

Apollo Commercial Real Estate Finance, Inc.

Form S-3ASR

November 07, 2016

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As filed with the Securities and Exchange Commission on November 7, 2016

Registration No. 333-

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

**FORM S-3**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.**

**(Exact Name of Registrant as Specified in its Charter)**

**Maryland**  
**(State or Other Jurisdiction of**  
**Incorporation or Organization)**

**27-0467113**  
**(I.R.S. Employer**  
**Identification No.)**

**c/o Apollo Global Management, LLC**

**9 West 57<sup>th</sup> Street, 43rd Floor**

**New York, New York 10019**

**(212) 515-3200**

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

**John J. Suydam, Esq.**

**Vice President & Secretary**

**ACREFI Management, LLC**

**9 West 57<sup>th</sup> Street, 43<sup>rd</sup> Floor**

**New York, New York 10019**

**(212) 515-3200**

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

*Copies to:*

**Jay L. Bernstein, Esq.**

**Andrew S. Epstein, Esq.**

**Clifford Chance US LLP**

**31 West 52<sup>nd</sup> Street**

**New York, New York 10019**

**(212) 878-8000**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of the Registration Statement as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee

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Common Stock, \$0.01 par value per share	8,823,529	\$16.69 <sup>(2)</sup>	\$147,264,699 <sup>(2)</sup>	\$17,067.98
8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share	8,000,000	\$24.71 <sup>(3)</sup>	\$197,680,000 <sup>(3)</sup>	\$22,911.12

- (1) Including an indeterminate number of shares which may be issued by Apollo Commercial Real Estate Finance, Inc. with respect to such shares by way of a stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration.
- (2) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(c) under the Securities Act, based on the average of the high and low reported sale prices for the Apollo Commercial Real Estate Finance, Inc. s common stock as reported by the New York Stock Exchange on November 2, 2016.
- (3) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(a) under the Securities Act based on the sale price per share at which the 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock was previously issued in a private placement, as there is currently no public market price for the Series B Preferred Stock.

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**PROSPECTUS**

**8,823,529 Shares of Common Stock**

**and**

**8,000,000 Shares of 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock**

This prospectus relates to the offer and resale from time to time by the selling stockholders identified in this prospectus or in supplements to this prospectus of the following securities:

8,823,529 shares of our common stock, par value \$0.01 per share; and

8,000,000 shares of our 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, which we refer to in this prospectus as the Series B Preferred Stock.

We refer to the common stock and Series B Preferred Stock, collectively, as the securities in this prospectus.

The securities to which this prospectus relates were originally issued and sold by us in a private placement in September 2015. This prospectus does not necessarily mean that the selling stockholders will offer or sell any or all of the securities. We cannot predict when or in what amounts the selling stockholders may sell any of the securities offered by this prospectus or in supplements to this prospectus. The prices at which the selling stockholders may sell the securities will be determined by the prevailing market price for the securities or in negotiated transactions. We are filing the registration statement of which this prospectus forms a part pursuant to contractual obligations that exist with the selling stockholders.

We are not offering for sale any of our securities in the registration statement of which this prospectus is a part. We will not receive any proceeds from the sale of securities by the selling stockholders, but will incur expenses in connection with the registration of these securities. See Selling Stockholders and Plan of Distribution.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol ARI. On November 4, 2016, the closing sale price of our common stock on the NYSE was \$16.80 per share. No market currently exists for the Series B Preferred Stock and no market may exist for some time, if ever. We have agreed to use commercially reasonable efforts to list the Series B Preferred Stock on the NYSE, subject to compliance with NYSE rules and regulations.

The selling stockholders identified in this prospectus or in supplements to this prospectus from time to time may offer and resell the securities held by them directly or through underwriters, agents or broker-dealers on terms to be determined at the time of sale. To the extent required, the names of any underwriter, agent or broker-dealer and applicable commissions or discounts and any other required information with respect to any particular offer will be set forth in a prospectus supplement that will accompany this prospectus. A prospectus supplement also may add, update or change information contained in this prospectus. Each of the selling stockholders reserves the sole right to accept or reject, in whole or in part, any proposed purchase of the securities to be made directly or through underwriters, agents or broker-dealers.

