARI must be advised by a majority of the entire ARI Board and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

ARI s bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to the ARI Board and the proposal of other business to be considered by stockholders may be made only (1) pursuant to ARI s notice of the meeting, (2) by or at the direction of the ARI Board or (3) by a stockholder who was a stockholder of record both at the time of giving the notice required by the ARI bylaws and at the time of the meeting, who is entitled to vote at the meeting on such business or in the election of such nominee and who has provided notice to ARI within the time period containing the information specified by the advance notice provisions set forth in ARI s bylaws.

With respect to special meetings of stockholders, only the business specified in ARI s notice of meeting may be brought before the meeting. Nominations of individuals for election to the ARI Board may be made only (1) by or at the direction of the ARI Board or (2) provided that the meeting has been called for the purpose of electing directors, by a stockholder who was a stockholder of record both at the time of giving the notice required by the ARI bylaws and at the time of the special meeting, who is entitled to vote at the meeting in the election of such nominee and who has provided notice to us within the time period containing the information specified by the advance notice provisions set forth in the ARI bylaws.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of ARI s Charter and Bylaws

ARI s charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for shares of ARI common stock or otherwise be in the best interests of ARI s stockholders, including business combination provisions, supermajority vote requirements and

advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the ARI bylaws opting out of the control share acquisition provisions of the MGCL were amended or rescinded by the ARI Board or if ARI were to opt in to the classified board or other provisions of Subtitle 8, these provisions of the MGCL could have similar anti-takeover effects.

Table of Contents

Limitation of Liability and Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. ARI s charter contains a provision that eliminates the liability of its directors and officers to ARI and its stockholders to the maximum extent permitted by Maryland law.

The MGCL requires ARI (unless its charter provides otherwise, which ARI s charter does not) to indemnify any of ARI s directors or officers who have been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity to ARI. The MGCL permits ARI to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Under the MGCL, ARI may not indemnify a director or officer in a suit brought by ARI or on ARI s behalf in which the director or officer was adjudged liable to ARI or in a suit in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by ARI or on ARI s behalf, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits ARI to advance reasonable expenses to a director or officer upon ARI s receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by ARI; and
- a written undertaking by the director or officer or on the director s or officer s behalf to repay the amount paid or reimbursed by ARI if it is ultimately determined that the director or officer did not meet the standard of conduct.

ARI s charter authorizes ARI to obligate itself and ARI s bylaws obligate it, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the

ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

any present or former director or officer who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity; or

any individual who, while a director or officer of ARI and at ARI s request, serves or has served as a director, officer, partner, manager, managing member or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity.

Table of Contents

ARI s charter and bylaws also permit ARI to indemnify and advance expenses to any person who served a predecessor of ARI s in any of the capacities described above and to any employee or agent of ARI or a predecessor of ARI.

ARI has entered into indemnification agreements with each of its directors and officers that provide for indemnification to the maximum extent permitted by Maryland law.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling ARI for liability arising under the Securities Act, ARI has been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. For a discussion of the indemnification provisions of the merger agreement, see *The Mergers and Related Transactions Indemnification and Insurance* on page 88.

REIT Qualification

ARI s charter provides that the ARI Board may authorize ARI to revoke or otherwise terminate ARI s REIT election, without approval of ARI s stockholders, if it determines that it is no longer in ARI s best interests to continue to qualify as a REIT.

Table of Contents

COMPARISON OF STOCKHOLDER RIGHTS

If the First Merger is consummated, the holders of AMTG common stock will become holders of the ARI common stock. The rights of AMTG stockholders are currently governed by and subject to the provisions of the MGCL, and the charter and bylaws of AMTG. Upon consummation of the First Merger, the rights of the former AMTG common stockholders who receive ARI common stock will be governed by the MGCL and the charter and bylaws of ARI, rather than the charter and bylaws of AMTG. Because both ARI and AMTG are governed by the MGCL and the charter and bylaws of ARI are substantially the same as the charter and bylaws of AMTG, there are no material differences between the rights of holders of ARI common stock (which will be the rights of holders of the common stock of the Combined Company following the First Merger) and the holders of AMTG common stock under the MGCL or the charter and bylaws of ARI and AMTG. For a summary description of Maryland law and ARI s charter and bylaws, see *Description of Certain Provisions of the Maryland General Corporation Law and ARI s Charter and Bylaws* beginning on page 221.

Additionally, if the Second Merger is consummated, the AMTG Series A Preferred Stock will be converted into ARI Series C Preferred Stock. The terms of these securities are substantially similar.

You are urged to read carefully the relevant provisions of the MGCL, as well as the governing corporate instruments of each of ARI and AMTG, copies of which are available, without charge, to any person, including any beneficial owner to whom this proxy statement/prospectus is delivered, by following the instructions listed under *Where You Can Find More Information; Incorporation by Reference* beginning on page 233.

Table of Contents

LEGAL MATTERS

The validity of the shares of ARI common stock and ARI Series C Preferred Stock to be issued in connection with the mergers will be passed upon for ARI by Clifford Chance US LLP.

Table of Contents

AMTG EXPERTS

The financial statements incorporated in this proxy statement/prospectus by reference from AMTG s Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of AMTG s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

ARI EXPERTS

The financial statements, and the related financial statement schedule, incorporated in this proxy statement/prospectus by reference from ARI s Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of ARI s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Table of Contents

DEADLINE FOR AMTG STOCKHOLDER PROPOSALS

In light of the expected timing of the completion of the mergers, AMTG expects to hold its 2016 annual meeting of stockholders only if the mergers are not completed or if AMTG is otherwise required to do so under applicable law.

In the event AMTG holds a 2016 annual meeting of stockholders, any stockholder intending to present a proposal at AMTG s 2016 annual meeting of stockholders and have the proposal included in the proxy statement and proxy card for such meeting (pursuant to Rule 14a-8 of the Exchange Act) must, in addition to complying with the applicable laws and regulations governing submissions of such proposals, have submitted the proposal in writing to AMTG no later than December 31, 2015 and must otherwise be in compliance with the requirements of the SEC s proxy rules. However, pursuant to Rule 14a-8 of the Exchange Act, if AMTG s 2016 annual meeting of stockholders is changed by more than 30 days from the date of the previous year s annual meeting of stockholders, a proposal must be submitted a reasonable time before AMTG begins to print and send its proxy materials.

AMTG s bylaws currently provide that any stockholder intending to nominate a director or present a stockholder proposal of other business for consideration at the 2016 annual meeting of stockholders, but not intending for such a nomination or proposal to be considered for inclusion in AMTG s proxy statement and proxy card relating to such meeting (i.e., not pursuant to Rule 14a-8 of the Exchange Act), must notify AMTG in writing no earlier than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting with respect to which such notice is to be tendered is not held within 30 days before or after the anniversary of the date of the preceding year s annual meeting of stockholders, to be timely, notice by the stockholder must be received no later than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the immediately preceding annual meeting of stockholders, as originally convened, or the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made. The written notice must have set forth the information and include the materials required by AMTG s bylaws. The advance notice procedures set forth in AMTG s bylaws do not affect the right of stockholders to request the inclusion of proposals in AMTG s proxy statement pursuant to SEC rules.

Table of Contents

NO APPRAISAL RIGHTS

AMTG s charter provides that AMTG s stockholders shall not be entitled to exercise any rights of an objecting stockholder provided for under the MGCL unless the AMTG Board, upon the affirmative vote of a majority of the AMTG Board, determines that such rights apply. The AMTG Board has not made (and is not permitted to make under the terms of the merger agreement) such determination.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE

ARI and AMTG each file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including ARI and AMTG, who file electronically with the SEC. The address of that site is *www.sec.gov*.

