

Apollo Commercial Real Estate Finance, Inc.
Form 8-K
August 18, 2014

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 12, 2014

APOLLO COMMERCIAL REAL ESTATE FINANCE, INC.

(Exact name of registrant as specified in its charter)

| | | |
|-------------------------------------|---------------------|----------------------------|
| Maryland | 001-34452 | 27-0467113 |
| (State or other jurisdiction | (Commission | (IRS Employer |
| of incorporation) | File Number) | Identification No.) |

c/o Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York

10019

**(Address of principal executive
offices)**

(Zip Code)

Registrant's telephone number, including area code: (212) 515-3200

n/a

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On August 12, 2014, Apollo Commercial Real Estate Finance, Inc. (the Company) entered into an underwriting agreement (the Underwriting Agreement), by and among the Company, ACREFI Management, LLC, the Company's external manager (the Manager), and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. (the Underwriters). Pursuant to the terms of the Underwriting Agreement, the Company agreed to sell, and the Underwriters agreed to purchase, subject to the terms and conditions set forth in the Underwriting Agreement, \$100.0 million principal amount of the Company's 5.50% Convertible Senior Notes due 2019 (the Notes) pursuant to a reopening of its existing series of such Notes. In addition, the Company granted to the Underwriters the option to purchase, within a period of 13 days beginning on, and including, the date the Notes are first issued, up to an additional \$15.0 million principal amount of Notes. The Underwriting Agreement contains customary representations, warranties and agreements of the Company, conditions to closing, indemnification rights and obligations of the parties and termination provisions.

On August 18, 2014, the Company issued \$111.0 million aggregate principal amount of the Notes, which includes \$11.0 million aggregate principal amount of the Notes issued pursuant to the underwriters' exercise of their option to purchase additional Notes. The public offering generated net proceeds of approximately \$112.2 million, after deducting the underwriting discount and estimated offering expenses.

The Notes were issued pursuant to an indenture (the Base Indenture), dated as of March 17, 2014, between the Company and Wells Fargo Bank, National Association, as trustee (the Trustee), as supplemented by the First Supplemental Indenture, dated as of March 17, 2014 (the Supplemental Indenture) and, together with the Base Indenture, the Indenture), with respect to the Notes.

The Notes bear interest at a rate of 5.50% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2014. The Notes will mature on March 15, 2019, unless earlier repurchased or converted. Upon conversion, holders of the Notes will receive cash, shares of common stock of the Company, par value \$0.01 per share (Common Stock), or a combination of cash and shares of Common Stock, at the Company's election. If the Company undergoes a fundamental change (as defined in the Indenture), subject to certain conditions, holders of the Notes may require the Company to repurchase for cash all or part of such holders' Notes. The fundamental change repurchase price for the Notes generally will be equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Holders may convert all or a portion of their Notes into shares of Common Stock at the applicable conversion rate at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, unless the Notes have been previously repurchased by the Company.

Any conversion of Notes into shares of Common Stock will be subject to certain ownership limitations (as more fully described in the Indenture). The initial conversion rate for each \$1,000 aggregate principal amount of the Notes is 55.3649 shares of Common Stock, equivalent to a conversion price of approximately \$18.06 per share of Common Stock, which is an approximately 9.8% premium to the closing price of the Common Stock on August 12, 2014. The conversion rate is subject to adjustment in certain circumstances. The Company may not redeem the Notes prior to the maturity date.

If an event of default (as defined in the Indenture) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest on all the Notes to be due and payable. In the case of an event of default arising out of certain events of bankruptcy, insolvency or reorganization (as set forth in the Indenture), 100% of the principal of and accrued and unpaid interest on all the Notes will automatically become due and payable.

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The Notes are senior unsecured obligations of the Company and senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes; equal in right of payment to any existing and future liabilities of the Company that are not so subordinated; effectively junior in right of payment to any secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness, other liabilities (including trade payables) and (to the extent not held by the Company) preferred stock, if any, of the Company's subsidiaries.

The preceding description is qualified in its entirety by reference to the Underwriting Agreement, the Base Indenture and the Supplemental Indenture, copies of which are attached hereto as Exhibits 1.1, 4.1 and 4.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information required by this Item 2.03 relating to the Notes is contained in Item 1.01 above and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

- 1.1 Underwriting Agreement, dated August 12, 2014, by and among the Company, the Manager, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc., as representatives of the several Underwriters listed on Schedule 1 attached thereto

- 4.1 Indenture, dated as of March 17, 2014, between the Company and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on March 21, 2014)

- 4.2 First Supplemental Indenture, dated as of March 17, 2014, between the Company and Wells Fargo Bank, National Association, as Trustee (including the form of 5.50% Convertible Senior Note due 2019) (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on March 21, 2014)

- 5.1 Opinion of Clifford Chance US LLP

- 8.1 Opinion of Clifford Chance US LLP

- 12.1 Statements of Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends

- 23.1 Consent of Clifford Chance US LLP (included in Exhibit 5.1)

- 23.2 Consent of Clifford Chance US LLP (included in Exhibit 8.1)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 18, 2014

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

/s/ Stuart A. Rothstein
Stuart A. Rothstein

President and Chief Executive Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|--------------------|--|
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