**An investment in these securities entails certain material risks and uncertainties that should be considered. See Risk Factors beginning on page 2 of this prospectus and on page 4 of our Annual Report on Form 10-K for the year ended December 31, 2015.**

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

**The date of this prospectus is November 7, 2016.**

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**APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a shelf registration statement. This prospectus covers shares of our common stock and 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock, or Series B Preferred Stock, held by one or more selling stockholders that can sell those securities by means of this prospectus in the circumstances we describe. You should rely only on the information provided or incorporated by reference in this prospectus or any accompanying prospectus supplement. To the extent there is a conflict between the information contained in this prospectus and the information contained in any accompanying prospectus supplement, the information in the prospectus supplement shall control. In addition, any statement in a filing we make with the Securities and Exchange Commission, or the SEC, that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing. Neither we nor the selling stockholders have authorized anyone to provide you with different or additional information. Neither we nor the selling stockholders are making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should not assume that the information appearing in this prospectus or any accompanying prospectus supplement or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read carefully the entire prospectus and any accompanying prospectus supplement, as well as the documents incorporated by reference in the prospectus and any accompanying prospectus supplement, before making an investment decision.

In this prospectus, unless otherwise specified or the context requires otherwise, we use the terms *company*, *ARI*, *we*, *us* and *our* to refer to Apollo Commercial Real Estate Finance, Inc., a Maryland corporation, together with its consolidated subsidiaries; references in this prospectus to *Apollo* refer to Apollo Global Management, LLC, a Delaware limited liability company, together with its subsidiaries; and references in this prospectus to *our Manager* refer to ACREFI Management, LLC, a Delaware limited liability company and an indirect subsidiary of Apollo Global Management, LLC.



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**PROSPECTUS SUMMARY**

**Overview**

We are a Maryland corporation that has elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. We primarily originate, acquire, invest in and manage performing commercial first mortgage loans, subordinate financings, commercial mortgage-backed securities, or CMBS, and other commercial real estate-related debt investments. We refer to the assets we target for acquisition as our target assets.

We are externally managed and advised by our Manager, an indirect subsidiary of Apollo, a leading global alternative investment manager with a contrarian and value oriented investment approach in private equity, credit and real estate with assets under management of approximately \$188.6 billion as of September 30, 2016. Our Manager is led by an experienced team of senior real estate professionals who have significant expertise in underwriting and structuring commercial real estate financing transactions. We benefit from Apollo's global infrastructure and operating platform, through which we are able to source, evaluate and manage potential investments in our target assets.

Our principal business objective is to invest in our target assets in order to provide attractive risk adjusted returns to our stockholders over the long term, primarily through dividends and secondarily through capital appreciation.

We were organized in 2009 and have elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2009. We are generally not subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute our net taxable income to stockholders and satisfy certain other requirements that allow us to maintain our intended qualification as a REIT. We also intend to operate our business in a manner that will permit us to continue to remain excluded from registration as an investment company under the Investment Company Act of 1940, or the 1940 Act.

**Our Corporate Information**

Our principal executive offices are located at 9 West 57<sup>th</sup> Street, 43<sup>rd</sup> Floor, New York, New York 10019. Our telephone number is (212) 515-3200. Our website is [www.apolloreit.com](http://www.apolloreit.com). The information on our website does not form a part of and is not incorporated by reference into this prospectus.

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**RISK FACTORS**

*Investment in our securities involves a high degree of risk. You should carefully consider following factors with respect to the securities as well as the risks described in the section **Risk Factors** contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and our other filings under the Exchange Act that are incorporated by reference in this prospectus and any accompanying prospectus supplement, as well as other information in this prospectus and any accompanying prospectus supplement before purchasing our securities. Each of the risks described could materially adversely affect our business, financial condition, results of operations, or ability to make distributions to our stockholders. In such case, you could lose all or a portion of your original investment. See **Where You Can Find More Information**.*

***The market price and trading volume of the securities may vary substantially and be volatile.***

Our common stock is listed on the NYSE under the symbol **ARI**. The stock markets, including the NYSE, have experienced significant price and volume fluctuations over the past several years. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. There is no established trading market for the Series B Preferred Stock and one may never develop, which may result in significant volatility in the market price and trading volume of the Series B Preferred Stock. Accordingly, no assurance can be given as to the ability of our stockholders to sell the securities or the price that our stockholders may obtain for the securities.