Investors may also consult ARI s or AMTG s website for more information about ARI or AMTG, respectively. ARI s website is *www.apolloreit.com*. AMTG s website is *www.apolloresidentialmortgage.com*. Information included on these websites is not incorporated by reference into or otherwise a part of this proxy statement/prospectus.

ARI has filed with the SEC a registration statement on Form S-4 of which this proxy statement/prospectus forms a part. The registration statement registers (i) the shares of ARI common stock to be issued to holders of AMTG common stock in the First Merger and (ii) the shares of ARI Series C Preferred Stock to be issued to holders of AMTG Series A Preferred Stock in the Second Merger. The registration statement, including the exhibits and schedules thereto, contains additional relevant information about ARI common stock and the ARI Series C Preferred Stock. As allowed by SEC rules and regulations, this proxy statement/prospectus does not contain all of the information you can find in the registration statement or the exhibits and schedules to the registration statement.

In addition, the SEC allows ARI and AMTG to disclose important information to you by referring you to other documents filed separately with the SEC. This information is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information included directly in this proxy statement/prospectus. This proxy statement/prospectus contains summaries of certain provisions contained in some of the ARI or AMTG documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents.

ARI s Filings (SEC File No. 001-34452)

This proxy statement/prospectus incorporates by reference the documents listed below that ARI has previously filed with the SEC; *provided*, *however*, that we are not incorporating by reference, in each case, any documents, portions of documents or information deemed to have been furnished and not filed in accordance with SEC rules. The documents listed below contain important information about ARI, its financial condition or other matters.

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, filed with the SEC on April 27, 2016.

Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 26, 2016.

Current Reports on Form 8-K, filed on January 26, 2016, February 10, 2016, February 26, 2016, May 17, 2016 and June 30, 2016 (other than documents or portions of those documents not deemed to be filed).

Proxy Statement for ARI s 2016 Annual Meeting of Stockholders, on Schedule 14A filed with the SEC on April 1, 2016.

In addition, ARI incorporates by reference herein any filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial registration statement that contains this proxy statement/prospectus and prior to the effectiveness of this proxy statement/prospectus and any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and prior to the effective date of the First Merger (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K or exhibits filed under Item 9.01 relating to those Items, unless expressly stated otherwise therein). Such documents are considered to be a part of this proxy statement/prospectus, effective as of the date such documents are filed. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

Table of Contents

Because the First Merger is a going private transaction, the parties to the mergers have filed a Transaction Statement on Schedule 13E-3 with respect to the proposed mergers with the SEC. The Schedule 13E-3, including any amendments and exhibits filed or incorporated by reference as a part of it, is available for inspection as set forth above. The Schedule 13E-3 will be amended to report promptly any material change in the information set forth in the most recent Schedule 13E-3 filed with the SEC with respect to the mergers.

You may obtain any of the documents listed above from the SEC, through the SEC s website at the address described above or from ARI by requesting them in writing or by telephone at the following address:

Apollo Commercial Real Estate Finance, Inc.

Attention: Secretary

c/o Apollo Global Management, LLC

9 W. 57th Street, 43rd Floor

New York, NY 10019

Telephone: (212) 515-3200

These documents are available from ARI without charge, excluding any exhibits to them unless the exhibit is specifically listed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

AMTG s Filings (SEC File No. 001-35246)

This proxy statement/prospectus also incorporates by reference the documents listed below that AMTG has previously filed with the SEC; *provided*, *however*, that we are not incorporating by reference, in each case, any documents, portion of documents or information deemed to have been furnished and not filed in accordance with SEC rules. The documents listed below contain important information about AMTG, its financial condition or other matters.

Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 10, 2016.

Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on March 4, 2016.

Annual Report on Form 10-K/A for the fiscal year ended December 31, 2015, filed with the SEC on April 28, 2016.

Current Report on Form 8-K, filed on February 26, 2016 and June 30, 2016 (other than documents or portions of those documents not deemed to be filed).

In addition, AMTG incorporates by reference any filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial registration statement that contains this proxy

statement/prospectus and prior to the effectiveness of this proxy statement/prospectus and any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and prior to the date of the AMTG special meeting (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K or exhibits filed under Item 9.01 relating to those Items, unless expressly stated otherwise therein). Such documents are considered to be a part of this proxy statement/prospectus, effective as of the date such documents are filed. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

You may obtain any of these documents from the SEC, through the SEC s website at the address described above, or AMTG will provide you with copies of these documents, without charge, upon written or oral request to:

Apollo Residential Mortgage, Inc.

Attention: Secretary

c/o Apollo Global Management, LLC

9 W. 57th Street, 43rd Floor

New York, NY 10019

Telephone: (212) 515-3200

Table of Contents

If you are a stockholder of AMTG and would like to request documents, please do so by August 16, 2016, to receive them before the AMTG special meeting, as applicable. If you request any documents from ARI or AMTG, ARI or AMTG, as applicable, will mail them to you by first class mail, or another equally prompt means, within one business day after ARI or AMTG receives your request.

If you have any questions about the mergers or how to submit your proxy, or you need additional copies of this proxy statement/prospectus, the enclosed proxy card or voting instructions, you can also contact Alliance Advisors, LLC, AMTG s proxy solicitor at the following address and telephone number:

Alliance Advisors, LLC

200 Broadacres Drive, 3rd Floor

Bloomfield, NJ 07003

Toll-Free: 855-928-4478

Apollo@allianceadvisorsllc.com

This document is a prospectus of ARI and is a proxy statement of AMTG for the AMTG special meeting. Neither ARI nor AMTG has authorized anyone to give any information or make any representation about the mergers or ARI or AMTG that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that ARI or AMTG has incorporated by reference into this proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

Table of Contents

Annex A

Execution Version

AGREEMENT AND PLAN OF MERGER

by and among

APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.,

ARROW MERGER SUB, INC.

and

APOLLO RESIDENTIAL MORTGAGE, INC.

dated as of

February 26, 2016

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (hereinafter referred to as this Agreement), dated February 26, 2016, is by and among Apollo Commercial Real Estate Finance, Inc., a Maryland corporation (Parent), Arrow Merger Sub, Inc., a Maryland corporation and a wholly owned subsidiary of Parent (Merger Sub), and Apollo Residential Mortgage, Inc., a Maryland corporation (the Company). All capitalized terms used in this Agreement shall have the meaning ascribed to such terms in Section 9.5 or as otherwise defined elsewhere in this Agreement unless the context clearly provides otherwise. Parent, Merger Sub and the Company are each sometimes referred to herein as a Party and collectively as the Parties .

