

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

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-38156



**TPG RE Finance Trust, Inc.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**36-4796967**

(I.R.S. Employer  
Identification No.)

**888 Seventh Avenue , 35th Floor  
New York , New York 10106**

(Address of principal executive offices) (Zip Code)

**( 212 ) 601-4700**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	TRTX	New York Stock Exchange
6.25% Series C Cumulative Redeemable Preferred Stock, par value \$0.001 per share	TRTX PRC	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

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

Large Accelerated Filer	<input type="radio"/>	Accelerated Filer	<input checked="" type="radio"/>
Non-accelerated Filer	<input type="radio"/>	Smaller Reporting Company	<input type="radio"/>
Emerging Growth Company	<input type="radio"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

As of April 30, 2024, there were 77,872,438 shares of the registrant's common stock, \$0.001 par value per share, outstanding.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believe," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate," the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. By their nature, forward-looking statements speak only as of the date they are made, are not statements of historical fact or guarantees of future performance and are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Our expectations, beliefs and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will occur or be achieved, and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Such risks, uncertainties and other important factors include, among others, the risks, uncertainties and factors set forth under the heading "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 20, 2024, as such risk factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). Such risks, uncertainties and other factors include, but are not limited to, the following:

- the general political, economic, regulatory, competitive and other conditions in the markets in which we invest;
  - the level and volatility of prevailing interest rates and credit spreads;
  - adverse changes in the real estate and real estate capital markets;
  - general volatility of the securities markets in which we participate;
  - changes in our business, investment strategies or target assets;
  - difficulty in obtaining financing or raising capital;
  - an inability to borrow incremental amounts or an obligation to repay amounts under our financing arrangements;
  - reductions in the yield on our investments and increases in the cost of our financing;
  - events giving rise to increases in our current expected credit loss reserve;
  - adverse legislative or regulatory developments, including with respect to tax laws, securities laws and the laws governing financing and lending institutions;
  - acts of God such as hurricanes, floods, earthquakes, wildfires, mudslides, volcanic eruptions, and other natural disasters, acts of war and/or terrorism and other events that may cause unanticipated and uninsured performance declines and/or losses to us or the owners and operators of the real estate securing our investments;
  - global economic trends and economic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, stress to the commercial banking systems of the U.S. and Western Europe, labor shortages, currency fluctuations and challenges in global supply chains;
  - the failure of any banks with which we and/or our borrowers have a commercial relationship could adversely affect, among other things, our borrower's ability to access deposits or obtain financing on favorable terms or at all;
  - higher interest rates imposed by the Federal Reserve may lead to a decrease in prepayment speeds and an increase in the number of borrowers who exercise extension options, which could extend beyond the term of certain secured financing agreements we use to finance our loan investments;
  - reduced demand for office space, including as a result of the COVID-19 pandemic and/or hybrid work schedules which allow work from remote locations other than the employer's office premises;
  - changes in the availability of attractive loan and other investment opportunities, whether they are due to competition, regulation or otherwise;
  - deterioration in the performance of properties securing our investments that may cause deterioration in the performance of our investments, adversely impact certain of our financing arrangements and our liquidity, and potentially expose us to principal losses on our investments;
  - defaults by borrowers in paying debt service or principal on outstanding indebtedness;
  - the adequacy of collateral securing our investments and declines in the fair value of our investments;
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- adverse developments in the availability of desirable investment opportunities, whether due to competition, regulation or otherwise;
- difficulty or delays in redeploying the proceeds from repayments of our existing investments;
- increased competition from entities engaged in mortgage lending and/or investing in our target assets;
- difficulty in successfully managing our growth, including integrating new assets into our existing systems;
- the cost of operating our platform, including, but not limited to, the cost of operating a real estate investment platform and the cost of operating as a publicly traded company;
- the availability of qualified personnel and our relationship with our Manager;
- conflicts with TPG and its affiliates, including our Manager, the personnel of TPG providing services to us, including our officers, and certain funds managed by TPG;
- our ability to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;
- our ability to maintain our exemption or exclusion from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"); and
- authoritative U.S. generally accepted accounting principles (or "GAAP") or policy changes from standard-setting bodies such as the Financial Accounting Standards Board ("FASB"), the Securities and Exchange Commission ("SEC"), the Internal Revenue Service ("IRS"), the New York Stock Exchange ("NYSE") and other authorities that we are subject to, as well as their counterparts in any foreign jurisdictions where we might do business.

There may be other risks, uncertainties or factors that may cause our actual results to differ materially from the forward-looking statements, including risks, uncertainties, and factors disclosed under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks, uncertainties and other factors.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this Form 10-Q apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this Form 10-Q and in other filings we make with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

In this quarterly report, except where the context requires otherwise:

- "Company," "we," "us," and "our" refer to TPG RE Finance Trust, Inc., a Maryland corporation and, where applicable, its subsidiaries.
  - "Manager" refers to our external manager, TPG RE Finance Trust Management, L.P., a Delaware limited partnership.
  - "TPG" refers to TPG Inc., a Delaware corporation, and its affiliates.
  - "TPG Fund" refers to any partnership or other pooled investment vehicle, separate account, fund-of-one or any similar arrangement or investment program sponsored, advised or managed (including on a subadvisory basis) by TPG, whether currently in existence or subsequently established (in each case, including any related alternative investment vehicle, parallel or feeder investment vehicle, co-investment vehicle and any entity formed in connection therewith, including any entity formed for investments by TPG and its affiliates in any such vehicle, whether invested as a limited partner or through general partner investments).
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## Part I. Financial Information

### Item 1. Financial Statements

#### TPG RE Finance Trust, Inc. Consolidated Balance Sheets (in thousands, except share data)

	March 31, 2024	December 31, 2023
	(Unaudited)	
<b>Assets<sup>(1)</sup></b>		
Cash and cash equivalents	\$ 203,077	\$ 206,376
Restricted cash	285	642
Accounts receivable	12	40
Collateralized loan obligation proceeds held at trustee	51,000	247,229
Accounts receivable from servicer/trustee	5,894	66,468
Accrued interest and fees receivable	31,045	32,195
Loans held for investment	3,367,490	3,476,776
Allowance for credit losses	( 71,258 )	( 67,092 )
Loans held for investment, net (includes \$ 973,870 and \$ 1,070,629 , respectively, pledged as collateral under secured financing agreements)	3,296,232	3,409,684
Real estate owned	169,267	174,057
Other assets	72,514	77,621
<b>Total assets</b>	<b>\$ 3,829,326</b>	<b>\$ 4,214,312</b>
<b>Liabilities and stockholders' equity<sup>(1)</sup></b>		
<b>Liabilities</b>		
Accrued interest payable	\$ 8,866	\$ 10,225
Accrued expenses and other liabilities <sup>(2)</sup>	17,121	14,587
Collateralized loan obligations, net	1,875,381	1,915,174
Secured financing agreements, net	619,832	820,824
Asset-specific financings, net	131,531	272,810
Mortgage loan payable, net	30,586	30,551
Payable to affiliates	4,987	4,913
Deferred revenue	964	1,281
Dividends payable	19,166	19,162
<b>Total liabilities</b>	<b>2,708,434</b>	<b>3,089,527</b>
Commitments and contingencies - see Note 14		
<b>Stockholders' equity</b>		
Series A preferred stock (\$ 0.001 par value per share; 100,000,000 and 100,000,000 shares authorized; 125 and 125 shares issued and outstanding, respectively) (\$ 125 aggregate liquidation preference)	—	—
Series C preferred stock (\$ 0.001 par value per share; 8,050,000 shares authorized; 8,050,000 and 8,050,000 shares issued and outstanding, respectively) (\$ 201,250 aggregate liquidation preference)	8	8
Common stock (\$ 0.001 par value per share; 302,500,000 and 302,500,000 shares authorized, respectively; 77,872,438 and 77,868,565 shares issued and outstanding, respectively)	78	77
Additional paid-in-capital	1,726,639	1,724,967
Accumulated deficit	( 605,833 )	( 600,267 )
<b>Total stockholders' equity</b>	<b>1,120,892</b>	<b>1,124,785</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,829,326</b>	<b>\$ 4,214,312</b>

- (1) The Company's consolidated Total Assets and Total Liabilities as of March 31, 2024 include assets and liabilities of variable interest entities ("VIEs") of \$ 2.3 billion and \$ 1.9 billion, respectively. The Company's consolidated Total Assets and Total Liabilities as of December 31, 2023 include assets and liabilities of VIEs of \$ 2.6 billion and \$ 1.9 billion, respectively. These assets can be used only to satisfy obligations of the VIEs, and creditors of the VIEs have recourse only to these assets, and not to TPG RE Finance Trust, Inc. See Note 5 to the Consolidated Financial Statements for details.
- (2) Includes \$ 2.9 million and \$ 2.7 million of reserve for expected losses for unfunded loan commitments as of March 31, 2024 and December 31, 2023, respectively.

See accompanying notes to the Consolidated Financial Statements



**TPG RE Finance Trust, Inc.**  
**Consolidated Statements of Income**  
**and Comprehensive Income (Unaudited)**  
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2024	2023
<b>Interest income and interest expense</b>		
Interest income	\$ 82,184	\$ 91,726
Interest expense	( 55,381 )	( 69,990 )
<b>Net interest income</b>	<b>26,803</b>	<b>21,736</b>
<b>Other revenue</b>		
Other income, net	4,902	3,519
Revenue from real estate owned operations	7,222	—
<b>Total other revenue</b>	<b>12,124</b>	<b>3,519</b>
<b>Other expenses</b>		
Professional fees	975	1,330
General and administrative	986	896
Stock compensation expense	1,672	1,804
Servicing and asset management fees	471	( 137 )
Management fee	4,987	6,019
Expenses from real estate owned operations	8,346	—
<b>Total other expenses</b>	<b>17,437</b>	<b>9,912</b>
Credit loss expense, net	( 4,356 )	( 7,784 )
<b>Income before income taxes</b>	<b>17,134</b>	<b>7,559</b>
Income tax expense, net	( 390 )	( 184 )
<b>Net income</b>	<b>\$ 16,744</b>	<b>\$ 7,375</b>
Preferred stock dividends and participating securities' share in earnings	( 3,689 )	( 3,552 )
<b>Net income attributable to common stockholders - see Note 11</b>	<b>\$ 13,055</b>	<b>\$ 3,823</b>
Earnings per common share, basic	\$ 0.17	\$ 0.05
Earnings per common share, diluted	\$ 0.17	\$ 0.05
Weighted average number of common shares outstanding		
Basic:	77,868,735	77,410,406
Diluted:	77,868,735	78,089,651
<b>Other comprehensive income</b>		
<b>Net income</b>	<b>\$ 16,744</b>	<b>\$ 7,375</b>
<b>Comprehensive net income</b>	<b>\$ 16,744</b>	<b>\$ 7,375</b>

See accompanying notes to the Consolidated Financial Statements

**TPG RE Finance Trust, Inc.**  
**Consolidated Statements of**  
**Changes in Equity (Unaudited)**  
(in thousands, except share and per share data)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Par value	Shares	Par value	Shares	Par value	paid-in- capital	deficit	stockholders' equity
<b>January 1, 2024</b>	125	\$ —	8,050,000	\$ 8	77,868,565	\$ 77	\$1,724,967	\$ ( 600,267 )	\$ 1,124,785
Issuance of common stock	—	—	—	—	3,873	1	—	—	1
Amortization of stock compensation expense	—	—	—	—	—	—	1,672	—	1,672
Net income	—	—	—	—	—	—	—	16,744	16,744
Dividends on preferred stock	—	—	—	—	—	—	—	( 3,148 )	( 3,148 )
Dividends on common stock (dividends declared per share of \$ 0.24 )	—	—	—	—	—	—	—	( 19,162 )	( 19,162 )
<b>March 31, 2024</b>	125	\$ —	8,050,000	\$ 8	77,872,438	\$ 78	\$1,726,639	\$ ( 605,833 )	\$ 1,120,892