Some of the factors that could negatively affect the market price of the securities include:

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

actual or perceived conflicts of interest with our Manager or Apollo and individuals, including our executives;

equity or debt issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;

the impact of accounting principles and policies on our financial positions and results;

publication of research reports about us or the real estate industry;

changes in market valuations of similar companies;

adverse market reaction to any increased indebtedness we may incur in the future;

additions to or departures of our Manager s or Apollo s key personnel;

speculation in the press or investment community;

our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;

increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock and would result in increased interest expenses on our debt;

failure to maintain our REIT qualification or exclusion from registration under the 1940 Act;

if, and to the extent the Series B Preferred Stock is rated in the future, changes in the credit ratings;

price and volume fluctuations in the stock market generally; and

general market and economic conditions, including the current state of the credit and capital markets. Market factors unrelated to our performance could also negatively impact the market price of our securities. One of the factors that investors may consider in deciding whether to buy or sell our securities is our distribution

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rate as a percentage of the price of the securities relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in capital markets can affect the market value of our securities. For instance, if interest rates rise, it is likely that the market price of our securities will decrease as market rates on interest-bearing securities increase.

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

Subject to applicable law, our board of directors has the authority, without stockholder approval, to issue additional authorized shares of common stock and securities convertible into or exchangeable for our common stock, on the terms and for the consideration it deems appropriate. Subject to the limitations prescribed in our charter, including the approval by holders of our 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock, or Series A Preferred Stock, Series B Preferred Stock and 8.00% Series C Cumulative Redeemable Perpetual Preferred Stock, or Series C Preferred Stock, of the classification, reclassification or issuance of senior preferred stock, our board of directors is authorized to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of any class or series of preferred stock previously authorized by our board of directors. Additional equity offerings or issuances of additional shares of common stock in connection with the conversion of convertible or exchangeable securities, including our outstanding 5.50% Convertible Senior Notes due 2019, may dilute the holdings of our existing stockholders or reduce the market price of our securities, or both. In addition, the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock have preferences on liquidating distributions and dividend payments over our common stock. Other classes or series of our preferred stock, if issued, could similarly have a preference on liquidating distributions or preferences on dividend payments that could limit our ability to make distributions to the holders of our common stock. We cannot predict the effect, if any, of future sales or resales of our common stock, preferred stock or securities convertible into or exchangeable for our common stock on the market price of our securities. Sales of substantial amounts of our common stock, preferred stock or securities convertible into or exchangeable for our common stock or the perception that such sales could occur may adversely affect the prevailing market price for our securities.

***We cannot assure you of our ability to make distributions in the future. Although we currently do not intend to do so, we could be required to sell assets, borrow funds, or make a portion of our distributions in the form of a taxable stock distribution or distribution of debt securities.***

We are generally required to distribute to our stockholders at least 90% of our net income each year, excluding net capital gains, for us to qualify as a REIT under the Internal Revenue Code. We currently intend to satisfy this requirement through quarterly distributions of all or substantially all of our net income each year, subject to certain adjustments. Our board of directors has the sole discretion to determine the timing, form and amount of any future distributions to our stockholders, and the amount of such distributions may be limited. Although we currently do not intend to do so, we could be required to sell assets, borrow funds or make a portion of our distributions in the form of a taxable stock distribution or distribution of debt securities. To the extent that we are required to sell assets in adverse market conditions or borrow funds at unfavorable rates, our results of operations could be materially and adversely affected. Our board of directors will make determinations regarding distributions based upon various factors, including our earnings, our financial condition, our liquidity, our debt and preferred stock covenants, maintenance of our REIT qualification, applicable provisions of the Maryland General Corporation Law, or the MGCL, and other factors, including the risk factors described or incorporated by reference in this prospectus, as our board of directors may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to make distributions to our stockholders:

our ability to make profitable investments;

margin calls or other expenses that reduce our cash flow;

defaults in our asset portfolio or decreases in the value of our portfolio; and

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the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, no assurance can be given that we will be able to make distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will be at or above the level of our current distribution or achieve a market yield.

In addition, distributions that we make to our stockholders will generally be taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us or, as discussed above, may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a stockholder's investment in shares of our securities.