RECITALS

WHEREAS, the board of directors of Parent (the Parent Board) established a special committee thereof (the Parent Board Special Committee) to review, evaluate and, if desirable, pursue a potential business combination transaction with the Company which transaction (if any) is subject to the approval of the Parent Board;

WHEREAS, the board of directors of the Company (the Company Board) has established a special committee thereof (the Company Board Special Committee) to evaluate a proposal from the Parent Board Special Committee regarding a business combination transaction between Parent and the Company and to explore and evaluate other alternatives, including other strategic alternatives;

WHEREAS, the Parties wish to effect a business combination through (i) a merger of Merger Sub with and into the Company, with the Company as the surviving entity (the First Merger) and, promptly thereafter, a merger of the Company with and into Parent (the Second Merger and, together with the First Merger, the Mergers), in each case, on the terms and subject to the conditions set forth in this Agreement and in accordance with the Maryland General Corporation Law (the MGCL);

WHEREAS, upon the recommendation of the Company Board Special Committee, the Company Board has (a) approved this Agreement, the Mergers and the other transactions contemplated by this Agreement (collectively, the Transactions), (b) determined and declared that it is advisable and in the best interests of the Company and its stockholders to enter into this Agreement and to consummate the Mergers and the other Transactions on the terms and conditions set forth herein, (c) directed that the First Merger and the Transactions be submitted for consideration at a meeting of the Company s stockholders and (d) resolved, subject to the terms and conditions of Section 5.3 of this Agreement, to recommend that the Company s stockholders approve the First Merger and the Transactions (the Company Board Recommendation) and to include such recommendation in the Proxy Statement;

WHEREAS, upon the recommendation of the Parent Board Special Committee, the Parent Board has determined and declared that it is advisable and in the best interests of Parent and its Stockholders to enter into this Agreement, and to consummate the Mergers and the other Transactions on the terms and conditions set forth herein;

WHEREAS, (a) the board of directors of Merger Sub has (i) determined and declared that it is advisable and in the best interests of Merger Sub and its sole stockholder to enter into this Agreement and to consummate the Mergers and the other Transactions on the terms and conditions set forth herein and (ii) approved this Agreement and (b) Parent, in its capacity as the sole stockholder of Merger Sub, has approved this Agreement, the Mergers and the Transactions and taken all actions required for adoption, approval and due execution of this Agreement by Merger Sub and the consummation by Merger Sub of the First Merger and the other Transactions (to the extent Merger Sub is a party thereto); and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Mergers and also prescribe various conditions to the Mergers.

Table of Contents

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

THE MERGERS

Section 1.1 The Mergers.

(a) Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, and in accordance with the MGCL, at the First Merger Effective Time, Merger Sub shall be merged with and into the Company, whereupon the separate existence of Merger Sub will cease, with the Company surviving the First Merger (the Company, as the surviving corporation in the First Merger, sometimes being referred to herein as the First Merger Surviving Entity), such that following the First Merger, the First Merger Surviving Entity will be a Subsidiary of Parent. The First Merger shall have the effects provided in this Agreement and as specified in the MGCL.

(b) Promptly following the First Merger Effective Time, and in accordance with this Agreement and the MGCL, the First Merger Surviving Entity shall be merged with and into Parent, whereupon the separate existence of the First Merger Surviving Entity will cease, with Parent surviving the Second Merger (Parent, as the surviving corporation in the Second Merger, sometimes being referred to herein as the Second Merger Surviving Entity). The Second Merger shall have the effects provided in this Agreement and as specified in the MGCL.

Section 1.2 Closing. The closing of the Mergers (the Closing) will take place at 10:00 a.m., Eastern time, at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, NY 10004 on the second (2nd) Business Day after the satisfaction or, to the extent permitted hereunder, waiver of the last of the conditions set forth in Article VII to be satisfied or waived by the Party entitled to the benefit of the same (other than any such conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted hereunder, waiver of such conditions at the Closing), unless another date or place is agreed to in writing by the Company and Parent; provided, however, that Parent may, in its discretion, elect to postpone the Closing for up to an additional five (5) Business Days following such date; provided further that (i) if Parent elects to postpone the Closing beyond such second (2nd) Business Day in accordance with the preceding proviso, Parent shall have no right, after such second (2nd) Business Day, to assert or claim that a Company Material Adverse Effect (or Events giving rise thereto) has occurred or would occur, and (ii) Parent shall have no right to postpone the Closing beyond such second Business Day if, as a result of such postponement, the Closing would occur on or after the Outside Date. The date on which the Closing actually takes place is referred to as the Closing Date.

Section 1.3 Effective Times. On the Closing Date, the Company, Parent and Merger Sub, as applicable, shall (i) cause articles of merger in substantially the form attached hereto as Exhibit B-1 (the First Merger Articles of Merger) with respect to the First Merger to be duly executed, filed with and accepted for record by the State Department of Assessments and Taxation of Maryland (the SDAT) in accordance with the MGCL, (ii) cause articles of merger in substantially the form attached hereto as Exhibit B-2 (the Second Merger Articles of Merger and together with the First Merger Articles of Merger, the Articles of Merger) with respect to the Second Merger to be duly executed, filed with and accepted for record by the SDAT in accordance with the MGCL and (iii) duly make any other filings, recordings or publications required to be made by Parent, the Company or Merger Sub under the MGCL in connection with the Mergers. The First Merger shall become effective at the latest of such time as the First Merger Articles of Merger have been accepted for record by the SDAT or on such other date and time (not to exceed thirty (30) days from the date that the First Merger Articles of Merger have been accepted for record by the SDAT) as shall be agreed

to by the Company and Parent and

specified in the First Merger Articles of Merger (such date and time of effectiveness of the First Merger Articles of Merger being hereinafter referred to as the "First Merger Effective Time") and the Second Merger shall become effective promptly following the First Merger Effective Time and in any event on the same Business Day as the First Merger Effective Time (the "Second Merger Effective Time").

Section 1.4 Effects of Mergers. The Mergers shall have the effects specified in the applicable provisions of the MGCL, this Agreement and the Articles of Merger. Without limiting the generality of the foregoing, and subject thereto, (i) from and after the First Merger Effective Time, the First Merger Surviving Entity shall possess all properties, rights, privileges, powers and franchises of the Company and Merger Sub, and all of the claims, obligations, liabilities, debts and duties of the Company and Merger Sub shall become the claims, obligations, liabilities, debts and duties of the First Merger Surviving Entity and (ii) from and after the Second Merger Effective Time, the Second Merger Surviving Entity shall possess all properties, rights, privileges, powers and franchises of Parent and the First Merger Surviving Entity, and all of the claims, obligations, liabilities, debts and duties of the Parent and the First Merger Surviving Entity shall become the claims, obligations, liabilities, debts and duties of the Second Merger Surviving Entity.

Section 1.5 Governing Documents.

(a) At the First Merger Effective Time, the charter of the First Merger Surviving Entity shall be the charter of the Company, as in effect immediately prior to the First Merger Effective Time, and the bylaws of the First Merger Surviving Entity shall be the bylaws of the Company, as in effect immediately prior to the First Merger Effective Time.

(b) At the Second Merger Effective Time, the charter of the Second Merger Surviving Entity shall be the charter of Parent, as in effect immediately prior to the Second Merger Effective Time, and the bylaws of the Second Merger Surviving Entity shall be the bylaws of Parent, as in effect immediately prior to the Second Merger Effective Time.

Section 1.6 Directors and Officers of each Surviving Entity.

(a) The directors of Merger Sub immediately prior to the First Merger Effective Time shall be and become the directors of the First Merger Surviving Entity as of the First Merger Effective Time, each to hold office in accordance with the charter and bylaws of the First Merger Surviving Entity and applicable law. The officers of Merger Sub immediately prior to the First Merger Effective Time shall be and become the officers of the First Merger Surviving Entity as of the First Merger Effective Time.

(b) The directors of Parent immediately prior to the Second Merger Effective Time shall continue to be the directors of the Second Merger Surviving Entity as of the Second Merger Effective Time, each to hold office in accordance with the charter and bylaws of the Second Merger Surviving Entity and applicable law. The officers of Parent immediately prior to the Second Merger Effective Time continue to be the officers of the Second Merger Surviving Entity as of the Second Merger Effective Time.