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Par value	Shares	Par value	Shares	Par value	paid-in- capital	deficit	stockholders' equity
<b>January 1, 2023</b>	125	\$ —	8,050,000	\$ 8	77,410,282	\$ 77	\$1,716,938	\$ ( 395,027 )	\$ 1,321,996
Issuance of common stock	—	—	—	—	3,724	—	—	—	—
Amortization of stock compensation expense	—	—	—	—	—	—	1,804	—	1,804
Net income	—	—	—	—	—	—	—	7,375	7,375
Dividends on preferred stock	—	—	—	—	—	—	—	( 3,148 )	( 3,148 )
Dividends on common stock (dividends declared per share of \$ 0.24 )	—	—	—	—	—	—	—	( 18,970 )	( 18,970 )
<b>March 31, 2023</b>	125	\$ —	8,050,000	\$ 8	77,414,006	\$ 77	\$1,718,742	\$ ( 409,770 )	\$ 1,309,057

*See accompanying notes to the Consolidated Financial Statements*



**TPG RE Finance Trust, Inc.**  
**Consolidated Statements of Cash Flows (Unaudited)**  
(dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 16,744	\$ 7,375
Adjustment to reconcile net income to net cash flows from operating activities:		
Amortization and accretion of premiums, discounts and loan origination fees, net	( 2,012 )	( 4,156 )
Amortization of deferred financing costs	2,368	3,650
Depreciation and amortization	4,247	—
Amortization of above and below-market leases	( 80 )	—
Collection of accrued PIK interest	1,172	542
Stock compensation expense	1,672	1,804
Increase of allowance for credit losses, net (see Note 3)	4,356	7,784
Cash flows due to changes in operating assets and liabilities:		
Accounts receivable	44	954
Accrued interest and fees receivable	1,150	5,963
Accrued expenses and other liabilities	( 804 )	( 1,312 )
Accrued interest payable	( 1,359 )	( 524 )
Payable to affiliates	74	35
Deferred revenue	( 317 )	1,277
Other assets	10,116	81
<b>Net cash provided by operating activities</b>	<b>37,371</b>	<b>23,473</b>
<b>Cash flows from investing activities:</b>		
Origination and acquisition of loans held for investment	( 73,523 )	( 109,922 )
Advances on loans held for investment	( 10,677 )	( 51,524 )
Principal repayments of loans held for investment	385,055	223,042
Capital expenditures related to real estate owned	( 1,397 )	—
Sales of loans held for investment	66,057	—
<b>Net cash provided by investing activities</b>	<b>365,515</b>	<b>61,596</b>
<b>Cash flows from financing activities:</b>		
Payments on collateralized loan obligations	( 41,019 )	( 223,042 )
Payments on secured financing agreements	( 201,533 )	( 190,604 )
Proceeds from secured financing agreements	—	280,218
Payments on asset-specific financing arrangements	( 141,526 )	( 28,218 )
Proceeds from asset-specific financing arrangements	—	6,628
Payment of deferred financing costs	( 158 )	( 86 )
Dividends paid on common stock	( 19,162 )	( 18,970 )
Dividends paid on preferred stock	( 3,144 )	( 3,144 )
<b>Net cash used in financing activities</b>	<b>( 406,542 )</b>	<b>( 177,218 )</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>( 3,656 )</b>	<b>( 92,149 )</b>
Cash, cash equivalents and restricted cash at beginning of period	207,018	254,315
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 203,362</b>	<b>\$ 162,166</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 54,383	\$ 66,856
Taxes paid	\$ 14	\$ 784
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Collateralized loan obligation proceeds held at trustee	\$ 51,000	\$ 70,547
Dividends declared, not paid	\$ 19,166	\$ 18,974
Sale and principal repayments of loans held for investment held by servicer/trustee, net	\$ 5,500	\$ 66,285
Accrued deferred financing costs	\$ 157	\$ 286
Accrued capital expenditures related to real estate owned	\$ 545	\$ —



**TPG RE Finance Trust, Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**(1) Business and Organization**

TPG RE Finance Trust, Inc. (together with its consolidated subsidiaries, “we,” “us,” “our” or the “Company”) is organized as a holding company and conducts its operations primarily through TPG RE Finance Trust Holdco, LLC (“Holdco”), a Delaware limited liability company that is wholly owned by the Company, and Holdco’s direct and indirect subsidiaries. The Company conducts its operations as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. The Company is generally not subject to U.S. federal income taxes on its REIT taxable income to the extent that it annually distributes all of its REIT taxable income to stockholders and maintains its qualification as a REIT. The Company also operates its business in a manner that permits it to maintain an exclusion from registration under the Investment Company Act of 1940, as amended.

The Company’s principal business activity is to directly originate and acquire a diversified portfolio of commercial real estate-related credit investments, consisting primarily of first mortgage loans and senior participation interests in first mortgage loans secured by institutional-quality properties in primary and select secondary markets in the United States.

**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The interim consolidated financial statements include the Company’s accounts, consolidated variable interest entities for which the Company is the primary beneficiary, and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. The Company believes it has made all necessary adjustments, consisting of only normal recurring items, so that the consolidated financial statements are presented fairly and that estimates made in preparing the consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These interim consolidated financial statements should be read in conjunction with the Company’s Form 10-K filed with the SEC on February 20, 2024.

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with GAAP requires estimates of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from management’s estimates, and such differences could be material. Significant estimates made in the consolidated financial statements include, but are not limited to, the adequacy of our allowance for credit losses and the valuation inputs related thereto. Actual amounts and values as of the balance sheet dates may be materially different from the amounts and values reported due to the inherent uncertainty in the estimation process and the limited availability of observable pricing inputs due to the nature of transitional mortgage loans. Also, future amounts and values could differ materially from those estimates due to changes in values and circumstances after the balance sheet date and the limited availability of observable prices.

***Principles of Consolidation***

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810—Consolidation (“ASC 810”) provides guidance on the identification of a variable interest entity (“VIE”), for which control is achieved through means other than voting rights, and the determination of which business enterprise, if any, should consolidate the VIE. An entity is considered a VIE if any of the following applies: (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest; (2) the equity investment at risk is insufficient to finance that entity’s activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which the Company is considered to be the primary beneficiary. The primary beneficiary is defined as the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the VIE’s performance; and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE.

At each reporting date, the Company reconsiders its primary beneficiary conclusions for all its VIEs to determine if its obligation to absorb losses of, or its rights to receive benefits from, the VIE could potentially be more than insignificant, and will consolidate or not consolidate in accordance with GAAP. See Note 5 for details.

### **Revenue Recognition**

Interest income on loans is accrued using the interest method based on the contractual terms of the loan, adjusted for expected or realized credit losses, if any. The objective of the interest method is to arrive at periodic interest income, including recognition of fees and costs, at a constant effective yield. Premiums, discounts, and origination fees are amortized or accreted into interest income over the lives of the loans using the interest method, or on a straight-line basis when it approximates the interest method. Extension and modification fees are accreted into interest income on a straight-line basis, when it approximates the interest method, over the related extension or modification period. Exit fees are accreted into interest income on a straight-line basis, when it approximates the interest method, over the lives of the loans to which they relate unless they can be waived by the Company or a co-lender in connection with a loan refinancing, or if timely collection of principal and interest is doubtful. Prepayment penalties from borrowers are recognized as interest income when received. Certain of the Company's loan investments have in the past, and may in the future, provide for additional interest based on the borrower's operating cash flow or appreciation in the value of the underlying collateral. Such amounts are considered contingent interest and are reflected as interest income only upon certainty of collection. Certain of the Company's loan investments have in the past, and may in the future, provide for the accrual of interest (in part, or in whole) instead of its current payment in cash, with the accrued interest ("PIK interest") added to the unpaid principal balance of the loan. Such PIK interest is recognized currently as interest income unless the Company concludes eventual collection is unlikely, in which case the PIK interest is written off.

All interest accrued but not received for loans placed on non-accrual status is subtracted from interest income at the time the loan is placed on non-accrual status. Based on the Company's judgment as to the collectability of principal, a loan on non-accrual status is either accounted for on a cash basis, where interest income is recognized only upon receipt of cash for interest payments, or on a cost-recovery basis, where all cash receipts reduce the loan's carrying value, and interest income is only recorded when such carrying value has been fully recovered.

### **Loans Held for Investment**

Loans that the Company has the intent and ability to hold for the foreseeable future, or until maturity or repayment, are reported at their outstanding principal balances net of cumulative write-offs, interest applied to principal (for loans accounted for using the cost-recovery method), unamortized premiums, discounts, loan origination fees and costs. Loan origination fees and direct loan origination costs are deferred and recognized in interest income over the estimated life of the loans using the interest method, or on a straight-line basis when it approximates the interest method, adjusted for actual prepayments. Interest accrued but not yet collected is separately reported as accrued interest and fees receivable on the Company's consolidated balance sheets.

### **Non-Accrual Loans**

Loans are placed on non-accrual status when the full and timely collection of principal or interest is doubtful, generally when: management determines that the borrower is incapable of, or has ceased efforts toward, curing the cause of a default; the loan becomes 90 days or more past due for principal or interest; or the loan experiences a maturity default. The Company considers an account past due when an obligor fails to pay substantially all (defined as 90%) of the scheduled contractual payments by the due date. In each case, the period of delinquency is based on the number of days payments are contractually past due. A loan may be returned to accrual status if all delinquent principal and interest payments are brought current, and collectability of the remaining principal and interest payments in accordance with the loan agreement is reasonably assured. Loans that in the judgment of the Company's external manager, TPG RE Finance Trust Management, L.P., a Delaware limited partnership (the "Manager"), are adequately secured and in the process of collection are maintained on accrual status, even if they are 90 days or more past due.

### **Loans Held for Sale**

The Company may change its intent, or its assessment of its ability, to hold for the foreseeable future loans held for investment based on changes in the real estate market, capital markets, or when a shift occurs in the Company's approach to loan portfolio construction. Once a determination is made to sell a loan, or the Company determines it no longer has the intent and ability to hold a loan held for investment for the foreseeable future, the loan is transferred to loans held for sale. In accordance with GAAP, loans classified as held for sale are recorded at the lower of cost or fair value, net of estimated selling costs, and the loan is excluded from the determination of the CECL reserve.

## **Credit Losses**

### *Allowance for Credit Losses for Loans Held for Investment*

The Company accounts for its allowance for credit losses on loans held for investment using the Current Expected Credit Loss model of ASC Topic 326, Financial Instruments-Credit Losses ("ASC 326"). Periodic changes to the CECL reserve are recognized through net income on the Company's consolidated statements of income and comprehensive income. The allowance for credit losses measured under the CECL accounting framework represents an estimate of current expected losses for the Company's existing portfolio of loans held for investment, and is presented as a valuation reserve on the Company's consolidated balance sheets. Expected credit losses related to non-cancelable unfunded loan commitments are accounted for as separate liabilities included in accrued expenses and other liabilities on the consolidated balance sheets. The allowance for credit losses for loans held for investment, as reported in the Company's consolidated balance sheets, is adjusted by a credit loss (expense) benefit, which is reported in earnings in the consolidated statements of income and comprehensive income and reduced by the write-off of loan amounts, net of recoveries and additions related to purchased credit-deteriorated ("PCD") assets, if relevant. The Company has elected to not measure an allowance for credit losses on accrued interest receivables related to all of its loans held for investment because it writes off uncollectible accrued interest receivable in a timely manner pursuant to its non-accrual policy, described above.

The Company considers key credit quality indicators in underwriting loans and estimating credit losses, including but not limited to: the capitalization of borrowers and sponsors; the expertise of the borrowers and sponsors in a particular real estate sector and geographic market; collateral type; geographic region; use and occupancy of the property; property market value; loan-to-value ("LTV") ratio; loan amount and lien position; debt service coverage ratio; the Company's risk rating for the same and similar loans; and prior experience with the borrower and sponsor. This information is used to assess the financial and operating capability, experience and profitability of the sponsor/borrower. Ultimate repayment of the Company's loans is sensitive to interest rate changes, general economic conditions, liquidity, LTV ratio, existence of a liquid investment sales market for commercial properties, and availability of replacement short-term or long-term financing. The loans in the Company's commercial mortgage loan portfolio are secured by collateral of the following property types: office; life science; multifamily; hotel; industrial; mixed-use; land for industrial and office use; and self storage.