***The investments that we make in accordance with our investment objectives and therefore an investment in our common stock may involve a high degree of risk.***

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

***All of our indebtedness ranks senior to the securities, certain of our outstanding securities rank senior to our common stock, and we may in the future offer debt or equity securities that may rank senior to the securities, which may adversely affect the market price of the securities.***

The securities rank junior to all of our indebtedness in the event of our bankruptcy, liquidation, dissolution, winding-up of our affairs or similar proceeding with respect to us and are effectively subordinated to all of our indebtedness. In addition, we have issued Series A Preferred Stock and Series C Preferred Stock which have rights, preferences and privileges which rank on parity with the Series B Preferred Stock, and together with the Series B Preferred Stock, are more favorable than those of our common stock, and 5.50% Convertible Senior Notes due 2019, which have rights, preferences and privileges more favorable than those of the securities. The terms of certain of our existing or future debt instruments or senior equity securities may restrict the authorization, payment or setting apart of dividends on the securities or otherwise restrict our operating flexibility. Additionally, any equity securities or convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and/or preferred stock (subject to the approval of holders of preferred stock, as applicable) and may result in dilution to owners of the securities. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of the securities will bear the risk of our future offerings reducing the market price of the securities and diluting the value of their holdings in us.

***There is no established trading market for the Series B Preferred Stock.***

There is no established trading market for the Series B Preferred Stock and one may never develop. We have agreed to use commercially reasonable efforts to list the Series B Preferred Stock on the NYSE, subject to compliance with NYSE rules and regulations. There can be no assurance that the NYSE will approve the Series B Preferred Stock for listing. Even if the Series B Preferred Stock were to be listed, an active trading market on the NYSE for the Series B Preferred Stock may not develop or, if it does develop, may not last, in which case the trading price of the Series B Preferred Stock could be adversely affected.



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***The Series B Preferred Stock has not been rated.***

We have not sought to obtain a rating for the Series B Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series B Preferred Stock. In addition, we may elect in the future to obtain a rating of the Series B Preferred Stock, which could adversely affect the market price of the Series B Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision, placing on a watch list or withdrawal of a rating could have an adverse effect on the market price of the Series B Preferred Stock.

***Holders of Series B Preferred Stock have extremely limited voting rights.***

Your voting rights as a holder of Series B Preferred Stock will be extremely limited. Our common stock is the only class of our stock carrying full voting rights. Voting rights for holders of Series B Preferred Stock exist primarily with respect to the ability to elect, together with holders of Series A Preferred Stock, Series C Preferred Stock and any other parity equity securities having similar voting rights, voting together as a single class, two directors to our board of directors in the event that six quarterly dividends (whether or not consecutive) payable on the Series B Preferred Stock are in arrears. Holders of Series B Preferred Stock are entitled to vote together with the holders of Series A Preferred Stock, Series C Preferred Stock and any other parity equity securities (if such holders are similarly affected), voting together as a single class, on amendments to our charter, including the Articles Supplementary setting forth the terms of the Series B Preferred Stock, or the Articles Supplementary, that materially and adversely affect the rights of the Series B Preferred Stock or create or increase the authorized number of shares of classes or series of preferred stock that are senior to the Series B Preferred Stock. In addition, holders of Series B Preferred Stock are entitled to vote on the issuance of additional shares of Series B Preferred Stock. See [Description of Series B Preferred Stock Voting Rights](#) below. Other than the limited circumstances described in this prospectus, holders of Series B Preferred Stock will not have any voting rights.

***You may not be permitted to exercise conversion rights upon a change of control of us. If exercisable, the change of control conversion feature of the Series B Preferred Stock may not adequately compensate you, and the change of control conversion and redemption features of the Series B Preferred Stock may make it more difficult for a third party to take over our company or discourage a third party from taking over our company.***