Section 1.7 Tax Consequences. It is intended that, for U.S. federal income tax purposes, (i) the First Merger shall be treated as a taxable purchase by Parent of the Company Common Stock and (ii) the Second Merger shall be treated as a liquidation of the First Merger Surviving Entity pursuant to Section 332 of the Code.

Section 1.8 Transaction Structure. In the event the Parent Board determines in good faith, after consultation with its outside legal counsel, to effect the transactions contemplated by this Agreement through an alternative structure (including without limitation a share exchange), then, subject to the prior written consent of the Company (which shall

not be unreasonably withheld, conditioned or delayed), the Parties shall implement the alternative structure and make such modifications to this Agreement as necessary to effect such alternative structure.

Table of Contents

Section 1.9 Further Assurances. At and after the First Merger Effective Time, the officers and directors of Parent, Merger Sub or the First Merger Surviving Entity, as applicable, shall be authorized to execute and deliver, in the name and on behalf of the First Merger Surviving Entity, Merger Sub, Parent or the Company, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the First Merger Surviving Entity, Merger Sub, Parent or the Company, any other actions and things necessary to vest, perfect or confirm of record or otherwise in the First Merger Surviving Entity, Merger Sub or Parent any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by the First Merger Surviving Entity, Merger Sub or Parent, as applicable, as a result of, or in connection with, the First Merger.

ARTICLE II

TREATMENT OF SECURITIES

Section 2.1 Treatment of Stock.

(a) At the First Merger Effective Time, by virtue of the First Merger and without any action on the part of the holders of any securities of the Company or of Merger Sub:

(i) Treatment of Company Common Stock. Each share of the Company s common stock, par value $0.01 per share (the Company Common Stock or Company Common Shares) issued and outstanding immediately prior to the First Merger Effective Time (other than Company Common Shares to be cancelled in accordance with Section 2.1(a)(iii)) shall automatically be converted, subject to the terms, conditions and procedures set forth in this Agreement, into the right to receive (i) the Per Share Common Stock Merger Consideration, (ii) the Per Share Common Cash Merger Consideration and (iii) the Per Share Adjustment Amount, if any, subject to adjustment as provided in Section 2.1(a)(v) (collectively, the Per Common Share Merger Consideration). From and after the First Merger Effective Time, all such Company Common Shares shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of a Company Common Share shall cease to have any rights with respect thereto, except the right to receive the Per Common Share Merger Consideration therefor upon the surrender of such Company Common Share in accordance with Section 2.2, including the right to receive, pursuant to Section 2.6, cash in lieu of fractional shares of Parent Common Stock, if any, into which such shares of Company Common Stock have been converted pursuant to this Section 2.1(a)(i) (the Fractional Share Consideration), together with the amounts, if any, payable pursuant to Section 2.2(f).

(ii) Treatment of Company Series A Preferred Stock. Each share of Company Series A Preferred Stock issued and outstanding immediately prior to the First Merger Effective Time shall remain issued and outstanding as a result of the First Merger.

(iii) Cancellation of Company Common Stock. All Company Common Shares or other securities representing stock in the Company owned, directly or indirectly, by any Company Subsidiary, Parent, Merger Sub or by any of their respective Subsidiaries immediately prior to the First Merger Effective Time shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(iv) Treatment of Merger Sub Stock. Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the First Merger Effective Time shall be converted into and become one (1) share of common stock, par value $0.01 per share, of the First Merger Surviving Entity.

(v) Adjustments. The Per Common Share Merger Consideration shall be adjusted appropriately and proportionately to reflect fully the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of

securities convertible into Company Common Stock), reorganization, recapitalization, reclassification, combination, exchange of shares or other similar transaction at any time during the period from

the date hereof to the First Merger Effective Time which changes the number of shares of Company Common Stock issued and outstanding, in each case other than pursuant to the Transactions after the date hereof and prior to the First Merger Effective Time.

(b) At the Second Merger Effective Time, by virtue of the Second Merger and without any further action on the part of the holders of any securities of Parent or the First Merger Surviving Entity:

(i) Cancellation of First Merger Surviving Entity Common Stock. All shares of the common stock, par value $0.01 per share, of the First Merger Surviving Entity and any other securities representing stock in the First Merger Surviving Entity owned, directly or indirectly, by Parent or by any of its respective Subsidiaries immediately prior to the Second Merger Effective Time shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(ii) Treatment of Company Series A Preferred Stock. Each share of Company Series A Preferred Stock issued and outstanding immediately prior to the Second Merger Effective Time shall be automatically converted into and become the right to receive one newly issued share of Parent Series C Preferred Stock (the Per Preferred Share Merger Consideration and collectively, the Preferred Stock Merger Consideration). From and after the Second Merger Effective Time, all such shares of Company Series A Preferred Stock shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of a share of Company Series A Preferred Stock shall cease to have any rights with respect thereto, except the right to receive the Per Preferred Share Merger Consideration therefor upon the surrender of such share of Company Series A Preferred Stock in accordance with Section 2.2.

Section 2.2 Payment for Securities; Surrender of Certificates.

(a) Exchange Fund. Prior to the Closing Date, Parent or Merger Sub shall designate an agent reasonably acceptable to the Company to act as the paying and exchange agent in connection with the Mergers (the Exchange Agent). On the Closing Date, Parent or Merger Sub shall deposit, or cause to be deposited, with the Exchange Agent (i) evidence of a number of shares of Parent Common Stock in book-entry form equal to the Stock Consideration, (ii) evidence of a number of shares of Parent Series C Preferred Stock in book-entry form issuable pursuant to Section 2.1(b)(ii) sufficient in order for the Exchange Agent to distribute the Per Preferred Share Merger Consideration, and (iii) cash in immediately available funds in an amount sufficient for the Exchange Agent to distribute the Aggregate Cash Consideration and the Adjustment Amount (such evidence of book-entry shares of Parent Common Stock and Parent Series C Preferred Stock and cash deposited with the Exchange Agent, collectively, the Exchange Fund), in each case, for the sole benefit of the holders of shares of Company Common Stock or holders of shares of Company Series A Preferred Stock, as applicable. In addition, Parent shall deposit with the Exchange Agent, as necessary from time to time thereafter, any Fractional Share Consideration and any dividends or other distributions payable pursuant to Section 2.2(f) or Section 2.2(g). In the event the cash portion of the Exchange Fund shall be insufficient to pay the Aggregate Cash Consideration and Adjustment Amount, Parent shall promptly deposit additional funds with the Exchange Agent in an amount which is equal to the deficiency in the amount required for the Exchange Agent to make such payments. Parent shall cause the Exchange Agent to make, and the Exchange Agent shall make delivery of the Aggregate Cash Consideration, Stock Consideration, the Adjustment Amount, the Preferred Stock Merger Consideration and payment of all other amounts required to be paid out of the Exchange Fund in accordance with this Agreement. In connection with the foregoing, Parent shall enter into an Exchange Agent Agreement with the Exchange Agent, in a form reasonably acceptable to the Company, setting forth the procedures to be used in accomplishing the deliveries and other actions contemplated by this Section 2.2. The Exchange Fund shall not be used for any purpose that is not expressly provided for in this Agreement. The cash portion of the Exchange Fund shall be invested by the Exchange Agent as reasonably directed by Parent in accordance with the Exchange Agent Agreement.

Any interest and other income resulting from such investments shall be paid to Parent on the earlier of (i) six (6) months after the Closing Date or (ii) the full payment of the Aggregate Cash Consideration and Adjustment Amount, if any.

Table of Contents

(b) Procedures for Surrender.