The Company's loans are typically collateralized by real estate, or in the case of mezzanine loans, by a partnership interest or similar equity interest in the entity that owns the real estate securing the Company's first mortgage loan. The Company regularly evaluates on a loan-by-loan basis, typically no less frequently than quarterly, the extent and impact of any credit deterioration associated with the performance and/or value of the underlying collateral property, and the financial and operating capability of the borrower/sponsor. The Company also evaluates the financial strength of loan guarantors, if any, and the borrower's competency in managing and operating the property or properties. In addition, the Company considers the overall economic environment, real estate sector, and geographic sub-market in which the borrower operates. Such analyses are completed and reviewed by asset management personnel and evaluated by senior management, who utilize various data sources, including, to the extent available (i) periodic financial data such as property occupancy, tenant profile, rental rates, operating expenses, the borrower's exit plan, and capitalization and discount rates, (ii) site inspections, (iii) sales and financing comparables, (iv) current availability of, and credit spreads for, refinancing and (v) other market data.

Quarterly, the Company evaluates the risk of all loans and assigns a risk rating based on a variety of factors, whereby no single factor on its own, whether quantitative or qualitative, is given more weight than others. The factors that the Company considers in connection with this evaluation are grouped as follows: (i) loan and credit structure, including the as-is LTV; (ii) quality and stability of real estate value and operating cash flow, including debt yield, property type, dynamics of the geography, local market, physical condition, stability of cash flow, leasing velocity and quality and diversity of tenancy; (iii) performance against underwritten business plan; (iv) the frequency and materiality of loan modifications or waivers occasioned by unfavorable variances between the underwritten business plan and actual performance; (v) changes in the capital markets that may impact the repayment of the loan via a refinancing or sale of the loan collateral; and (vi) quality, experience and financial condition of sponsor, borrower and guarantor(s). Based on a 5-point scale, the Company's loans are rated "1" through "5," from least risk to greatest risk, respectively:

- 1 - Very Low Risk
- 2 - Low Risk
- 3 - Medium Risk
- 4 - High Risk/Potential for Loss—A loan that has a high risk of realizing a principal loss; and
- 5 - Default/Loss Likely—A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss.

The Company generally assigns a risk rating of "3" to all loan investments upon origination or acquisition, except when specific circumstances warrant an exception.

The Company's CECL reserve also reflects estimates of the current and future economic conditions that impact the performance of the commercial real estate assets securing the Company's loans. These estimates include unemployment rates, inflation rates, interest rates, price indices for commercial property, current and expected future availability of liquidity in the commercial property debt and equity capital markets, and other macroeconomic factors that may influence the likelihood and magnitude of potential credit losses for the Company's loans during their anticipated term. The Company licenses certain macroeconomic financial forecasts to inform its view of the potential future impact that broader economic conditions may have on its loan portfolio's performance. Selection of the economic forecast or forecasts used, in conjunction with loan level inputs, to determine the CECL reserve requires significant judgment about future events that, while based on the information available to the Company as of the balance sheet date, are ultimately unknowable with certainty. The actual economic conditions impacting the Company's portfolio could vary significantly from the estimates the Company made for the periods presented.

The key inputs to the Company's estimation of its allowance for credit losses as of March 31, 2024 were impacted by dislocations in the capital markets, declining property values, increased interest rates, uncertain inflationary trends, a heightened risk of recession, distress in the banking sector, and geopolitical conflicts. Inherent uncertainty in the estimation process and the limited availability of observable pricing inputs due to the nature of transitional mortgage loans also constrain the Company's ability to estimate key inputs utilized to calculate its allowance for credit losses. Key inputs to the estimate include, but are not limited to: LTV; debt service coverage ratio; current and future operating cash flow and performance of collateral properties; the financial strength and liquidity of borrowers and sponsors; capitalization rates and discount rates used to value commercial real estate properties; and market liquidity based on market indices or observable transactions involving the sale or financing of commercial properties. Estimates made by the Company are subject to change. Actual results could differ from management's estimates, and such differences could be material.

#### *Credit Loss Measurement*

The amount of allowance for credit losses is influenced by the size of the Company's loan portfolio, loan quality and duration, collateral operating performance, risk rating, delinquency status, historic loss experience and other characteristics influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The Company employs two methods to estimate credit losses in its loan portfolio: (1) a model-based approach; and (2) an individually-assessed approach for loans considered to be "collateral-dependent" since the repayment of the loan is expected to be provided substantially through the operation or sale of the underlying collateral, and the borrower is experiencing financial difficulty or foreclosure is probable.

Once the expected credit loss amount is determined, an allowance for credit losses is established. A loan will be written off through credit loss (expense) benefit, net in the consolidated statements of income and comprehensive income when it is deemed non-recoverable or upon a realization event. This is generally at the time the loan is settled, transferred or exchanged. Non-recoverability may also be concluded by the Company if, in its determination, it is nearly certain that all amounts due will not be collected. This loss is equal to the difference between the cash received, or expected to be received, and the carrying value of the asset. Factors considered by the Company in determining whether the expected credit loss is not recoverable include whether the Company determines that the loan is uncollectible, which means repayment is deemed to be delayed beyond a reasonable time, a loss becomes evident due to a borrower's lack of assets and liquidity, or a borrower's sponsor is unwilling or unable to support the loan.

#### *Allowance for Credit Losses for Loans Held for Investment – Model-Based Approach*

The Company uses a model-based approach used to measure the expected lifetime allowance for credit losses related to loans which are not individually-assessed. The model-based approach considers the underlying loan level cash flows and relevant historical market loan loss data. The Company licenses from Trepp, LLC historical loss information, incorporating loan performance data for over 120,000 commercial real estate loans dating back to 1998, and an analytical model to compute statistical credit loss factors (i.e., probability-of-default, loss severity, and loss-given-default). These credit loss factors are utilized by the Company together with loan specific inputs such as property-level operating performance information, delinquency status, indicators of credit quality, and other credit trends and risk characteristics. Additionally, the Company considers relevant loan and borrower specific qualitative factors and incorporates its expectations about the impact of current macroeconomic and local market conditions and reasonable and supportable operating forecasts on expected future credit losses in deriving its estimate. For the period beyond which the Company is able to make reasonable and supportable forecasts, the Company reverts to unadjusted historical loan loss information.

The Company uses other acceptable alternative approaches depending on, among other factors, the type of loan, underlying collateral and availability of relevant historical market loan loss data.

#### *Allowance for Credit Losses for Loans Held for Investment – Individually-Assessed Approach*

In instances where the Company concludes a loan repayment is entirely dependent on the operation or sale of the underlying collateral and the borrower is experiencing financial difficulty or foreclosure is probable, the Company individually assesses the allowance for credit loss for the underlying loan. The amount of expected credit loss is determined using broadly accepted and standard real estate valuation techniques (most commonly, a discounted cash flow model and real estate sales comparables), and considers substantially the same credit factors as utilized in the model-based method. In instances where the Company determines foreclosure of the underlying collateral is probable, the expected credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the underlying collateral as of the measurement date. The fair value of the underlying collateral is adjusted for the estimated costs to sell if repayment or satisfaction of a loan is dependent on the sale (rather than the operation) of the underlying collateral in instances where foreclosure is not probable.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Evaluations of the loan portfolio in future periods, given the prevailing forecasts and credit loss factors, may result in significant changes to the Company's allowance for credit losses and credit loss expense.

#### *Unfunded Loan Commitments*

The Company's first mortgage loans often contain provisions for future funding of a pre-determined portion of capital and other costs incurred by the borrower in executing its business plan. These deferred fundings are conditioned upon the borrower's execution of its business plan with respect to the underlying collateral property securing the loan. These deferred fundings are typically for base building work, tenant improvement costs and leasing commissions, interest reserves, and occasionally to fund forecasted operating deficits during lease-up. These deferred funding commitments may be for specific periods, often require satisfaction by the borrower of conditions precedent, and may contain termination clauses at the option of the borrower or, more rarely, at the Company's option. The total amount of unfunded commitments does not necessarily represent actual amounts that may be funded in cash in the future, since commitments may expire without being drawn, may be cancelled if certain conditions are not satisfied by the borrower, or borrowers may elect not to borrow some or all of the unused commitment. The Company does not recognize these unfunded loan commitments in its consolidated financial statements.

The Company applies its expected credit loss estimates to all future funding commitments that cannot be contractually terminated at the Company's option. The Company maintains a separate allowance for expected credit losses from unfunded loan commitments, which is included in accrued expenses and other liabilities on the consolidated balance sheets. The Company estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Company and applies the loss factors used in the allowance for credit loss methodology described above to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan.

#### **Real Estate Owned**

Real estate acquired through a foreclosure or by deed-in-lieu of foreclosure is classified as real estate owned ("REO") and held for investment on the Company's consolidated balance sheet until a pending sales transaction meets the criteria of ASC 360-10-45-9 after which the real estate is considered to be held for sale, or is sold. The Company's basis in REO is equal to the fair value of the collateral's net assets upon foreclosure. The estimated fair value of REO is determined using generally accepted valuation techniques, including a discounted cash flow model and inputs that include the highest and best use for each asset, estimated future values based on extensive discussions with local brokers, investors and other market participants, the estimated holding period for the asset, and capitalization and discount rates that reflect estimated investor return requirements for the risks associated with the expected use of each asset. If the estimated fair value of REO is lower than the carrying value of the related loan upon its conversion to REO, the difference, along with any previously recorded specific CECL reserve, is recorded through credit loss (expense) benefit in the consolidated statements of income and comprehensive income. Upon acquisition, the Company allocates the fair value of REO to assets and liabilities acquired, as applicable.

Upon the acquisition of a property, the Company assesses the fair value of the acquired tangible and intangible assets (including land, buildings, tenant improvements, above and below-market leases, acquired in-place leases, other identified intangible assets and assumed liabilities) and allocates the purchase price to the acquired assets and assumed liabilities, which are on a relative fair value basis. The most significant portion of the allocation is to building and land and requires the use of market based estimates and assumptions. The Company assesses and considers fair value based on estimated cash flow projections that utilize appropriate discount and/or capitalization rates, as well as other available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions.

In determining the fair value of the tangible assets of an acquired property, the Company considers the value of the property as if it were vacant. The Company also considers an allocation of purchase price of other acquired intangibles, including acquired in-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenants, the tenants' credit quality and expectations of lease renewals. Revenue from real estate owned is primarily comprised of rental income, including base rent and reimbursements of property operating expenses. For leases that have

fixed and measurable base rent escalations, the Company recognizes base rent on a straight-line basis over the non-cancelable lease terms. The difference between such rental income earned and the cash rent amount is recorded as straight-line rent receivable and included within Other assets on the consolidated balance sheet.

The Company records the amortization of above and below-market leases as an adjustment to Revenue from real estate owned operations on the consolidated statements of income and comprehensive income.

As of March 31, 2024, REO depreciable assets are depreciated using the straight-line method over estimated useful lives as follows:

Description	Depreciable Life
Building	Up to 48 years
Building improvements	Up to 12 years
Lease intangibles	Over lease term

Renovations and/or replacements that improve or extend the life of the REO are capitalized and depreciated over their estimated useful lives. The cost of ordinary repairs and maintenance are expensed as incurred. The Company capitalizes costs directly related to the pre-development, development or improvement of its REO, referred to as capital projects. Costs associated with the Company's capital projects are capitalized as incurred. Costs considered for capitalization include, but are not limited to, construction costs, interest (if applicable), real estate taxes, insurance and utilities, if appropriate. The Company capitalizes indirect costs such as personnel, office, and administrative expenses that are directly related to development projects based on an estimate of the time spent on the construction and development activities. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. The Company determines when the capitalization period begins and ends through communication with project and other managers responsible for the tracking and oversight of individual projects. In the event that the activities to ready the asset for its intended use are suspended, the capitalization period will cease until such activities are resumed.