Upon the occurrence of an Ownership Change of Control (as defined in [Description of Series B Preferred Stock Conversion Rights Definitions](#)), as a result of which neither our common stock nor the common securities of the acquiring or surviving entity (or American Depositary Receipts, or ADRs, representing such common securities) is listed on the NYSE, the NYSE MKT, or the NYSE MKT, or the NASDAQ Stock Market, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or the NASDAQ, holders of Series B Preferred Stock will have the right to convert some or all of their Series B Preferred Stock into our common stock (or equivalent value of alternative consideration), subject to certain limitations. Notwithstanding that we generally may not redeem the Series B Preferred Stock prior to September 21, 2020, upon written notice by the holders of a majority of the shares of Series B Preferred Stock outstanding on the date of a Change of Control, we will be obligated to redeem the Series B Preferred Stock (subject to any partial exercise of the conversion right that may become exercisable in connection with an Ownership Change of Control). See [Description of Series B Preferred Stock Conversion Rights](#) and [Description of Series B Preferred Stock Optional Redemption and Change of Control Redemption](#). In addition, those features of the Series B Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our securities with the opportunity to



realize a premium over the then-current market price or that our stockholders may otherwise believe is in their best interests.

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***Our charter and the Articles Supplementary contain restrictions upon ownership and transfer of the Series B Preferred Stock, which may impair the ability of holders to convert Series B Preferred Stock into our common stock upon a change of control.***

Our charter and the Articles Supplementary contain restrictions on ownership and transfer of the Series B Preferred Stock intended to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. For example, to assist us in qualifying as a REIT, the Articles Supplementary prohibit anyone from owning, or being deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of Series B Preferred Stock, although our board of directors has established an exemption from this ownership limit for QH RE Asset Company LLC. See Description of Series B Preferred Stock Restrictions on Ownership and Transfer in this prospectus. You should consider these ownership limitations prior to your purchase of the Series B Preferred Stock. In addition, the Articles Supplementary provide that, notwithstanding any other provision of the Series B Preferred Stock, (1) no holder of Series B Preferred Stock will be entitled to convert such stock into our common stock to the extent that receipt of our common stock would cause the holder to exceed the ownership limitations contained in our charter and (2) in no event may the total number of shares of common stock to be issued upon conversion (when taken together with any shares of common stock previously issued to the applicable holder) exceed the number of shares of common stock that would be permitted to be issued upon conversion of the Series B Preferred Stock in the absence of a shareholder vote taken in advance of the issuance of the Series B Preferred Stock under NYSE rules and regulations, as reasonably determined by the Board of Directors or a committee thereof, which may limit your ability to convert the Series B Preferred Stock into our common stock upon an Ownership Change of Control. The restrictions could also have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of the Series B Preferred Stock.

***If our common stock is delisted, your ability to transfer or sell your Series B Preferred Stock may be limited and the market value of the Series B Preferred Stock will be materially adversely affected.***

Other than in connection with certain change of control transactions, the Series B Preferred Stock does not contain provisions that protect you if our common stock is delisted from the NYSE. Since the Series B Preferred Stock has no stated maturity date, you may be forced to hold your Series B Preferred Stock and receive stated dividends on the shares when, as and if authorized by our board of directors and declared by us with no assurance as to ever receiving the liquidation preference. In addition, if the Series B Preferred Stock has been listed, and our common stock is delisted, it is likely the Series B Preferred Stock will be delisted, which will limit your ability to transfer or sell your Series B Preferred Stock and could have a material adverse effect on the market value of the Series B Preferred Stock.

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

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

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**FORWARD-LOOKING STATEMENTS**

We make forward-looking statements in this prospectus and the documents incorporated by reference in this document within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. For these statements, we claim the protections of the safe harbor for forward-looking statements contained in such Sections. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words believe, expect, anticipate, estimate, plan, continue, intend, should, may or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking:

market trends in our industry;

interest rates;

real estate values;

the debt securities markets or the general economy or the demand for commercial real estate loans;

our business and investment strategy;

our operating results;

actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies;

the state of the U.S. economy generally or in specific geographic regions;

economic trends and economic recoveries;

our ability to obtain and maintain financing arrangements, including repurchase agreement financing and securitizations;

the anticipated shortfall of debt financing from traditional lenders;

the volume of short-term loan extensions;

the demand for new capital to replace maturing loans;

expected leverage;

general volatility of the securities markets in which we participate;

changes in the value of our assets;

the scope of our target assets;

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

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

changes in prepayment rates on our target assets;

effects of hedging instruments on our target assets;

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

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

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

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

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our ability to remain excluded from registration under the 1940 Act;

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

the availability of qualified personnel;

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

our understanding of our competition.