(i) Company Common Stock. Promptly after the First Merger Effective Time, Parent shall cause the Exchange Agent to mail (and make available for collection by hand) to each holder of record of a certificate or certificates which immediately prior to the First Merger Effective Time represented outstanding Company Common Shares (the Common Certificates) or non-certificated Company Common Shares represented by book-entry (Book-Entry Common Shares) and whose Company Common Shares were converted pursuant to Section 2.1(a) into the right to receive the Per Common Share Merger Consideration (i) a letter of transmittal, which shall specify that delivery shall be effected, and risk of loss and title shall pass, only upon delivery of the Common Certificates (or affidavits of loss in lieu thereof) or transfer of the Book-Entry Common Shares to the Exchange Agent and which shall otherwise be in such form and have such other provisions as Parent may reasonably specify and (ii) instructions for use in effecting the surrender of the Common Certificates (or affidavits of loss in lieu thereof) or Book-Entry Common Shares in exchange for payment of the Per Common Share Merger Consideration, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6. Upon (i) surrender to the Exchange Agent or to such other agent or agents as may be appointed by Parent of a Common Certificate for cancellation (or an affidavit of loss in lieu thereof) or (ii) receipt of an agent s message by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of a book-entry transfer of a Book-Entry Common Share, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Common Certificate or Book-Entry Common Share shall be entitled to receive in exchange therefor the Per Common Share Merger Consideration in respect of each share of Company Common Stock formerly represented by such Common Certificate or Book-Entry Common Share pursuant to the provisions of this Article II, including any Fractional Share Consideration that such holder has the right to receive pursuant to the provisions of Section 2.6. The Parent Common Stock constituting part of the Per Common Share Merger Consideration shall be in uncertificated book-entry form, unless a physical certificate is requested by a holder of Company Common Stock or is otherwise required under applicable Law. The Exchange Agent shall accept such Common Certificates (or affidavits of loss in lieu thereof) or Book-Entry Common Shares upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. If payment of the Per Common Share Merger Consideration is to be made to a Person other than the Person in whose name the Company Common Stock surrendered in exchange therefor is registered, it shall be a condition precedent of payment that either the Common Certificate so surrendered shall be properly endorsed or such Common Certificate (or affidavit of loss in lieu thereof) shall otherwise be in proper form for the transfer or such Book-Entry Common Share shall be properly transferred. Until surrendered as contemplated by this Section 2.2, each Common Certificate and Book-Entry Common Share shall be deemed at any time after the First Merger Effective Time to represent only the right to receive the applicable Per Common Share Merger Consideration as contemplated by this Article II, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions on shares of Parent Common Stock in accordance with Section 2.2(f), without interest thereon. The issuance or payment of the Per Common Share Merger Consideration and the payment of any Fractional Share Consideration pursuant to Section 2.6 in respect of Parent Common Stock in accordance with this Agreement shall be deemed issued and paid in full satisfaction of all rights pertaining to such Company Common Stock (other than the right to receive dividends or other distributions, if any, in accordance with Section 2.2(f)).

(ii) Company Series A Preferred Stock. Promptly after the Second Merger Effective Time, Parent shall cause the Exchange Agent to mail (and make available for collection by hand) to each holder of record of a certificate or certificates which immediately prior to the Second Merger Effective Time represented outstanding shares of Company Series A Preferred Stock (the Preferred Certificates) or non-certificated shares of Company Series A Preferred Stock represented by book-entry (Book-Entry Preferred Shares) and whose shares of Company Series A Preferred Stock were converted pursuant to Section 2.1(b) into the right to receive the Per Preferred Share Merger Consideration (i) a

letter of transmittal, which shall specify that delivery shall be effected, and risk of loss and title shall pass, only upon delivery of the Preferred Certificates (or affidavits of loss

in lieu thereof) or transfer of the Book-Entry Preferred Shares to the Exchange Agent and which shall otherwise be in such form and have such other provisions as Parent may reasonably specify and (ii) instructions for use in effecting the surrender of the Preferred Certificates (or affidavits of loss in lieu thereof) or Book-Entry Preferred Shares in exchange for payment of the Per Preferred Share Merger Consideration. Upon (i) surrender to the Exchange Agent or to such other agent or agents as may be appointed by Parent of a Preferred Certificate for cancellation (or an affidavit of loss in lieu thereof) or (ii) receipt of an agent s message by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of a book-entry transfer of a Book-Entry Preferred Share, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Preferred Certificate or Book-Entry Preferred Share shall be entitled to receive in exchange therefor the Per Preferred Share Merger Consideration in respect of each share of Company Series A Preferred Stock formerly represented by such Preferred Certificate or Book-Entry Preferred Share pursuant to the provisions of this Article II. The Parent Series C Preferred Stock constituting the Per Preferred Share Merger Consideration shall be in uncertificated book-entry form, unless a physical certificate is requested by a holder of Company Preferred Stock or is otherwise required under applicable Law. The Exchange Agent shall accept such Preferred Certificates (or affidavits of loss in lieu thereof) or Book-Entry Preferred Shares upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. If payment of the Per Preferred Share Merger Consideration is to be made to a Person other than the Person in whose name the Company Series A Preferred Stock surrendered in exchange therefor is registered, it shall be a condition precedent of payment that either the Preferred Certificate so surrendered shall be properly endorsed or such Preferred Certificate (or affidavit of loss in lieu thereof) shall otherwise be in proper form for the transfer or such Book-Entry Preferred Share shall be properly transferred. Until surrendered as contemplated by this Section 2.2, each Preferred Certificate and Book-Entry Preferred Share shall be deemed at any time after the Second Merger Effective Time to represent only the right to receive the applicable Per Preferred Share Merger Consideration as contemplated by this Article II, and any dividends or other distributions on shares of Parent Series C Preferred Stock in accordance with Section 2.2(g), without interest thereon. The issuance or payment of the Per Preferred Share Merger Consideration in accordance with this Agreement shall be deemed issued and paid in full satisfaction of all rights pertaining to such Company Series A Preferred Stock (other than the right to receive dividends or other distributions, if any, in accordance with Section 2.2(g)).

(c) Transfer Books; No Further Ownership Rights in Company Shares. At the First Merger Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of Company Common Stock or Company Series A Preferred Stock on the records of the Company. From and after the First Merger Effective Time, with respect to the holders of shares of Company Common Stock outstanding immediately prior to the First Merger Effective Time and, from and after the Second Merger Effective Time, with respect to the holders of shares of Company Series A Preferred Stock outstanding immediately prior to the Second Merger Effective Time, such holders shall cease to have any rights with respect to such Company Common Stock or Company Series A Preferred Stock except as otherwise provided for herein or by applicable Law. If, after the Second Merger Effective Time, Common Certificates, Preferred Certificates, Book-Entry Common Shares or Book-Entry Preferred Shares are presented to the Second Merger Surviving Entity for any reason, they shall be cancelled and exchanged as provided in this Agreement.