REO is initially measured at fair value and is thereafter subject to an ongoing impairment analysis. Subsequent to an REO acquisition, events or circumstances may occur that result in a material and sustained change in the cash flows generated, or expected to be generated, from the property. REO is evaluated for recoverability when impairment indicators are identified. Any impairment loss and gains or losses on sale are included in the consolidated statements of income and comprehensive income. Revenue and expenses from REO operations are included in the consolidated statements of income and comprehensive income within Revenue from real estate owned operations and Expenses from real estate owned operations, as applicable.

#### ***Investment Portfolio Financing Arrangements***

The Company finances its portfolio of loans, or participation interests therein, and REO using secured financing agreements, including secured credit agreements, secured revolving credit facilities, asset-specific financing arrangements, mortgage loans payable, and collateralized loan obligations. The related borrowings are recorded as separate liabilities on the Company's consolidated balance sheets. Interest income earned on the investments and interest expense incurred on the related borrowings are reported separately on the Company's consolidated statements of income and comprehensive income.

In certain instances, the Company creates structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party. For all such syndications the Company has completed through March 31, 2024, the Company transferred, on a non-recourse basis, 100 % of the senior mortgage loan that the Company originated to a third-party lender, and retained as a loan investment a separate mezzanine loan investment secured by a pledge of the equity in the mortgage borrower. With respect to the senior mortgage loans transferred, the Company retains: no control over the mortgage loan; no economic interest in the mortgage loan; and no recourse to the purchaser or the borrower. Consequently, based on these circumstances and because the Company does not have any continuing involvement with the transferred senior mortgage loan, these syndications are accounted for as sales under GAAP and are removed from the Company's consolidated financial statements at the time of transfer. The Company's consolidated balance sheets only include the separate mezzanine loan remaining after the transfer.

For more information regarding the Company's investment portfolio financing arrangements, see Note 6.



## **Fair Value Measurements**

The Company follows ASC 820-10, Fair Value Measurements and Disclosures ("ASC 820-10"), for its holdings of financial instruments. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for a financial instrument in a current sale, which assumes an orderly transaction between market participants on the measurement date. The Company determines the estimated fair value of financial assets and liabilities using the three-tier fair value hierarchy established by GAAP, which prioritizes the inputs used in measuring fair value. GAAP establishes market-based or observable inputs as the preferred source of values followed by valuation models using management assumptions in the absence of market inputs. The financial instruments recorded at fair value on a recurring basis in the Company's consolidated financial statements are cash, cash equivalents, and restricted cash. The three levels of inputs that may be used to measure fair value are as follows:

Level I—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level II—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level III—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

For certain financial instruments, the inputs used by management to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for such financial instrument is based on the lowest level of input that is significant to the fair value measurement.

The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The Company may use valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The market approach uses third-party valuations and information obtained from market transactions involving identical or similar assets or liabilities. The income approach uses projections of the future economic benefits of an instrument to determine its fair value, such as in the discounted cash flow methodology. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in these financial instruments. Transfers between levels of the fair value hierarchy are assumed to occur at the end of the reporting period.

The following methods and assumptions are used by the Manager to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

- Cash and cash equivalents: the carrying amount of cash and cash equivalents approximates fair value.
- Loans held for investment, net: using a discounted cash flow methodology employing a discount rate for loans of comparable credit quality, structure, and LTV based upon appraisal information and current estimates of the value of collateral property performed by the Manager, and credit spreads for loans of comparable risk (as determined by the Manager based on the factors previously described) as corroborated by inquiry of other market participants.
- Loans held for sale: estimated fair market value based on sale comparables as corroborated by inquiry of other market participants or independent market data providers.
- Secured revolving credit facilities, asset-specific financings, and mortgage loan payable: based on the rate at which a similar secured revolving credit facility, asset-specific financing, or mortgage loan payable would currently be priced, as corroborated by inquiry of other market participants.
- Commercial Real Estate Collateralized Loan Obligations, net: indications of value from dealers active in trading similar or substantially similar securities, observable quotes from market data services, reported prices and spreads for recent new issues, and Manager estimates of the credit spread at which similar bonds would be issued, or traded, in the new issue and secondary markets.
- Other assets and liabilities subject to fair value measurement, including receivables, payables and accrued liabilities have carrying values that approximate fair value due to their short-term nature.

As discussed above, market-based or observable inputs are generally the preferred source of values for purposes of measuring the fair value of the Company's assets under GAAP. The commercial property investment sales and commercial mortgage loan markets have experienced uneven liquidity due to global macroeconomic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, increased interest rates, currency fluctuations, labor shortages and distress in the banking sector, which has made it more difficult to rely on market-based inputs in connection with the valuation of the Company's assets under GAAP. Key valuation inputs include, but are not limited to, future operating cash flow and performance of collateral properties, the financial strength and liquidity of borrowers and sponsors, credit spreads for secured real estate borrowings, capitalization rates and discount rates used to value commercial real estate properties, and observable transactions involving the sale or financing of commercial properties.

## **Income Taxes**

The Company qualifies and has elected to be taxed as a REIT for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), commencing with its initial taxable year ended December 31, 2014. To the extent that it annually distributes at least 90% of its REIT taxable income to stockholders and complies with various other requirements as a REIT, the Company generally will not be subject to U.S. federal income taxes on its distributed REIT taxable income. In 2017, the Internal Revenue Service issued a revenue procedure permitting "publicly offered" REITs to make elective stock dividends (i.e., dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. Pursuant to this revenue procedure, the Company may elect to make future distributions of its taxable income in a mixture of stock and cash. If the Company fails to continue to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, the Company will be subject to U.S. federal and state income taxes at regular corporate rates beginning with the year in which it fails to qualify and may be precluded from being able to elect to be treated as a REIT for the Company's four subsequent taxable years. Even though the Company currently qualifies for taxation as a REIT, the Company may be subject to certain U.S. federal, state, local and foreign taxes on the Company's income and property and to U.S. federal income and excise taxes on the Company's undistributed REIT taxable income.

In certain instances, the Company may generate excess inclusion income ("EII") within the Sub-REIT structure it established for the purpose of issuing collateralized loan obligations ("CRE CLOs"). EII has in the past occurred in certain of the Company's CRE CLOs due to sharp declines in LIBOR or compounded SOFR or Term SOFR since the issuance of a CRE CLO's liabilities, loans contributed to the CRE CLOs with interest rate floors materially higher than the current applicable benchmark rates, and liabilities whose benchmark rates are unfloored. EII, which is treated as unrelated business taxable income ("UBTI"), is an obligation of the Company and is allocated only to a taxable REIT subsidiary ("TRS") and not to the Company's common stockholders.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period in which the enactment date occurs. Under ASC Topic 740, Income Taxes ("ASC 740"), a valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized. Currently, the Company has no taxable temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

The Company intends to continue to operate in a manner consistent with, and to continue to meet the requirements to be treated as, a REIT for tax purposes and to distribute all of its REIT taxable income.

## **Earnings per Common Share**

The Company calculates basic earnings per share using the two-class method. The two-class method is an allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. Basic earnings per common share is calculated by dividing earnings allocated to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is computed under the more dilutive of the treasury stock method or the two-class method. The computation of diluted earnings per share is based on the weighted average number of participating securities outstanding plus the incremental shares that would be outstanding assuming exercise of warrants to purchase common stock (the "Warrants", see Note 12) issued in connection with the Company's no-longer-outstanding Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock"), which are exercisable on a net-share settlement basis. The number of incremental shares is calculated utilizing the treasury stock method.

The Company accounts for unvested stock-based compensation awards that contain non-forfeitable dividend rights or dividend equivalents (whether paid or unpaid) as participating securities, which are included in the computation of earnings per share pursuant to the two-class method. The Company excludes participating securities and Warrants from the calculation of diluted weighted average shares outstanding in periods of net losses since their effect would be anti-dilutive.

### ***Stock-based Compensation***

Stock-based compensation consists of awards issued by the Company to certain employees of affiliates of the Manager and certain members of the Company's Board of Directors. The stock-based compensation awards to certain employees of affiliates of the Manager generally vest in installments over a fixed period. Deferred stock units granted to the Company's Board of Directors prior to December 2021 fully vested on the grant date and accrued, and will continue to accrue, common stock dividends that are paid-in kind through additional deferred stock units on a quarterly basis. Deferred stock units granted in December 2021 and thereafter will fully vest on the grant date and will continue to accrue and be paid cash common stock dividends on a quarterly basis. Stock-based compensation expense is recognized in net income on a straight-line basis over the applicable award's vesting period. Forfeitures of stock-based compensation awards are recognized as they occur.

### ***Deferred Financing Costs***

Deferred financing costs are reflected net of the liabilities to which they relate, currently collateralized loan obligations, secured financing agreements, which include secured credit agreements and a secured revolving credit facility, asset-specific financing arrangements, and mortgage loans payable on the Company's consolidated balance sheets. These costs are amortized in interest expense using the interest method, or on a straight-line basis when it approximates the interest method, as follows: (i) for secured financing agreements other than CRE CLOs, the initial term of the financing agreement, or in the case of costs directly associated with the loan, over the life of the financing agreement or the loan, whichever is shorter; and (ii) for CRE CLOs, over the estimated life of the liabilities issued based on the underlying loans' initial maturity dates, considering the expected repayment behavior of the loans collateralizing the notes and the impact of any reinvestment periods, as of the closing date.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash held in banks or invested in money market funds with original maturities of less than 90 days. The Company deposits its cash and cash equivalents with high credit quality institutions to minimize credit risk exposure. The Company maintains cash accounts at several financial institutions, which are insured up to a maximum of \$ 250,000 per account as of March 31, 2024 and December 31, 2023. The balances in these accounts may exceed the insured limits.

Pursuant to financial covenants applicable to Holdco, which is the guarantor of the Company's recourse indebtedness, the Company is required to maintain minimum cash equal to the greater of (i) \$ 15 million or (ii) the product of 5 % and the aggregate recourse indebtedness of the Company. As of March 31, 2024 and December 31, 2023, the Company held as part of its total cash balances \$ 15.0 million and \$ 15.0 million to comply with this covenant, respectively.

### ***Restricted Cash***

Restricted cash primarily represents deposits paid by potential borrowers to cover certain costs incurred by the Company in connection with loan originations. These deposits may be returned to borrowers, after deducting eligible transaction costs paid by the Company for the benefit of the borrowers, upon the closing of a loan transaction, or if a loan transaction does not close and deposit proceeds remain. As of March 31, 2024, \$ 0.3 million of restricted cash was combined with cash and cash equivalents of \$ 203.1 million in the consolidated statement of cash flows. As of December 31, 2023, \$ 0.6 million of restricted cash was combined with cash and cash equivalents of \$ 206.4 million in the consolidated statement of cash flows.

### ***Collateralized Loan Obligation Proceeds Held at Trustee***

Collateralized Loan Obligation Proceeds Held at Trustee represent cash held by the Company's collateralized loan obligations pending reinvestment in eligible collateral. See Note 5 for additional details.

### ***Accounts Receivable from Servicer/Trustee***

Accounts receivable from Servicer/Trustee represents cash proceeds from loan activities that have not been remitted to the Company based on established servicing and borrowing procedures. Such amounts are generally held by the Servicer/Trustee for less than 30 days before being remitted to the Company.

### ***Stockholders' Equity***

Total Stockholders' Equity may include preferred stock, common stock, and derivative instruments indexed to the Company's common stock such as warrants or other embedded options within financing arrangements that may be classified as temporary or permanent equity. Common shares generally represent a basic ownership interest in an entity and a residual corporate interest in liquidation, bearing the ultimate risk of loss and receiving the benefit of success. Common shares are usually perpetual in nature with voting rights and dividend rights. Preferred shares are usually characterized by the life of the instrument (i.e., perpetual or redeemable) and the ability of a holder to convert the equity instrument into cash, common shares, or a combination thereof. The terms of preferred shares can vary significantly, including but not limited to, an equity instrument's dividend rate, term (e.g., existence of a stated redemption date), conversion features, voting rights, and liquidation preferences. Derivative instruments indexed to the Company's common stock such as warrants or other embedded options within financing arrangements are generally classified based on which party controls the contract settlement mechanism and the nature of the settlement terms that may require, or allow, the Company to make a cash payment, issue common shares, or a combination thereof to satisfy its obligation of the underlying contract.