We caution that the foregoing list of factors is not all-inclusive. All subsequent written and oral forward-looking statements concerning us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. We caution not to place undue reliance upon any forward-looking statements, which speak only as of the date made. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

The forward-looking statements contained in this prospectus and the documents incorporated by reference herein reflect our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference into this prospectus. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Such new risks and uncertainties may be included in the documents that we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus which will be considered to be incorporated by reference into this prospectus. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider these risks before you make an investment decision with respect to our common stock.

For more information regarding risks that may cause our actual results to differ materially from any forward-looking statements, see **Risk Factors** in this prospectus and **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2015 and in the documents that we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus, which will be considered to be incorporated by reference into this prospectus.

**Table of Contents****RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratio of earnings to combined fixed charges and preferred stock dividends for the periods indicated. The ratio of earnings to combined fixed charges and preferred stock dividends was computed by dividing earnings by our 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.

	<b>For the nine months ended September 30, 2016</b>	<b>For the year ended December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011<sup>(1)</sup></b>
Ratio of earnings to combined fixed charges and preferred stock dividends	2.45x	2.52x	2.75x	4.86x	4.37x	2.66x

(1) We had no shares of preferred stock outstanding during the period presented.

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**USE OF PROCEEDS**

We will not receive any proceeds from the sale of the securities by the selling stockholders from time to time pursuant to this prospectus and any accompanying prospectus supplements. The proceeds from the offering are solely for the account of the selling stockholders. We have agreed, however, to pay certain expenses relating to the registration of the securities.

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**Table of Contents****SELLING STOCKHOLDERS**

Up to 8,823,529 shares of our common stock and up to 8,000,000 shares of our Series B Preferred Stock are being offered by this prospectus, all of which are being offered for resale for the account of the selling stockholders. The selling stockholders may, from time to time, offer and sell pursuant to this prospectus any or all of the securities being registered. When we refer to the selling stockholders in this prospectus, we mean the stockholder specifically identified in the table below, as well as the permitted transferees, pledgees, donees, assignees, successors and others who later come to hold any of such selling stockholder's interests other than through a public sale. Any permitted transferee, pledgee, donee, assignee, successor or others that intend to offer or sell securities through this prospectus will be named in a prospectus supplement, if required.

We cannot advise you as to whether the selling stockholders will in fact sell any or all of the securities being registered. In addition, the selling stockholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the securities in transactions exempt from the registration requirements of the Securities Act after the date on which they provided the information set forth in the table below.

To the extent that any of the selling stockholders may be deemed to be an affiliate of a broker-dealer, (1) any such selling stockholder purchased the securities being registered for resale in the ordinary course of business; and (2) at the time of purchase of the securities being registered for resale, the selling stockholder had no agreements or understandings, directly or indirectly, with any person, to distribute the securities.

The information presented regarding the selling stockholder is based upon representations made to us by the selling stockholder. Information concerning the selling stockholders may change from time to time, and any changed information will be set forth in prospectus supplements or post-effective amendments, as may be appropriate.

Name of Selling Stockholder	Beneficial Ownership Prior to Resale Offering <sup>(1)</sup>				Shares Offered Pursuant to This Prospectus (Maximum Number That May Be Sold)		Beneficial Ownership after Resale Offering <sup>(2)</sup>	
	Common Stock		Series B Preferred Stock		Common Stock	Series B Preferred Stock	Series B	
	Percentage of Class <sup>(1)</sup>	Percentage of Class <sup>(1)</sup>	Common Stock	Preferred Stock			Percentage of Class <sup>(1)</sup>	Percentage of Class <sup>(1)</sup>
QH RE Asset Company LLC <sup>(3)</sup>	8,823,529	10.9%	8,000,000	100%	8,823,529	8,000,000		

- (1) Based on 80,845,403 shares of our common stock and 8,000,000 shares of Series B Preferred Stock outstanding at November 4, 2016, determined in accordance with Rule 13d-3 of the Exchange Act. Under such rule, beneficial ownership includes any securities over which the selling stockholder has sole or shared voting or investment power and also any securities that the selling stockholder has the right to acquire within 60 days of such date through the exercise of options or other rights.



