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EDWARD BENNETT WILLIAMS (1920-1988)
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March 20, 2018

Via Email, Original to Follow by Hand Delivery

The Honorable Elizabeth Warren
317 Hart Senate Office Building
Washington, DC 20510

The Honorable Elijah E. Cummings
2163 Rayburn House Office Building
Washington, DC 20515

The Honorable Thomas R. Carper
513 Hart Senate Office Building
Washington, DC 20510

The Honorable Gary C. Peters
724 Hart Senate Office Building
Washington, DC 20510

Re: Letter, Dated March 8, 2018, To Mr. Leon Black

Dear Senators Warren, Carper, and Peters and Representative Cummings:

On behalf of Apollo Global Management, LLC (“Apollo”), this responds to your letter dated March 8, 2018, raising concerns about a loan made to entities affiliated with Kushner Companies LLC (“Kushner Companies”) in 2017, as recently reported in a February 28, 2018 newspaper article.

Apollo is firmly committed to operating with integrity, and works hard to earn the trust of investors and the broader community. We are confident that Apollo did so with respect to the matters addressed in the recent news article, and we are pleased to provide the following information about the loan.

In November 2017, Apollo Commercial Real Estate Finance (“ARI”), a publicly-traded real estate investment trust managed by an affiliate of Apollo, made a loan to Kushner Companies to refinance the office building located at 225 West Randolph St., Chicago, IL

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60606 (the “Chicago Loan”). The loan was made in the ordinary course of business, at market terms, and after an arm’s-length negotiation. It was a floating-rate first mortgage loan, all of which was funded at closing and secured by approximately 850,000 of net rentable square feet. The loan terms were straightforward and typical for ARI and its peer lenders. Kushner Companies also invested substantial equity as part of the refinancing, resulting in a loan-to-value ratio of only 74 percent at closing, consistent with market terms.

Contrary to the contention of the article, the size of the Chicago Loan, \$184 million, was not unusual for Apollo or ARI. It is a small fraction of the \$4.3 billion in loan commitments made by Apollo’s commercial real estate business in 2017 alone, including approximately \$2.0 billion in loan commitments made by ARI. Since 2013, Apollo’s commercial real estate business has made 54 loans equal to or greater than \$100 million, including 14 loans greater than the Chicago Loan. As of March 20, 2018, ARI alone had 17 outstanding loans with a current commitment exceeding \$100 million—more than 50% of ARI’s total outstanding loans—including 5 loans greater than the Chicago Loan. Moreover, the Chicago Loan is much smaller than many loans made by Apollo’s credit business, such as the recent \$800 million debtor-in-possession (DIP) loan to Westinghouse Electric Co.

ARI first learned about the Chicago Loan as a potential investment from a third-party national brokerage firm. Initial negotiations between ARI and Kushner Companies over the Chicago Loan began in summer 2017, culminating in a term sheet dated September 25, 2017. After the terms were reviewed and approved by ARI’s investment committee, the Chicago Loan was executed on November 1, 2017. The Chicago Loan was then described in a supplemental financial information package that was posted online on February 14, 2018 in connection with ARI’s fourth quarter earnings release. In line with standard regulatory procedures, the Chicago Loan also was included in an SEC Form 8-K.

Josh Harris and Jared Kushner never discussed any loans to Kushner Companies. The Chicago Loan was negotiated on behalf of ARI by an Apollo investment professional with a history of doing business with Kushner Companies that predated his tenure at Apollo. ARI engaged with the professional managers of Kushner Companies, which did not include any members of the Kushner family. To our knowledge, Jared Kushner did not play any role on behalf of Kushner Companies with respect to the Chicago Loan. ARI’s sole purpose in making the Chicago Loan was to earn an appropriate return on behalf of its investors.

Please be advised that Apollo has participated in one other loan to Kushner Companies. Specifically, in the spring of 2017, Kushner Companies and RFR Holding LLC sought financing to purchase their partner Invesco Real Estate’s ownership stake in certain properties in Brooklyn, New York. The Invesco buyout was financed through a combination of equity and a one-year floating rate \$425 million loan (the “Brooklyn Loan”). The Brooklyn Loan consisted of a \$325 million first mortgage originated by Citigroup, as well as a \$100

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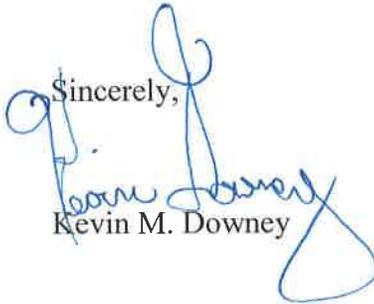
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million mezzanine loan from ARI (\$75 million) and Rockwood Capital (\$25 million). As with the Chicago Loan, information about the Brooklyn Loan was included in an ARI financial information package and posted online.

We are not aware of any direct engagement between ARI and the Kushner Companies regarding the Brooklyn Loan. The principal terms were negotiated by Citi as the primary lender, and, to our knowledge, Jared Kushner did not play any role with respect to the loan. The Brooklyn Loan, including the ARI portion of the mezzanine loan, consisted of standard market terms, including an overall 73% loan-to-value ratio. ARI's participation in the mezzanine portion of the loan—which it negotiated directly with Citi—was not unusual. ARI commonly purchases notes that are part of larger loan structures negotiated by major banks, including Citi. As with the Chicago Loan, Josh Harris did not discuss the Brooklyn Loan with Jared Kushner.

If helpful, we would be pleased to meet with your staffs to review this letter response and to discuss the matters addressed herein.

Sincerely,


Kevin M. Downey