The Company has preferred stock, common stock, and Warrants issued in connection with the Series B Preferred Stock transaction that are outstanding and classified as permanent equity. The Warrants are exercisable on a net-settlement basis and expire on May 28, 2025. None of the Warrants have been exercised as of March 31, 2024. The Company's common stock is perpetual with voting rights and dividend rights. On June 14, 2021, the Company issued 8,050,000 shares of Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") that is classified as permanent equity. The outstanding shares of Series C Preferred Stock have a 6.25 % dividend rate and may be redeemed by the Company at its option on and after June 14, 2026. The Series C Preferred Stock issuance and Warrants related to the Series B Preferred Stock are described in Note 12.

### ***Recently Issued Accounting Pronouncements***

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 intends to improve reportable segment disclosure requirements, enhance interim disclosure requirements and provides new segment disclosure requirements for entities with a single reportable segment. This standard is effective for the Company beginning with its 2024 annual reporting. ASU 2023-07 is to be adopted retrospectively to all prior periods presented. The Company is evaluating the impact of ASU 2023-07.

### (3) Loans Held for Investment and the Allowance for Credit Losses

The Company originates and acquires first mortgage and mezzanine loans secured by commercial properties. The Company considers these loans to comprise a single portfolio of mortgage loans, and the Company has developed its systematic methodology to determine the allowance for credit losses based on a single portfolio. For purposes of certain disclosures herein, the Company disaggregates this portfolio segment into the following classes of finance receivables: senior loans; and subordinated and mezzanine loans. These loans can potentially subject the Company to concentrations of credit risk, including, without limitation: property type collateralizing the loan; loan category; loan size; loans to a single sponsor; and loans in a single geographic area. The Company's loans held for investment are accounted for at amortized cost. Interest accrued but not yet collected is separately reported within accrued interest and fees receivable on the Company's consolidated balance sheets. Amounts within that caption relating to loans held for investment were \$ 19.0 million and \$ 20.2 million as of March 31, 2024 and December 31, 2023, respectively.

During the three months ended March 31, 2024, the Company originated three mortgage loans with a total commitment of \$ 116.3 million, an initial unpaid principal balance of \$ 107.0 million, and unfunded commitments at closing of \$ 9.3 million. Additionally, the Company received five full loan repayments of \$ 211.3 million, and partial principal payments including accrued PIK interest payments of \$ 16.5 million across three loans, for total loan repayments of \$ 227.8 million during the three months ended March 31, 2024.

The following table details overall statistics for the Company's loans held for investment portfolio (dollars in thousands):

	March 31, 2024				December 31, 2023			
	Balance sheet portfolio		Total loan exposure <sup>(1)</sup>		Balance sheet portfolio		Total loan exposure <sup>(1)</sup>	
Number of loans	51		51		53		53	
Floating rate loans	100.0	%	100.0	%	100.0	%	100.0	%
Total loan commitment	\$	3,537,679	\$	3,537,679	\$	3,666,173	\$	3,666,173
Unpaid principal balance <sup>(2)</sup>	\$	3,373,917	\$	3,373,917	\$	3,484,052	\$	3,484,052
Unfunded loan commitments <sup>(3)</sup>	\$	163,762	\$	163,762	\$	183,293	\$	183,293
Amortized cost	\$	3,367,490	\$	3,367,490	\$	3,476,776	\$	3,476,776
Weighted average credit spread	3.7	%	3.7	%	3.7	%	3.7	%
Weighted average all-in yield <sup>(4)</sup>	9.2	%	9.2	%	9.3	%	9.3	%
Weighted average term to extended maturity (in years) <sup>(5)</sup>	2.5		2.5		2.6		2.6	

- (1) In certain instances, the Company creates structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third-party. In either case, the senior mortgage loan (i.e., the non-consolidated senior interest) is not included on the Company's balance sheet. When the Company creates structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third-party, the Company retains on its balance sheet a mezzanine loan. Total loan exposure encompasses the entire loan portfolio the Company originated, acquired and financed. The Company had no non-consolidated senior interests as of March 31, 2024 and December 31, 2023.
- (2) Unpaid principal balance includes PIK interest of \$ 1.2 million as of December 31, 2023. The Company did not have PIK interest as of March 31, 2024.
- (3) Unfunded loan commitments may be funded over the term of each loan, subject in certain cases to an expiration date or a force-funding date, primarily to finance property improvements or lease-related expenditures by the Company's borrowers and to finance operating deficits during renovation and lease-up.
- (4) As of March 31, 2024, all of the Company's loans were indexed to Term SOFR. In addition to credit spread, all-in yield includes the amortization of deferred origination fees, purchase price premium and discount if any, and accrual of both extension and exit fees. All-in yield for the total portfolio assumes Term SOFR as of March 31, 2024 for weighted average calculations.
- (5) Extended maturity assumes all extension options are exercised by the borrower; provided, however, that the Company's loans may be repaid prior to such date. As of March 31, 2024, based on the unpaid principal balance of the Company's total loan exposure, 11.1 % of the Company's loans were subject to yield maintenance or other prepayment restrictions and 88.9 % were open to repayment by the borrower without penalty.

The following tables present an overview of the Company's loans held for investment portfolio by loan seniority (dollars in thousands):

March 31, 2024			
Loans held for investment, net	Outstanding principal	Unamortized premium (discount) and loan origination fees, net	
		Amortized cost	
Senior loans <sup>(1)</sup>	\$ 3,373,917	\$ ( 6,427 )	\$ 3,367,490
Total	\$ 3,373,917	\$ ( 6,427 )	\$ 3,367,490
Allowance for credit losses			( 71,258 )
<b>Loans held for investment, net</b>			<b>\$ 3,296,232</b>

  

December 31, 2023			
Loans held for investment, net	Outstanding principal	Unamortized premium (discount) and loan origination fees, net	
		Amortized cost	
Senior loans <sup>(1)</sup>	\$ 3,484,052	\$ ( 7,276 )	\$ 3,476,776
Total	\$ 3,484,052	\$ ( 7,276 )	\$ 3,476,776
Allowance for credit losses			( 67,092 )
<b>Loans held for investment, net</b>			<b>\$ 3,409,684</b>

(1) Senior loans may include contiguous mezzanine loans and *pari passu* participations in senior mortgage loans.

The following table presents the Company's loans held for investment portfolio activity (dollars in thousands):

	Carrying value
<b>Balance as of January 1, 2024</b>	<b>\$ 3,409,684</b>
Additions during the period:	
Loans originated and acquired	105,804
Additional fundings	10,677
Amortization of origination fees and discounts	2,012
Deductions during the period:	
Collection of principal	( 226,607 )
Collection of accrued PIK interest	( 1,172 )
Increase of allowance for credit losses	( 4,166 )
<b>Balance as of March 31, 2024</b>	<b>\$ 3,296,232</b>

As of March 31, 2024 and December 31, 2023, there was \$ 5.2 million and \$ 5.2 million, respectively, of unamortized loan fees included in loans held for investment, net in the consolidated balance sheets. As of March 31, 2024 and December 31, 2023, there was \$ 1.2 million and \$ 2.1 million, respectively, of unamortized discounts included in loans held for investment at amortized cost on the consolidated balance sheets.

### Loan Risk Ratings

The Company evaluates all of its loans to assign risk ratings on a quarterly basis on a 5-point scale. As described in Note 2, the Company's loans are rated "1" through "5," from least risk to greatest risk, respectively. The Company generally assigns a risk rating of "3" to all loan investments upon origination or acquisition, except when specific circumstances warrant an exception.

The following tables present the Company's loans held for investment portfolio on an amortized cost basis by origination year, grouped by risk rating (dollars in thousands):

March 31, 2024							
Amortized cost by origination year							
	2024	2023	2022	2021	2020	Prior	Total
Senior loans by internal risk ratings:							
1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2	—	—	—	—	—	62,000	62,000
3	105,937	197,352	978,545	1,239,747	—	568,422	3,090,003
4	—	—	60,229	38,954	—	116,304	215,487
5	—	—	—	—	—	—	—
Total senior loans	\$ 105,937	\$ 197,352	\$ 1,038,774	\$ 1,278,701	\$ —	\$ 746,726	\$ 3,367,490

Senior loans:

Current-period realized loss on loan write-offs, loan sales and REO conversions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
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December 31, 2023							
Amortized cost by origination year							
	2023	2022	2021	2020	2019	Prior	Total
Senior loans by internal risk ratings:							
1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2	—	—	—	—	99,000	—	99,000
3	196,268	1,013,299	1,313,889	100,550	450,849	86,073	3,160,928
4	—	60,229	—	—	40,415	116,204	216,848
5	—	—	—	—	—	—	—
Total senior loans	\$ 196,268	\$ 1,073,528	\$ 1,313,889	\$ 100,550	\$ 590,264	\$ 202,277	\$ 3,476,776

Senior loans:

Current-period realized loss on loan write-offs, loan sales and REO conversions	\$ —	\$ (29,630)	\$ (8,526)	\$ (24,906)	\$ (188,275)	\$ (83,390)	\$ (334,727)
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Loans acquired are presented in the preceding tables in the column corresponding to the year of origination, not acquisition.

The table below summarizes the Company's portfolio of loans held for investment on an amortized cost basis, by the results of its internal risk rating review process performed (dollars in thousands):

Risk rating	March 31, 2024	December 31, 2023
1	\$ —	\$ —
2	62,000	99,000
3	3,090,003	3,160,928
4	215,487	216,848
5	—	—
Total	\$ 3,367,490	\$ 3,476,776
Allowance for credit losses	(71,258)	(67,092)
Carrying value	\$ 3,296,232	\$ 3,409,684
Weighted average risk rating <sup>(1)</sup>	3.0	3.0

(1) Weighted average risk rating calculated based on the amortized cost balance at period end.

The weighted average risk rating of the Company's loans held for investment portfolio was 3.0 as of March 31, 2024, unchanged from December 31, 2023.

### Allowance for Credit Losses

The Company's allowance for credit losses developed pursuant to ASC 326 reflects its current estimate of potential credit losses related to its loans held for investment portfolio as of March 31, 2024. As part of its allowance for credit losses, the Company maintains a separate allowance for credit losses related to unfunded loan commitments which is included in accrued expenses and other liabilities on the consolidated balance sheets. See Note 2 for additional details regarding the Company's accounting policies and estimation of its allowance for credit losses.

The following tables present activity in the allowance for credit losses for loans by finance receivable class (dollars in thousands):

	<b>For the Three Months Ended March 31, 2024</b>	
	<b>Senior loans</b>	
Allowance for credit losses for loans held for investment:		
Beginning balance at January 1, 2024	\$	67,092
Allowance for credit losses, net		4,166
Subtotal		71,258
Allowance for credit losses on unfunded loan commitments:		
Beginning balance at January 1, 2024		2,679
Allowance for credit losses, net		190
Subtotal		2,869
Total allowance for credit losses	\$	74,127

  

	<b>For the Three Months Ended March 31, 2023</b>	
	<b>Senior loans</b>	
Allowance for credit losses for loans held for investment:		
Beginning balance at January 1, 2023	\$	197,272
Allowance for credit losses, net		4,236
Subtotal		201,508
Allowance for credit losses on unfunded loan commitments:		
Beginning balance at January 1, 2023		17,314
Allowance for credit losses, net		3,548
Subtotal		20,862
Total allowance for credit losses	\$	222,370

The following table presents the allowance for credit losses for loans held for investment (dollars in thousands):

	<b>March 31, 2024</b>		
	<b>General reserve</b>	<b>Specific reserve</b>	<b>Total reserve</b>
Allowance for credit losses:			
Loans held for investment	\$ 71,258	\$ —	\$ 71,258
Unfunded loan commitments	2,869	—	2,869
Total allowance for credit losses	\$ 74,127	\$ —	\$ 74,127
Total unpaid principal balance	\$ 3,373,917	\$ —	\$ 3,373,917

  

	<b>December 31, 2023</b>		
	<b>General reserve</b>	<b>Specific reserve</b>	<b>Total reserve</b>
Allowance for credit losses:			
Loans held for investment	\$ 67,092	\$ —	\$ 67,092
Unfunded loan commitments	2,679	—	2,679
Total allowance for credit losses	\$ 69,771	\$ —	\$ 69,771
Total unpaid principal balance	\$ 3,484,052	\$ —	\$ 3,484,052



The Company's allowance for credit losses is influenced by the size and maturity dates of its loans, loan quality, credit indicators including risk ratings, delinquency status, historical loss experience and other conditions influencing loss expectations, such as property valuation and reasonable and supportable forecasts of economic conditions.