- (2) Because the selling stockholders are not obligated to sell all or any portion of the shares of our common stock shown as offered by them, we cannot estimate the actual number of shares (or actual percentage of the class) of our common stock that will be held by any selling stockholder upon completion of this resale offering. Assumes that the selling stockholders sell all of the shares of our common stock and Series B Preferred Stock beneficially owned by them that have been registered by us and do not acquire any additional shares during this resale offering.
- (3) QH RE Asset Company LLC has sole voting and dispositive power with respect to 8,823,529 shares of common stock and 8,000,000 shares of Series B Preferred Stock beneficially owned by it. QH RE Asset Company LLC is a wholly owned subsidiary of Qatar Investment Authority, which may be deemed a beneficial owner of the 8,823,529 shares of our common stock and 8,000,000 shares of Series B Preferred Stock beneficially owned by QH RE Asset Company LLC. QH RE Asset Company LLC's address is Q-Tel Tower, 8th Floor, Diplomatic Area Street, West Bay, P.O. Box 23224, Doha, State of Qatar.

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**PLAN OF DISTRIBUTION**

We are registering the resale from time to time of the securities offered by this prospectus. We have registered the securities for resale to provide the selling stockholders with freely tradable securities. The registration of these securities, however, does not necessarily mean that any of the securities will be offered or sold by the selling stockholders. We will not receive any proceeds from the sale of the securities offered by this prospectus and any accompanying prospectus supplements. The proceeds from the offering are solely for the account of the selling stockholders. We have agreed, however, to pay certain expenses relating to the registration of the securities.

Any selling stockholders may at any time and from time to time, in one or more transactions, sell all or a portion of the securities registered hereby at prices then prevailing or related to the then current market price or at negotiated prices. The offering price of the securities registered hereby from time to time will be determined by the selling stockholders and, at the time of determination, may be higher or lower than the market price of the securities on the NYSE, if applicable.

The methods by which the securities registered hereby may be sold include: (1) on the NYSE, in the over-the-counter market, on any other national securities exchange on which the securities are then listed or traded, if the securities are so listed or traded; (2) a block trade in which the broker-dealer so engaged will attempt to sell the securities registered hereby as agent but may position and resell a portion of the block as principal to facilitate the transaction; (3) a purchase by a broker-dealer as principal and resale by the broker-dealer for its account pursuant to this prospectus and any accompanying prospectus supplement; (4) an ordinary brokerage transaction or a transaction in which the broker solicits purchasers; (5) an exchange distribution in accordance with the rules of any applicable exchange; (6) a privately negotiated transaction; (7) an underwritten transaction; (8) through a short sale transaction following which the securities are delivered to close out the short positions; (9) through the writing of options relating to such securities; and (10) a combination of the above methods of sale, or any other method permitted by law.

In connection with an underwritten offering, underwriters or agents may receive compensation in the form of discounts, concessions or commissions from a selling stockholder or from purchasers of securities registered hereby for whom they may act as agents, and underwriters may sell securities registered hereby to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. In compliance with the Financial Industry Regulatory Authority, Inc., or FINRA, guidelines, the maximum commission or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus or any accompanying prospectus supplement.

Additionally, the selling stockholders may enter into sale, forward sale and derivative or hedging transactions with broker-dealers or other third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with those sale, forward sale or derivative or hedging transactions, the third parties may sell securities covered by this prospectus (as amended or supplemented, as necessary), including in short sale transactions and by issuing securities that are not covered by this prospectus but are exchangeable for or represent beneficial interests in our common stock or Series B Preferred Stock. If so, the broker-dealer or other third party may use securities received under those sale, forward sale or derivative or hedging arrangements or securities pledged by the selling stockholders or borrowed from the selling stockholders or others to settle such third party sales or to close out any related open borrowings of stock. The broker-dealers and third parties may deliver this prospectus and any accompanying prospectus supplement in connection with any such transactions. The broker-dealers or third party in such sale transactions will be an underwriter and will be identified in any accompanying prospectus supplement (or a post-effective amendment).

Any selling stockholder and any broker-dealers that participate with the selling stockholders or third parties to derivative transactions in the sale of the securities covered by this prospectus may be deemed to be an

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underwriter within the meaning of Section 2(11) of the Securities Act, and, any profits on the sale of the securities by such selling stockholders and any discounts, commissions or concessions received by any such broker-dealers might be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, agents or dealers may be entitled, under agreements entered into with us, to indemnification against and contribution toward certain liabilities, including liabilities under the Securities Act.