(d) Termination of Exchange Fund; No Liability. At any time following twelve (12) months after the Closing Date, Parent shall be entitled to require the Exchange Agent to deliver to it any funds (including any interest received with respect thereto) remaining in the Exchange Fund that have not been disbursed, or for which disbursement is pending subject only to the Exchange Agent s routine administrative procedures, to holders of Common Certificates, Preferred Certificates, Book-Entry Common Shares or Book-Entry Preferred Shares, and thereafter such holders shall be entitled to look only to Parent (subject to abandoned property, escheat or other similar Laws) as general creditor thereof with respect to the applicable Per Common Share Merger Consideration or Per Preferred Share Merger

Consideration, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions on shares of Parent

Common Stock in accordance with Section 2.2(f) or on the Parent Series C Preferred Stock in accordance with Section 2.2(g), payable upon due surrender of their Common Certificates, Preferred Certificates, Book-Entry Common Shares or Book-Entry Preferred Shares, as applicable, and compliance with the procedures in Section 2.2(b), without any interest thereon. Notwithstanding the foregoing, neither Parent nor the Exchange Agent shall be liable to any holder of a Common Certificate, Preferred Certificate, Book-Entry Common Share or Book-Entry Preferred Share for any Per Common Share Merger Consideration, Per Preferred Share Merger Consideration or other amounts delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(e) Lost, Stolen or Destroyed Certificates. In the event that any Common Certificates or Preferred Certificates shall have been lost, stolen or destroyed, upon (i) the making of an affidavit of that fact by the holder thereof, (ii) delivery for the benefit of Parent of a bond or indemnity in an amount and upon terms reasonably satisfactory to the Exchange Agent and (iii) execution and delivery by such Person of a letter of transmittal, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Common Certificates or Preferred Certificates, the applicable Per Common Share Merger Consideration or Per Preferred Share Merger Consideration payable in respect of the Company Common Stock or Company Series A Preferred Stock represented by such Common Certificates or Preferred Certificates, pursuant to Section 2.1, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions (x) on shares of Parent Common Stock in accordance with Section 2.2(f) or (y) on shares of Parent Series C Preferred Stock in accordance with Section 2.2(g).

(f) Dividends with Respect to Parent Common Stock. No dividends or other distributions with respect to Parent Common Stock with a record date after the First Merger Effective Time shall be paid to the holder of any unsurrendered Common Certificate or Book-Entry Common Share with respect to the shares of Parent Common Stock issuable hereunder, and all such dividends and other distributions shall be paid by Parent to the Exchange Agent and shall be included in the Exchange Fund, in each case until the surrender of such Common Certificate (or affidavit of loss in lieu thereof) or Book-Entry Common Share in accordance with this Agreement. Subject to applicable Laws, following surrender of any such Common Certificate (or affidavit of loss in lieu thereof) or Book-Entry Common Share there shall be paid to the holder thereof, without interest, (i) the amount of dividends or other distributions with a record date after the First Merger Effective Time theretofore paid with respect to such shares of Parent Common Stock to which such holder is entitled pursuant to this Agreement and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the First Merger Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such shares of Parent Common Stock.

(g) Dividends with Respect to Parent Series C Preferred Stock. No dividends or other distributions with respect to Parent Series C Preferred Stock with a record date after the Second Merger Effective Time shall be paid to the holder of any unsurrendered Preferred Certificate or Book-Entry Preferred Share with respect to the shares of Parent Series C Preferred Stock issuable hereunder, and all such dividends and other distributions shall be paid by Parent to the Exchange Agent and shall be included in the Exchange Fund, in each case until the surrender of such Preferred Certificate (or affidavit of loss in lieu thereof) or Book-Entry Preferred Share in accordance with this Agreement. Subject to applicable Laws, following surrender of any such Preferred Certificate (or affidavit of loss in lieu thereof) or Book-Entry Preferred Share there shall be paid to the holder thereof, without interest, (i) the amount of dividends or other distributions with a record date after the Second Merger Effective Time theretofore paid with respect to such shares of Parent Series C Preferred Stock to which such holder is entitled pursuant to this Agreement and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Second Merger Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such shares of Parent Series C Preferred Stock.

Section 2.3 Dissenters Rights. No dissenters or appraisal rights shall be available with respect to the Mergers or the other Transactions.

Table of Contents

Section 2.4 Treatment of Company Restricted Shares; and DRIP.

(a) Immediately prior to the First Merger Effective Time, with respect to each outstanding share of restricted stock or each outstanding restricted stock unit that settles in shares of Company Common Stock, in each case that vest upon continued service under the Company Equity Plan (each a Company Restricted Share), the restrictions and vesting conditions applicable to such Company Restricted Share shall lapse and each such Company Restricted Share shall, by virtue of the First Merger and without any action on the part of the holder thereof, be converted as of the First Merger Effective Time into the right to receive, with respect to the share of Company Common Stock underlying such Company Restricted Share, the Per Common Share Merger Consideration in accordance with Section 2.1, less applicable Tax withholdings. Applicable Tax withholdings with respect to the converted Company Restricted Shares first shall reduce the Per Share Common Cash Merger Consideration received with respect to the Exchanged Restricted Shares held by an individual holder and then shall reduce the Per Share Common Stock Merger Consideration, with the value of any tax withholdings that reduce the Per Share Common Stock Merger Consideration to be based on the Parent Stock Price. For the purposes of this Section 2.4(a), Parent Stock Price means the average of the volume weighted averages of the trading prices of Parent Common Stock on the NYSE (as reported by Bloomberg L.P.) on each of the five (5) consecutive trading days ending on the trading day prior to the Closing Date.

(b) Prior to the First Merger Effective Time, the Company shall adopt resolutions and take all necessary and appropriate actions to (i) effectuate the treatment of the Company Restricted Shares as contemplated by this Section 2.4 and (ii) provide that, as of the First Merger Effective Time, the Company Equity Plan shall terminate and all rights under any provision of any other plan, program or arrangement of the Company providing for the issuance or grant of any other interest in respect of the capital stock or other equity interests of the Company shall be cancelled without obligation (including any payment) of the Company other than as expressly provided herein.

(c) The Company Board has, no later than the date hereof, taken all actions to either (i) suspend or terminate the DRIP, and following such suspension or termination, will not issue any shares of Company Common Stock under the DRIP or (ii) elect to satisfy the obligations to provide Company Common Stock pursuant to the DRIP through open market purchases rather than new share issuances.

Section 2.5 Withholding. Any payments made pursuant to this Agreement shall be net of all applicable withholding Taxes that Parent, Merger Sub, the First Merger Surviving Entity, the Second Merger Surviving Entity and the Exchange Agent, as the case may be, shall be required to deduct and withhold under applicable Law. To the extent that amounts are so deducted and withheld by the applicable payor and remitted to the appropriate Governmental Entity, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.6 Fractional Shares. No certificate or scrip or book-entry securities representing less than one (1) share of Parent Common Stock shall be issued in the First Merger upon the surrender for exchange of Common Certificates or Book-Entry Common Shares, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a stockholder of Parent. Notwithstanding any other provision of this Agreement, each holder of shares of Company Common Stock converted pursuant to the First Merger who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock shall receive, in lieu thereof, cash, without interest, representing such holder s proportionate interest, if any, in the proceeds from the sale by the Exchange Agent (reduced by any fees of the Exchange Agent attributable to such sale) in one or more transactions of shares of Parent Common Stock equal to the excess of (i) the aggregate number of shares of Parent Common Stock to be delivered to the Exchange Agent by Parent pursuant to Section 2.2(a)(i) over (ii) the aggregate number of whole shares of Parent Common Stock to be distributed to holders of Company Common Stock pursuant to Sections 2.1 and 2.2(b)(i) (such excess being, the Excess Shares). The Parties acknowledge that payment of the cash consideration in lieu of issuing fractional shares

was not separately bargained-for consideration but merely represents a mechanical rounding off for purposes of avoiding the expense and

inconvenience to Parent that would otherwise be caused by the issuance of fractional shares. As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of the certificates representing shares of Parent Common Stock that would otherwise receive fractional shares, shall sell the Excess Shares at then prevailing prices on the NYSE (or such other market in which the Parent Common Stock then trades).