During the three months ended March 31, 2024, the Company recorded an increase of \$ 4.4 million to its allowance for credit losses, increasing its CECL reserve to \$ 74.1 million as of March 31, 2024. For the three months ended March 31, 2024, the increase to the Company's allowance for credit losses was due primarily to (i) an increase of \$ 4.5 million related to macroeconomic assumptions employed in determining the general CECL reserve and (ii) an increase of \$ 1.3 million resulting from the Company's loan origination activity during 2024, partially offset by (i) a decrease of \$ 1.4 million resulting from loan repayments during 2024.

During the three months ended March 31, 2023, the Company recorded an increase of \$ 7.8 million, increasing its allowance for credit losses to \$ 222.4 million as of March 31, 2023. For the three months ended March 31, 2023, the increase to the Company's estimate of expected credit losses was primarily due to an increase in credit loss expenses of (i) \$ 29.1 million from recessionary macroeconomic assumptions employed in determining the general CECL reserve and the deterioration of local market fundamentals in the office sector and (ii) \$ 0.8 million resulting from the Company's loan origination activity during 2023, offset by a decrease of (i) \$ 20.5 million related to individually assessed loans resulting from improved collateral specific fundamentals and (ii) \$ 1.5 million resulting from full loan repayments.

As of March 31, 2024 and December 31, 2023, none of the Company's first mortgage loans satisfied the CECL framework's criteria for individual assessment and the Company did not have any loans on non-accrual status or cost-recovery. As of March 31, 2024 and December 31, 2023, none of the Company's performing loans (full accrual status) had accrued interest income receivable 90 days or more past due.

The following table presents an aging analysis for the Company's portfolio of loans held for investment, by class of loans on amortized cost basis (dollars in thousands):

	Days Outstanding as of March 31, 2024				Total loans past due	Total loans
	Current	Days: 30-59	Days: 60-89	Days: 90 or more		
Loans receivable:						
Senior loans	\$ 3,367,490	\$ —	\$ —	\$ —	\$ —	\$ 3,367,490
<b>Total</b>	<b>\$ 3,367,490</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,367,490</b>

  

	Days Outstanding as of December 31, 2023				Total loans past due	Total loans
	Current	Days: 30-59	Days: 60-89	Days: 90 or more		
Loans receivable:						
Senior loans	\$ 3,476,776	\$ —	\$ —	\$ —	\$ —	\$ 3,476,776
<b>Total</b>	<b>\$ 3,476,776</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,476,776</b>

See Note 2 of the consolidated financial statements for details of the Company's revenue recognition and allowance for credit losses accounting policies.

### *Loan Modifications*

The Company may amend or modify a loan depending on the loan's specific facts and circumstances. These loan modifications typically include additional time for the borrower to refinance or sell the collateral property, adjustment or waiver of performance tests that are prerequisite to the extension of a loan maturity, modification of terms of interest rate cap agreements, and/or deferral of scheduled principal payments. In exchange for a modification, the Company often receives a partial repayment of principal, a short-term accrual of PIK interest for a portion of interest due, a cash infusion to replenish interest or capital improvement reserves, termination of all or a portion of the remaining unfunded loan commitment, additional call protection, and/or an increase in the loan coupon. During the three months ended March 31, 2024, the Company modified one loan which extended the loan maturity and increased the credit spread. The modified loan was accounted for as a new loan for GAAP purposes.

As of March 31, 2024, the Company did not have accrued PIK interest in the Company's loans held for investment portfolio. No accrued PIK interest was recorded and deferred during the three months ended March 31, 2024.

The following table presents the accrued PIK interest activity for the Company's loans held for investment portfolio (dollars in thousands):

	<b>March 31, 2024</b>
<b>Balance as of January 1, 2024</b>	\$ 1,172
Repayments of accrued PIK interest	( 1,172 )
<b>Balance as of March 31, 2024</b>	<b>\$ —</b>

#### (4) Real Estate Owned

As of March 31, 2024, assets and liabilities related to REO consisted of five properties: a multifamily property in Arlington Heights, IL; and four office properties, one located in each of Orange, CA; San Mateo, CA; Manhattan, NY; and Houston, TX. The Company accounted for these acquisitions as asset acquisitions and recorded an aggregate fair value of \$ 198.0 million as of the acquisition date, excluding assumed working capital of \$ 5.4 million. The Company did not acquire any REO properties during the three months ended March 31, 2024. As of March 31, 2024, the carrying value of the Company's REO is \$ 192.4 million.

During June 2023, the Company obtained from a third party a \$ 31.2 million first mortgage loan secured by the Houston, TX office property, which is classified as Mortgage loan payable, net on the Company's consolidated balance sheets. See Note 6 for details of the Mortgage loan payable.

The following table presents the REO assets and liabilities (dollars in thousands):

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Cash	\$ 7,427	\$ 532
Real estate owned - Building and building improvements	101,666	103,293
Real estate owned - Land and land improvements	63,937	67,472
Real estate owned - Tenant improvements	6,038	4,299
Real estate owned	171,641	175,064
Accumulated depreciation	( 2,374 )	( 1,007 )
Real estate owned, net	169,267	174,057
In-place lease intangibles, net <sup>(1)</sup>	22,171	25,036
Above-market lease intangibles, net <sup>(1)</sup>	3,663	3,902
Leasing commissions, net <sup>(1)</sup>	707	533
Other assets, net <sup>(1)</sup>	11,455	12,384
Total assets	\$ 214,690	\$ 216,444
<b>Liabilities</b>		
Mortgage loan payable, net <sup>(2)</sup>	\$ 30,586	\$ 30,551
Below-market lease intangibles, net <sup>(3)</sup>	3,388	3,707
Other liabilities <sup>(3)</sup>	5,189	3,214
Total liabilities	\$ 39,163	\$ 37,472

(1) Included within Other assets within the Company's consolidated balance sheet. Other assets, net includes \$ 7.8 million and \$ 11.3 million of cash proceeds from the Company's mortgage loan payable escrowed for tenant improvements and leasing costs, and other working capital balances as of March 31, 2024 and December 31, 2023, respectively.

(2) During the three months ended March 31, 2024, the Company incurred interest expense of \$ 0.6 million, which is included within Interest expense on the Company's consolidated statements of income and comprehensive income.

(3) Included within Accrued expenses and other liabilities within the Company's consolidated balance sheet.

The Company acquired certain legacy tenant leases upon the acquisition of REO. These leases entitle the Company to receive contractual rent payments during the lease periods and in some instances tenant reimbursements for certain property operating expenses, including common area costs, insurance, utilities and real estate taxes. The Company elected the practical expedient to not separate the lease and non-lease components of the rent payments and accounts for these leases as operating leases.

The following table presents the REO operations and related income (loss) (dollars in thousands):

	<b>Three Months Ended</b>
	<b>March 31, 2024</b>
Rental income	
Minimum lease payments	\$ 6,667
Variable lease payments	555
Total rental income	7,222
Other operating income	—
Revenue from real estate owned operations	7,222
Rental property operating expenses <sup>(1)</sup>	4,099
Depreciation and amortization <sup>(2)</sup>	4,247
Expenses from real estate owned operations	8,346
Net (loss) from REO	\$ ( 1,124 )

(1) Excludes \$ 0.6 million of interest expense incurred during the three months ended March 31, 2024, which is included within Interest expense on the Company's consolidated statements of income and comprehensive income.

(2) During the three months ended March 31, 2024, the Company incurred \$ 1.4 million of depreciation expense.

#### *Real estate-related capital expenditures*

For the three months ended March 31, 2024, the Company's capital expenditures were \$ 1.4 million, as shown on the Company's consolidated statements of cash flows. Substantially all of the Company's real estate-related investing activity related to capital expenditures for its REO assets.

The following table presents the gross carrying amount and accumulated amortization of lease intangibles (dollars in thousands):

	March 31, 2024	December 31, 2023
<b>Intangible assets:</b>		
In-place lease intangibles	\$ 27,594	\$ 27,594
Above-market lease intangibles	3,982	3,982
Leasing commissions	735	545
Total intangible assets	32,311	32,121
<b>Accumulated amortization:</b>		
In-place lease intangibles	( 5,423 )	( 2,558 )
Above-market lease intangibles	( 319 )	( 80 )
Leasing commissions	( 28 )	( 12 )
Total accumulated amortization	( 5,770 )	( 2,650 )
Intangible assets, net	\$ 26,541	\$ 29,471
<b>Intangible liabilities:</b>		
Below-market lease intangibles	\$ 4,311	\$ 4,311
Total intangible liabilities	4,311	4,311
<b>Accumulated amortization:</b>		
Below-market lease intangibles	( 923 )	( 604 )
Total accumulated amortization	( 923 )	( 604 )
Intangible liabilities, net	\$ 3,388	\$ 3,707

The following table presents the estimated future amortization of the Company's intangibles for the remainder of 2024 and for each of the next five years (dollars in thousands):

Year	In-place lease intangibles	Above-market lease intangibles	Leasing commissions	Below-market lease intangibles
2024 (remaining)	\$ 6,132	\$ 718	\$ 61	\$ ( 892 )
2025	4,077	877	94	( 704 )
2026	2,797	626	172	( 496 )
2027	1,672	484	74	( 300 )
2028	1,430	426	74	( 293 )
2029	916	119	71	( 205 )

The weighted average amortization period for the acquired in-place lease intangibles, above-market lease intangibles, leasing commissions, and below-market lease intangibles acquired during the three months ended March 31, 2024, were 7.4 years, 6.0 years, 6.9 years, and 5.9 years, respectively.

#### Future Minimum Lease Payments

Minimum rental amounts due under tenant leases are generally subject either to scheduled fixed increases or adjustments. The following table presents approximate future minimum rental income under noncancellable operating leases, excluding variable lease revenue of tenant reimbursements, to be received over the remainder of 2024, over the next five years and thereafter as of March 31, 2024 and excludes leases at the Company's multifamily property as they are short term, generally 12 months or less (dollars in thousands):

Year	Future Minimum Rents
2024 (remaining)	\$ 12,252
2025	10,959
2026	9,452
2027	8,147
2028	6,537
2029	3,657
Thereafter	58,572
Total	\$ 109,576

The weighted average minimum term of the non-cancellable leases was approximately twelve years as of March 31, 2024.

## **(5) Variable Interest Entities and Collateralized Loan Obligations**

Subsidiaries of the Company have financed certain of the Company's loans held for investment portfolio through the issuance of collateralized loan obligations.

On February 16, 2022, TPG RE Finance Trust CLO Sub-REIT ("Sub-REIT"), a subsidiary of the Company, issued a collateralized loan obligation ("TRTX 2022-FL5" or "FL5"). TRTX 2022-FL5 permits the Company, during the 24 months after closing, to contribute eligible new loans or participation interests in loans to TRTX 2022-FL5 in exchange for cash, which provides additional liquidity to the Company to originate new loan investments as underlying loans repay. The reinvestment period for TRTX 2022-FL5 ended on February 9, 2024. In accordance with the TRTX 2022-FL5 indenture, prior to the end of the reinvestment period on February 9, 2024, the Company committed to contribute certain loan assets and completed the contribution process on April 12, 2024. The Company utilized the reinvestment feature during the three months ended March 31, 2024 and 2023. In connection with TRTX 2022-FL5, the Company incurred \$ 6.5 million of deferred financing costs, including issuance, legal, and accounting related costs.