To the extent required, upon being notified by a selling stockholder that any arrangement has been entered into with any underwriter, agent or broker-dealer for the sale of the securities through a block trade, special offering, exchange distribution or secondary distribution or a purchase by any underwriter, agent or broker-dealer(s), the name(s) of the selling stockholder(s) and of the participating underwriter, agent or broker-dealer(s), specific securities to be sold, the respective purchase prices and public offering prices, any applicable discounts, commissions or concessions, and other facts material to the transaction will be set forth in a supplement to this prospectus or a post-effective amendment to the registration statement of which this prospectus forms a part, as appropriate.

When a selling stockholder elects to make a particular offer of securities registered hereby, a prospectus supplement, if required, will be distributed which will identify any underwriters, agents or dealers and any discounts, commissions or concessions and other terms constituting compensation from the selling stockholder and any other required information.

In order to comply with state securities laws, if applicable, the securities registered hereby may be sold only through registered or licensed brokers or dealers. In addition, in specific states, the securities registered hereby may not be sold unless they have been registered or qualified for sale in such state or an exemption from such registration or qualification requirement is available and is complied with.

We will pay (1) the fees and disbursements of our counsel and independent public accountants incurred, including the expenses of any special audits or comfort letters required in connection with such sales, and any premiums and other costs of policies of insurance obtained by us against liabilities arising out of the sale of any securities and (2) all registration, filing and stock exchange fees, all fees and expenses of complying with securities or blue sky laws, all fees and expenses of custodians, transfer agents and registrars, all printing expenses, messenger and delivery expenses and any fees and disbursements of one common counsel and applicable local counsel for the selling stockholders, as retained by holders of a majority of the securities registered hereby. Any out-of-pocket expenses of the selling stockholders, transfer taxes, underwriting or brokerage commissions or discounts associated with effecting any sales of the securities will be paid by the selling stockholders.

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**DESCRIPTION OF SECURITIES**

*This prospectus contains summary descriptions of the material terms of the common stock and Series B Preferred Stock that the selling stockholders may offer and sell from time to time. These summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security are subject to and qualified in their entirety by reference to Maryland law and our charter and bylaws. See *Where You Can Find More Information*.*

**General**

Apollo Commercial Real Estate Finance, Inc. was formed on June 29, 2009. Our charter provides that we may issue up to 450,000,000 shares of common stock, \$0.01 par value per share, and up to 50,000,000 shares of preferred stock, \$0.01 par value per share, of which 3,450,000 shares were classified and designated as shares of 8.625% Series A Cumulative Redeemable Perpetual Preferred Stock, 8,000,000 shares were classified and designated as shares of 8.00% Fixed-to-Floating Series B Cumulative Redeemable Perpetual Preferred Stock and 6,900,000 shares were classified and designated as shares of 8.00% Series C Cumulative Redeemable Perpetual Preferred Stock. Our charter authorizes our board of directors to amend our charter by a majority vote of the entire board of directors to increase or decrease the aggregate number of authorized shares of stock or the authorized number of shares of stock of any class or series without common stockholder approval. As of November 4, 2016, 80,845,403 shares of our common stock were issued and outstanding, 3,450,000 shares of our Series A Preferred Stock were issued and outstanding, 8,000,000 shares of our Series B Preferred Stock were issued and outstanding and 6,900,000 shares of our Series C Preferred Stock were issued and outstanding. Under Maryland law, our stockholders generally will not be personally liable for any of our debts or obligations solely as a result of their status as stockholders.

**Power to Reclassify Our Unissued Shares of Stock**

Our charter authorizes our board of directors to classify and reclassify from time to time any unissued shares of common or preferred stock into other classes or series of stock, including one or more classes or series of stock that have priority over our common stock with respect to voting rights, dividends or upon liquidation, and to authorize us to issue the newly-classified shares. Prior to the issuance of shares of each new class or series, our board of directors is required by Maryland law and by our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our 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 our stock, including our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, our board of directors 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 our securities are listed or traded. Therefore, our board of directors 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 our common stock or otherwise be in the best interest of our stockholders.