ARTICLE III

REPRESENTATIONS AND

WARRANTIES OF THE COMPANY

The following representations and warranties by the Company are qualified in their entirety by reference to the disclosures (i) in the Company SEC Documents filed or furnished to the SEC as applicable, on or after January 1, 2015, except for the representations and warranties set forth in Section 3.3, Section 3.5, Section 3.8(b) and Section 3.19, and prior to February 22, 2016 (excluding any risk factor disclosures contained in such documents under the heading Risk Factors and any disclosure of risks included in any forward-looking statements disclaimer or other statements that are cautionary, predictive or forward-looking in nature) and (ii) set forth in the disclosure letter delivered by the Company to Parent immediately prior to the execution of this Agreement (the Company Disclosure Letter). Each disclosure set forth in the Company Disclosure Letter shall qualify or modify the Section to which it corresponds and any other Section to the extent the applicability of the disclosure to such other Section is reasonably apparent on its face from the text of the disclosure made.

Section 3.1 Organization and Qualification; Subsidiaries.

(a) The Company is a corporation duly organized, validly existing and in good standing under the Laws of Maryland and has the requisite corporate power and authority to conduct its business as now being conducted. The Company is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions which recognize such concept) in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for those jurisdictions where the failure to be so qualified or licensed or to be in good standing would not have or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company is in compliance with the terms of the Company Governing Documents.

(b) Section 3.1(b) of the Company Disclosure Letter sets forth a true and complete list of the Subsidiaries of the Company (each a Company Subsidiary), together with the jurisdiction of organization or incorporation, as the case may be, of each Company Subsidiary, and the type and percentage of interest held directly or indirectly, by the Company in each Company Subsidiary. Each Company Subsidiary is in compliance in all material respects with the terms of its constituent organizational or governing documents.

(c) Each Company Subsidiary is duly organized, validly existing and in good standing (to the extent applicable) under the Laws of the jurisdiction of its incorporation or organization, as the case may be, and has the requisite organizational power and authority to conduct its business as now being conducted, except for such failures as would not have or reasonably be expected to have a Company Material Adverse Effect. Each Company Subsidiary is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions which recognize such concept) in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for those jurisdictions where the failure to be so qualified or licensed or to be in good standing would not have or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Neither the Company nor any Company Subsidiary directly or indirectly owns any interest or investment (whether equity or debt) in any Person (other than (i) in the Company Subsidiaries and (ii) Company Investments).

Table of Contents

(e) The Company has made available to Parent (i) complete and correct copies of the Company Governing Documents and (ii) complete and correct copies of the organizational documents or governing documents of each Company Subsidiary.

Section 3.2 Capitalization.

(a) The authorized stock of the Company consists of (i) 450,000,000 shares of Company Common Stock and (ii) 50,000,000 shares of preferred stock, par value $0.01 per share (the Company Preferred Stock), of which 6,900,000 shares are designated as 8.00% Series A Cumulative Redeemable Perpetual Preferred Stock (the Company Series A Preferred Stock). As of February 22, 2016, (A) 31,853,025 shares of Company Common Stock were issued and outstanding, including 178,669 Company Restricted Shares, (B) 6,900,000 shares of Company Series A Preferred Stock were issued and outstanding and no other shares of Company Preferred Stock were issued or outstanding, (C) 1,273,795 shares of Company Common Stock were reserved for issuance in connection with future grants of awards under any Company Equity Plan, and (D) 148,549 shares of Company Common Stock were reserved for issuance with respect to outstanding Company Restricted Shares. All of the outstanding shares of the Company s stock are duly authorized, validly issued, fully paid and non-assessable, and have been issued in compliance with all applicable securities Laws, the MGCL and the Company Governing Documents. There are no bonds, debentures, notes or other Indebtedness having general voting rights (or convertible into securities having such rights) (Company Voting Debt) of the Company or any Company Subsidiary issued and outstanding. Except for the DRIP, the provisions of the Company Charter, the Company Restricted Shares and the Company Preferred Stock, there are no options, warrants, calls, pre-emptive rights, subscriptions or other rights, agreements, arrangements or commitments of any kind, including any poison pill or similar stockholder rights plan, relating to the issued or unissued stock of the Company, obligating the Company or any Company Subsidiary to issue, transfer or sell or cause to be issued, transferred or sold any shares of stock or Company Voting Debt of, or other equity interest in, the Company or any Company Subsidiary or securities convertible into or exchangeable for such shares or equity interests, or obligating the Company or any Company Subsidiary to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement, arrangement or commitment (collectively, Company Equity Interests). Except as set forth in the Company Governing Documents, there are no outstanding contractual obligations of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any Company Common Shares or any stock of, or other Company Equity Interests in, the Company or any Company Subsidiary, or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in the Company or any Company Subsidiary.

(b) Section 3.2(b) of the Company Disclosure Letter sets forth a list of all outstanding Company Restricted Shares as of February 22, 2016, including the name of the recipient and the applicable vesting schedule.

(c) There are no voting trusts or other agreements to which the Company or any Company Subsidiary is a party with respect to the voting of the Company Common Stock or any stock of, or other Company Equity Interest in, the Company or Company Subsidiary. Neither the Company nor any Company Subsidiary has granted any preemptive rights, anti-dilutive rights or rights of first refusal or similar rights with respect to any of its stock or other Company Equity Interests.

(d) The Company or another Company Subsidiary owns, directly or indirectly through ownership of another wholly-owned Company Subsidiary, all of the issued and outstanding shares of stock or other Company Equity Interests of each of the Company Subsidiaries, free and clear of any Liens (other than transfer and other restrictions under applicable federal and state securities Laws and other than, in the case of Company Subsidiaries that are immaterial to the Company, immaterial Liens), and all of such shares of stock or other Company Equity Interests have been duly authorized and validly issued and are fully paid, nonassessable and have been issued in compliance with all applicable securities Laws. There are no outstanding obligations to which the Company or any Company Subsidiary is

a party (i) restricting the transfer of or (ii) limiting the exercise of voting rights with respect to any Company Equity Interests in any Company Subsidiary.

Table of Contents

(e) Other than pursuant to the DRIP, neither the Company nor any Company Subsidiary is under any obligation, contingent or otherwise, by reason of any Contract to register the offer and sale or resale of any of their securities under the Securities Act.

(f) All dividends or distributions on the Company Common Stock and any material dividends or distributions on any securities of any Company Subsidiary which have been declared prior to the date hereof have been paid in full (except to the extent such dividends have been publicly announced and are not yet due and payable).

Section 3.3 Authorization; Validity of Agreement; Company Action.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions, including the Mergers. The execution, delivery and performance by the Company of this Agreement, and the consummation by it of the Transactions, have been duly and validly authorized by the Company Board and no other corporate action on the part of the Company, or vote, consent or approval of the Company s stockholders, pursuant to the MGCL or otherwise, is necessary to authorize the execution and delivery by the Company of this Agreement, and the consummation by it of the Transactions, subject, in the case of the First Merger, to the receipt of the Company Stockholder Approval and the filing of the Articles of Merger with, and acceptance for record by, the SDAT.

(b) This Agreement has been duly and validly executed and delivered by the Company and, assuming due and valid authorization, execution and delivery hereof by Parent and Merger Sub, is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except that the enforcement hereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at Law).

Section 3.4 Board Approvals. On or prior to the date hereof, the Company Board at a duly held meeting has by unanimous vote (i) duly and validly authorized the execution and delivery of this Agreement and declared advisable the Mergers and the other Transactions, (ii) directed that the First Merger and the other Transactions be submitted for consideration at the Stockholders Meeting, and (iii) resolved to recommend that the Company s stockholders vote in favor of the approval of the First Merger and the other Transactions and to include such Company Board Recommendation in the Proxy Statement, subject to Section 5.3 and Section 5.4.