On March 31, 2021, Sub-REIT issued a collateralized loan obligation ("TRTX 2021-FL4" or "FL4"). TRTX 2021-FL4 permitted the Company, during the 24 months after closing, to contribute eligible new loans or participation interests in loans to TRTX 2021-FL4 in exchange for cash, which provided additional liquidity to the Company to originate new loan investments as underlying loans repaid. The reinvestment period for TRTX 2021-FL4 ended on March 11, 2023. In accordance with the TRTX 2021-FL4 indenture, prior to the end of the reinvestment period on March 11, 2023, the Company committed to contribute certain loan assets and completed the contribution process by mid-May 2023. The Company utilized the reinvestment feature during the three months ended March 31, 2023. In connection with TRTX 2021-FL4, the Company incurred \$ 8.3 million of deferred financing costs, including issuance, legal, and accounting related costs.

On October 25, 2019, Sub-REIT issued a collateralized loan obligation ("TRTX 2019-FL3" or "FL3"). TRTX 2019-FL3 permitted the Company, during the 24 months after closing, to contribute eligible new loans or participation interests in loans to TRTX 2019-FL3 in exchange for cash, which provided additional liquidity to the Company to originate new loan investments as underlying loans repaid. The reinvestment period for TRTX 2019-FL3 ended on October 11, 2021. In connection with TRTX 2019-FL3, the Company incurred \$ 7.8 million of deferred financing costs, including issuance, legal, and accounting related costs.

On November 29, 2018, Sub-REIT issued a collateralized loan obligation ("TRTX 2018-FL2" or "FL2"). TRTX 2018-FL2 permitted the Company, during the 24 months after closing, to contribute eligible new loans or participation interests in loans to TRTX 2018-FL2 in exchange for cash, which provided additional liquidity to the Company to originate new loan investments as underlying loans repaid. The reinvestment period for TRTX 2018-FL2 ended on December 11, 2020. In connection with TRTX 2018-FL2, the Company incurred \$ 8.7 million of deferred financing costs, including issuance, legal, and accounting related costs.

On February 17, 2022, the Company redeemed TRTX 2018-FL2, which at its redemption had \$ 600.0 million of investment-grade bonds outstanding. The 17 loans or participation interests therein with an aggregate unpaid principal balance of \$ 805.7 million held by the trust were refinanced in part by the issuance of TRTX 2022-FL5 and in part with the expansion of an existing secured credit agreement. In connection with the redemption of TRTX 2018-FL2, the Company exercised an option under an existing secured credit agreement to increase the commitment amount by \$ 250.0 million, pledge additional collateral with an aggregate unpaid principal balance of \$ 463.8 million and borrow an additional \$ 359.1 million.

The Company evaluated the key attributes of the issuers of the CRE CLOs ("CRE CLO Issuers"), which are wholly owned subsidiaries of the Company, to determine if they were VIEs and, if so, whether the Company was the primary beneficiary of their operating activities and therefore consolidate the CRE CLOs. The Company concluded that the CRE CLO Issuers are VIEs and the Company is the primary beneficiary because it has the ability to control the most significant activities of the CRE CLO Issuers, the obligation to absorb losses to the extent of its equity investments, and the right to receive benefits that could potentially be significant to these entities. Accordingly, as of March 31, 2024 and December 31, 2023 the Company consolidated the CRE CLO Issuers.

The following table outlines the total assets and liabilities within the Sub-REIT (dollars in thousands):

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 53,581	\$ 59,204
Collateralized loan obligation proceeds held at trustee <sup>(1)</sup>	51,000	247,229
Accounts receivable from servicer/trustee	4,899	300
Accrued interest receivable	10,977	10,207
Loans held for investment, net <sup>(2)</sup>	2,189,669	2,245,241
Real estate owned	30,445	33,540
Other assets	4,603	5,363
<b>Total assets</b>	<b>\$ 2,345,174</b>	<b>\$ 2,601,084</b>
<b>Liabilities</b>		
Accrued interest payable	\$ 6,435	\$ 6,602
Accrued expenses	930	777
Collateralized loan obligations, net <sup>(3)</sup>	1,875,381	1,915,174
Payable to affiliates	3,240	2,879
Deferred revenue	1,905	2,124
<b>Total liabilities</b>	<b>\$ 1,887,891</b>	<b>\$ 1,927,556</b>

(1) Includes \$ 51.0 million of cash available to acquire eligible assets related to TRTX 2022-FL5 as of March 31, 2024. Includes \$ 247.2 million of cash available to acquire eligible assets related to TRTX 2022-FL5 as of December 31, 2023.

(2) Includes three loans held for investment with an unpaid principal balance of \$ 3.9 million as of December 31, 2023.

(3) Net of \$ 3.4 million and \$ 4.6 million of unamortized deferred financing costs as of March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, assets held by these VIEs are restricted and are only available to settle obligations of the related VIE. The liabilities of these VIEs are non-recourse to the Company and can only be satisfied from the then-current assets of the related VIE.

The following tables detail the loan collateral and borrowings under the Company's CRE CLOs (dollars in thousands):

CRE CLOs	March 31, 2024					
	Count	Benchmark interest rate	Outstanding principal balance	Carrying value	Wtd. avg. spread <sup>(1)</sup>	Wtd. avg. maturity <sup>(2)</sup>
TRTX 2019-FL3						
Collateral loan and REO investments	6	Term SOFR	\$ 342,005	\$ 233,454	3.66 %	1.4
Financing provided	1	Term SOFR	150,911	150,911	2.39 %	10.5
TRTX 2021-FL4						
Collateral loan and REO investments	21	Term SOFR	1,033,328	937,734	3.62 %	2.4
Financing provided	1	Term SOFR	820,828	819,967	1.82 %	13.9
TRTX 2022-FL5						
Collateral loan investments	26	Term SOFR	1,075,000	1,053,529	3.62 %	2.9
Financing provided	1	Term SOFR	907,031	904,503	2.02 %	14.9
Total						
Collateral loan and REO investments <sup>(3)</sup>	53	Term SOFR	\$ 2,450,333	\$ 2,224,717	3.62 %	2.5 years
Financing provided <sup>(4)</sup>	3	Term SOFR	\$ 1,878,770	\$ 1,875,381	1.96 %	14.1 years

- (1) Weighted average spread excludes the amortization of loan fees and deferred financing costs.
- (2) Loan term represents weighted average final maturity, assuming extension options are exercised by the borrower. Repayments of CRE CLO notes are dependent on timing of underlying loan repayments post-reinvestment period. The term of the CRE CLO notes represents the rated final distribution date.
- (3) Collateral loan investment assets of FL3, FL4 and FL5 represent 10.1 %, 30.6 % and 31.9 % of the aggregate unpaid principal balance of the Company's loans held for investment portfolio as of March 31, 2024.
- (4) During the three months ended March 31, 2024, the Company recognized interest expense of \$ 36.2 million, which includes \$ 1.4 million of deferred financing cost amortization and is reflected within the Company's consolidated statements of income and comprehensive income.



December 31, 2023						
CRE CLOs	Count	Benchmark interest rate	Outstanding principal balance	Carrying value <sup>(1)</sup>	Wtd. avg. spread <sup>(2)</sup>	Wtd. avg. maturity <sup>(3)</sup>
TRTX 2019-FL3						
Collateral loan investments	5	Term SOFR <sup>(4)</sup>	\$ 345,150	\$ 220,562	3.66 %	1.7
Financing provided	1	Term SOFR <sup>(4)</sup>	154,291	154,291	2.38 %	10.8
TRTX 2021-FL4						
Collateral loan investments	21	Term SOFR <sup>(5)</sup>	1,070,968	961,604	3.63 %	2.5
Financing provided	1	Term SOFR <sup>(5)</sup>	858,468	856,747	1.80 %	14.2
TRTX 2022-FL5						
Collateral loan investments	15	Term SOFR <sup>(6)</sup>	1,075,000	1,059,239	3.61 %	3.0
Financing provided	1	Term SOFR <sup>(6)</sup>	907,031	904,136	2.02 %	15.1
Total						
Collateral loan investments <sup>(7)</sup>	41	Term SOFR	\$ 2,491,118	\$ 2,241,405	3.62 %	2.6 years
Financing provided <sup>(8)</sup>	3	Term SOFR	\$ 1,919,790	\$ 1,915,174	1.95 %	14.3 years

- (1) Includes loan amounts held in the Company's CRE CLOs and excludes other loans held for investment, net of \$ 3.9 million held within the Sub-REIT.
- (2) Weighted average spread excludes the amortization of loan fees and deferred financing costs.
- (3) Loan term represents weighted average final maturity, assuming extension options are exercised by the borrower. Repayments of CRE CLO notes are dependent on timing of related loan repayments post-reinvestment period. The term of the CRE CLO notes represents the rated final distribution date.
- (4) On October 1, 2021, the benchmark index interest rate for borrowings under TRTX 2019-FL3 was converted from Compounded SOFR to Term SOFR by the designated transaction representative under the FL3 indenture. The Company exercised its right to convert the mortgage assets' benchmark interest rate from LIBOR to Term SOFR to eliminate the difference between benchmark rates used for the assets and liabilities of the CRE CLO. As of December 31, 2023, the TRTX 2019-FL3 mortgage assets are indexed to Term SOFR.
- (5) On May 15, 2023, the benchmark index interest rate for borrowings under TRTX 2021-FL4 was converted from LIBOR to Term SOFR by the designated transaction representative under the FL4 indenture. The Company exercised its right to convert the mortgage assets' benchmark interest rate from LIBOR to Term SOFR to eliminate the difference between benchmark rates used for the assets and liabilities of the CRE CLO.
- (6) The Company had the ability to convert the interest rate benchmark from Compounded SOFR to Term SOFR once 50 % of the underlying mortgage loans were converted to Term SOFR. On September 12, 2023, the benchmark interest rate for borrowings under TRTX 2022-FL5 was converted from Compounded SOFR to Term SOFR by the designated transaction representative under the FL5 indenture. As of December 31, 2023, all of the TRTX 2022-FL5 mortgage assets are indexed to Term SOFR.
- (7) Collateral loan investment assets of FL3, FL4, and FL5 represent 9.9 %, 30.7 %, and 30.9 % of the aggregate unpaid principal balance of the Company's loans held for investment portfolio as of December 31, 2023.
- (8) During the three months ended March 31, 2023, the Company recognized interest expense of \$ 37.6 million, which includes \$ 1.2 million of deferred financing cost amortization and is reflected within the Company's consolidated statements of income and comprehensive income.

## (6) Investment Portfolio Financing

The Company finances its portfolio of loans, or participation interests therein, and REO using secured financing agreements, including secured credit agreements, secured revolving credit facilities, asset-specific financing arrangements, collateralized loan obligations, and mortgages.

The following table summarizes the Company's investment portfolio financing (dollars in thousands):

	Outstanding principal balance	
	March 31, 2024	December 31, 2023
Collateralized loan obligations <sup>(1)</sup>	\$ 1,878,770	\$ 1,919,790
Secured credit agreements	602,071	799,518
Asset-specific financing arrangements	132,632	274,158
Secured revolving credit facility	19,697	23,782
Mortgage loan payable	31,200	31,200
Total	<u>\$ 2,664,370</u>	<u>\$ 3,048,448</u>

(1) See Note 5 for additional information regarding the Company's collateralized loan obligations.

### Secured Credit Agreements

As of March 31, 2024 and December 31, 2023, the Company had secured credit agreements used to finance certain of the Company's loan investments. These financing arrangements bear interest at rates equal to Term SOFR plus a credit spread negotiated between the Company and each lender, often a separate credit spread for each pledge of collateral, which is primarily based on property type and advance rate against the unpaid principal balance of the pledged loan. These borrowing arrangements contain defined mark-to-market provisions that permit our lenders to issue margin calls to the Company only in the event that the collateral properties underlying the Company's loans pledged to the Company's lenders experience a non-temporary decline in value ("credit marks") due to reasons other than capital markets events that result in changing credit spreads for similar borrowing obligations.