Section 3.5 Consents and Approvals; No Violations. None of the execution, delivery or performance of this Agreement by the Company, the consummation by the Company of the First Merger or any other Transaction or compliance by the Company with any of the provisions of this Agreement will (a) violate, conflict with or result in any breach of any provision of the Company Governing Documents or the comparable organizational or governing documents of any Company Subsidiary, (b) require any filing by the Company or any Company Subsidiary with, or the obtaining of any permit, authorization, consent or approval of, any court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency, whether foreign, federal, state, local or supernational (a Governmental Entity), other than any taxing authority (except for (i) compliance with any applicable requirements of the Exchange Act, (ii) any filings as may be required under the MGCL in connection with the Mergers, (iii) such filings with the Securities and Exchange Commission (the SEC) as may be required to be made by the Company in connection with this Agreement and the Mergers, including (A) a proxy statement in preliminary and definitive form relating to the Stockholders Meeting that will be sent to the stockholders of the Company in connection with the Stockholders Meeting (together with any amendments or supplements thereto or document incorporated by reference therein, the Proxy Statement) and (B) a registration statement on Form S-4 pursuant to which the offer and sale of shares of Parent Common Stock in the First Merger and Parent Series C Preferred Stock in

the Second Merger will be registered pursuant to the Securities Act and in which the Proxy Statement will be included (together with any amendments or supplements thereto, the Form S-4) and filings on Form 8-K or pursuant to Rule 14a-12 under the Exchange Act, or (iv)

such filings as may be required under the rules and regulations of the NYSE in connection with this Agreement and the Mergers), (c) except as set forth on Section 3.5 of the Company Disclosure Letter, accelerate the performance required by, result in any termination, cancellation or modification of, or loss of benefit under, violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any right, including, but not limited to, any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contract to which the Company or any of the Company Subsidiaries is a party, (d) result in the creation of any Lien or other encumbrance (other than a Company Permitted Lien) upon any of the respective properties or assets of the Company, or (e) violate any order, writ, injunction, decree or Law applicable to the Company or any of its properties or assets; except in each of clauses (c) or (d), as would not have or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.6 Company SEC Documents and Company Financial Statements.

(a) The Company has filed or furnished (as applicable) with the SEC on a timely basis all forms, reports, schedules, statements and other documents (including exhibits and all other information incorporated therein) required by it to be filed or furnished (as applicable) since and including January 1, 2013 under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the Exchange Act) or the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the Securities Act) (together with all certifications required pursuant to the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act)) (such documents and any other documents filed by the Company with the SEC, collectively, the Company SEC Documents). As of their respective filing dates the Company SEC Documents (a) did not (or with respect to Company SEC Documents filed after the date hereof, will not) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (b) complied (or with respect to Company SEC Documents filed after the date hereof, will comply) in all material respects with the applicable requirements of the Exchange Act or the Securities Act, as the case may be, the Sarbanes-Oxley Act and the applicable rules and regulations of the SEC thereunder. All of the consolidated audited financial statements and unaudited interim financial statements of the Company included in the Company SEC Documents or incorporated therein by reference, including the related notes and schedules (collectively, the Company Financial Statements), (i) complied or will comply, as the case may be, as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (ii) have been or will be, as the case may be, prepared from, are in accordance with, and accurately reflect the books and records of the Company and the Company Subsidiaries in all material respects; (iii) have been or will be, as the case may be, prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of interim financial statements, for normal and recurring year-end adjustments and as may be permitted by the SEC on Form 10-Q, Form 8-K or any successor or like form under the Exchange Act); and (iv) fairly present, in all material respects, the financial position and the results of operations and cash flows of the Company and the consolidated Company Subsidiaries as of the times and for the periods referred to therein. The Company does not have any outstanding and unresolved comments from the SEC with respect to the Company SEC Documents. To the knowledge of the Company, as of the date hereof, none of the Company SEC Documents is the subject of ongoing SEC review or outstanding SEC comments and there are no inquiries or investigations by the SEC or any internal investigations pending or threatened, in each case regarding any accounting practices of the Company.

(b) The Company has made available to Parent complete and correct copies of all material written correspondence between the SEC on one hand, and the Company, on the other hand, since January 1, 2013, other than as publicly filed as correspondence in the Electronic Data Gathering, Analysis and Retrieval Database of the SEC (EDGAR).

Table of Contents

Section 3.7 Internal Controls; Sarbanes-Oxley Act.

(a) Since January 1, 2013, the Company has designed and maintained a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company and its consolidated Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a material effect on the financial statements. The Company s management has completed an assessment of the effectiveness of the Company s system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the fiscal year ended December 31, 2015, and, except as set forth in Company SEC Documents filed prior to the date of this Agreement, such assessment concluded that such controls were effective and the Company s independent registered accountant has issued (and not subsequently withdrawn or qualified) an attestation report concluding that the Company maintained effective internal control over financial reporting as of December 31, 2015. Since January 1, 2013, the Company (i) has designed and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) to ensure that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and is accumulated and communicated to the Company s management as appropriate to allow timely decisions regarding required disclosure and (ii) has not had (A) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect in any material respect the Company s ability to record, process, summarize and report financial information or (B) any fraud, whether or not material, that involving management or other employees who have a significant role in the Company s internal controls over financial reporting.

(b) Neither the Company nor any of its Subsidiaries has entered into or is subject to (i) any off balance sheet arrangement (as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Securities Act) or (ii) any commitment to become party to any joint venture, off balance sheet partnership or any similar Contract or arrangement relating to any transaction or relationship between or among the Company or any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, in each case where the results, purpose or effect of such commitment or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company s or such Subsidiaries published financial statements or other Company SEC Documents.

Section 3.8 Absence of Certain Changes.

(a) Except as contemplated by this Agreement, since January 1, 2015, (i) the Company and each Company Subsidiary has conducted, in all material respects, its business in the ordinary course consistent with past practice and (ii) neither the Company nor any Company Subsidiary has taken any action that would require consent of Parent pursuant to clause (a), (b), (c), (i), (k), (l), (o), (p)(ii), (q) or (r), or clause (t) with respect to any of the foregoing, of Section 5.1 had such action occurred after the date of this Agreement and prior to the Closing.

(b) Since January 1, 2015, there has not been any Company Material Adverse Effect or any Events that have had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Table of Contents

Section 3.9 No Undisclosed Liabilities. Except (a) as reflected or adequately reserved against on the balance sheet of the Company dated September 30, 2015, (b) for liabilities and obligations incurred since September 30, 2015 in the ordinary course of business and in a manner consistent with past practice, subsequent to September 30, 2015 and (c) for liabilities and obligations contemplated by or under this Agreement or in connection with the Transactions, neither the Company nor any Company Subsidiary has any liabilities or obligations, contingent or otherwise, that would be required by GAAP to be reflected on, or disclosed in the notes to, the consolidated financial statements of the Company and its Subsidiaries, other than as have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.10 Litigation. There is (a) no material claim, action, suit, arbitration, alternative dispute resolution action or any other judicial or administrative proceeding, in Law or equity (collectively, a Legal Proceeding), pending (in which service of process has been received by the Company) against (or to the Company s knowledge, threatened against or naming as a party thereto), the Company, a Company Subsidiary, any of their respective properties or assets, or any executive officer or director of the Company (in their ca