The following table presents certain information regarding the Company's secured credit agreements. Except as otherwise noted, all agreements are on a partial ( 25 %) recourse basis (dollars in thousands):

March 31, 2024										
Secured credit agreements <sup>(1)</sup>	Initial maturity date	Extended maturity date	Index rate	Weighted average credit spread	Weighted average interest rate	Commitment amount	Maximum current availability	Balance outstanding	Principal balance of collateral	Amortized cost of collateral
Goldman Sachs <sup>(2)</sup>	08/19/26	08/19/28	Term SOFR	2.2 %	7.5 %	\$ 500,000	\$ 226,122	\$ 273,878	\$ 466,444	\$ 465,125
Wells Fargo	04/18/25	04/18/25	Term SOFR	1.6 %	7.0 %	500,000	306,422	193,578	255,755	255,040
Barclays	08/13/25	08/13/26	Term SOFR	1.6 %	6.9 %	500,000	403,074	96,926	178,827	178,569
Morgan Stanley	05/04/24	05/04/24	Term SOFR	1.9 %	7.2 %	500,000	498,176	1,824	11,606	11,606
Bank of America	06/06/26	06/06/26	Term SOFR	1.8 %	7.1 %	200,000	164,135	35,865	50,194	50,194
Totals						<u>\$ 2,200,000</u>	<u>\$ 1,597,929</u>	<u>\$ 602,071</u>	<u>\$ 962,826</u>	<u>\$ 960,534</u>

- (1) Borrowings under secured credit agreements with a 25 % recourse guarantee from Holdco. Each secured credit agreement contains defined mark-to-market provisions that permit the lenders to issue margin calls based on credit marks.
- (2) On January 31, 2024, the Company executed a two-year extension of the secured credit agreement through August 19, 2026. During the two-year extension period, new and revolving borrowings are permitted, after which the secured credit agreement automatically enters a two-year term-out period through August 19, 2028.

December 31, 2023

Secured credit agreements <sup>(1)</sup>	Initial maturity date	Extended maturity date	Index rate	Weighted average credit spread	Weighted average interest rate	Commitment amount	Maximum current availability	Balance outstanding	Principal balance of collateral	Amortized cost of collateral
Goldman Sachs <sup>(2)</sup>	08/19/24	08/19/24	Term SOFR	2.2 %	7.5 %	\$ 500,000	\$ 206,403	\$ 293,597	\$ 376,694	\$ 376,440
Wells Fargo	04/18/25	04/18/25	Term SOFR	1.9 %	7.3 %	500,000	164,394	335,606	440,804	439,773
Barclays	08/13/25	08/13/26	Term SOFR	2.0 %	7.3 %	500,000	367,374	132,626	178,827	178,509
Morgan Stanley <sup>(3)</sup>	05/04/24	05/04/24	Term SOFR	1.9 %	7.2 %	500,000	498,176	1,824	10,570	10,570
Bank of America <sup>(4)</sup>	06/06/26	06/06/26	Term SOFR	1.8 %	7.1 %	200,000	164,135	35,865	50,194	50,194
Totals						\$ 2,200,000	\$ 1,400,482	\$ 799,518	\$ 1,057,089	\$ 1,055,486

- (1) Borrowings under secured credit agreements with a 25 % recourse guarantee from Holdco. Each secured credit agreement contains defined mark-to-market provisions that permit the lenders to issue margin calls based on credit marks.
- (2) On August 18, 2023, the Company executed an extension of the secured credit agreement's maturity to August 19, 2024. On January 31, 2024, the Company executed a two-year extension of the secured credit agreement through August 19, 2026. During the two-year extension period, new and revolving borrowings are permitted, after which the secured credit agreement automatically enters a two-year term-out period through August 19, 2028.
- (3) On March 17, 2023, the Company executed an extension of the secured credit agreement's maturity that is effective May 4, 2023 with a one year term maturing on May 4, 2024.
- (4) On March 20, 2023, the Company executed a short-term extension of the secured credit agreement's maturity to May 30, 2023, and on May 25, 2023 executed a further short-term extension to June 6, 2023. On June 6, 2023, the secured credit agreement's initial and extended maturity was extended to June 6, 2026.

#### Secured Credit Agreement Terms

As of March 31, 2024 and December 31, 2023, the Company had five secured credit agreements to finance its loan investing activities. Credit spreads vary depending upon the collateral type, advance rate and other factors. Assets pledged as of March 31, 2024 and December 31, 2023 consisted of 27 and 28 mortgage loans, or participation interests therein, respectively. Under four of the five secured credit agreements, the Company transfers all of its rights, title and interest in the loans to the secured credit agreement counterparty in exchange for cash, and simultaneously agrees to reacquire the asset at a future date for an amount equal to the cash exchanged plus an interest factor. The secured credit agreement lender collects all principal and interest on related loans and remits to the Company the net amount after the lender collects its interest and other fees. For the fifth secured credit agreement, which until June 6, 2023 was a mortgage warehouse facility, the lender received a security interest (pledge) in the loans financed under the arrangement. Effective June 6, 2023, this credit facility was extended for three years and converted from a mortgage warehouse facility to a secured credit facility similar to the Company's four other secured credit facilities. The secured credit agreements used to finance loan investments are 25 % recourse to Holdco.

Under each of the Company's secured credit agreements, the Company is required to post margin for changes in conditions to specific loans that serve as collateral for those secured credit agreements. The lender's margin amount is limited to collateral-specific credit marks based on non-temporary declines in the value of the properties securing the underlying loan collateral. Market value determinations and redeterminations may be made by the repurchase lender in its sole discretion subject to certain specified parameters. These considerations only include credit-based factors unrelated to the capital markets.

The following table summarizes certain characteristics of the Company's secured credit agreements secured by mortgage loan investments, including counterparty concentration risks (dollars in thousands):

March 31, 2024							
Secured credit agreements	Commitment amount	UPB of collateral	Amortized cost of collateral <sup>(1)</sup>	Amount payable <sup>(2)</sup>	Net counterparty exposure <sup>(3)</sup>	Percent of stockholders' equity	Days to extended maturity
Goldman Sachs Bank	\$ 500,000	\$ 466,444	\$ 467,755	\$ 274,486	\$ 193,269	17.2 %	1602
Wells Fargo	500,000	255,755	258,469	194,105	64,364	5.7 %	383
Barclays	500,000	178,827	179,228	97,282	81,946	7.3 %	865
Morgan Stanley Bank	500,000	11,606	11,752	1,871	9,881	0.9 %	34
Bank of America	200,000	50,194	50,483	35,910	14,573	1.3 %	797
Total / weighted average	\$ 2,200,000	\$ 962,826	\$ 967,687	\$ 603,654	\$ 364,033		1039

- (1) Loan amounts include interest receivable of \$ 7.2 million and are net of premium, discount and origination fees of \$ 2.3 million.
- (2) Loan amounts include interest payable of \$ 1.6 million and do not reflect unamortized deferred financing fees of \$ 1.1 million.
- (3) Loan amounts represent the net carrying value of the commercial real estate loans sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.



The following table summarizes certain characteristics of the Company's secured credit agreements secured by mortgage loan investments, including counterparty concentration risks (dollars in thousands):

	December 31, 2023							
	Commitment	UPB of	Amortized cost	Amount	Net	Percent of		Days to
Secured credit agreements	amount	collateral	of collateral <sup>(1)</sup>	payable <sup>(2)</sup>	counterparty	stockholders' equity		extended maturity
					exposure <sup>(3)</sup>			
Goldman Sachs Bank	\$ 500,000	\$ 376,694	\$ 379,012	\$ 294,258	\$ 84,754	7.5	%	232
Wells Fargo	500,000	440,804	443,923	336,539	107,384	9.5	%	474
Barclays	500,000	178,827	179,152	133,100	46,052	4.1	%	956
Morgan Stanley Bank	500,000	10,570	10,710	1,871	8,839	0.8	%	125
Bank of America	200,000	50,194	50,484	35,911	14,573	1.3	%	888
Total / weighted average	\$ 2,200,000	\$ 1,057,089	\$ 1,063,281	\$ 801,679	\$ 261,602			483

- (1) Loan amounts include interest receivable of \$ 7.8 million and are net of premium, discount and origination fees of \$ 1.6 million.
- (2) Loan amounts include interest payable of \$ 2.2 million and do not reflect unamortized deferred financing fees of \$ 1.5 million.
- (3) Loan amounts represent the net carrying value of the commercial real estate loans sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.

#### Secured Revolving Credit Facility

On February 22, 2022, the Company closed a \$ 250.0 million secured revolving credit facility with a syndicate of five lenders. During the fourth quarter of 2022, an additional lender was added to the facility, increasing the borrowing capacity to \$ 290.0 million. This facility has an initial term of three years , an interest rate of Term SOFR plus 2.00 % that is payable monthly in arrears, and an unused fee of 15 or 20 basis points, depending upon whether utilization exceeds 50.0 %. During the three months ended March 31, 2024 and 2023, the weighted average unused fee was 20 and 20 basis points, respectively. The facility generally provides the Company with interim financing of eligible loans for up to 180 days at an initial advance rate of 75.0 %, which declines to 65.0 %, 45.0 %, and 0.0 % after 90, 135, and 180 days from initial borrowing, respectively, depending on the likely source of refinancing. This facility is 100 % recourse to Holdco. For the quarters ended September 30, 2023 and December 31, 2023, the Company received a waiver with respect to the minimum interest coverage ratio covenant included in this facility and in doing so, the facility's advance rate reduced during the waiver period by five points for each advance rate described above.

As of March 31, 2024, the Company pledged one loan investment with a collateral principal balance of \$ 31.9 million and had outstanding Term SOFR-based borrowings of \$ 19.7 million. As of December 31, 2023, the Company pledged one loan investment with an aggregate collateral principal balance of \$ 32.8 million and had outstanding Term SOFR-based borrowings of \$ 23.8 million.

### Asset-Specific Financing Arrangements

On December 5, 2023, the Company closed a \$ 90.6 million loan financing facility with HSBC Bank USA, National Association ("HSBC Facility"). The facility provides asset-specific financing on a non-mark-to-market, matched term basis. This facility is 20 % recourse to Holdco. The advance rate and borrowing rate are determined separately for each loan financed under the facility.

On June 30, 2022, the Company closed a \$ 200.0 million loan financing facility with BMO Harris Bank ("BMO Facility"). The facility provides asset-specific financing on a non-mark-to-market, matched term basis. This facility is 25 % recourse to Holdco. The advance rate and borrowing rate are determined separately for each loan financed under the facility.

On November 17, 2022, the Company closed a \$ 23.3 million asset-specific financing arrangement with Customers Bank. The arrangement is non-mark-to-market, matched term, and non-recourse.

The following table details the Company's asset-specific financing arrangements (dollars in thousands):

March 31, 2024										
Asset-specific financing	Financing						Collateral			
	Count	Commitment amount	Outstanding			Wtd. avg. spread <sup>(2)</sup>	Wtd. avg. term <sup>(3)</sup>	Count	Outstanding	
			principal balance	Carrying value <sup>(1)</sup>					principal balance	Amortized Cost
										Wtd. avg. term
HSBC Facility	1	\$ 90,564	\$ 82,143	\$ 81,509	2.1 %	3.3	3	\$ 117,343	\$ 116,799	3.2
BMO Facility	1	200,000	29,110	28,924	2.0 %	3.4	1	38,274	38,058	3.4
Customers Bank	1	23,250	21,379	21,098	2.5 %	3.4	1	28,956	28,809	3.4
Total / weighted average		\$ 313,814	\$ 132,632	\$ 131,531	2.1 %	3.3 years		\$ 184,573	\$ 183,666	3.3 years

(1) Net of \$ 1.1 million unamortized deferred financing costs.

(2) Collateral loan assets and related financings are indexed to Term SOFR.

(3) Borrowings are term-matched to the corresponding collateral loan asset. The weighted average term assumes all extension options of the collateral loan assets are exercised by the borrower.

The Company repaid all outstanding borrowings under the Company's former \$ 397.9 million asset-specific financing arrangement with an Institutional Lender ("Institutional Lender 2") during the three months ended March 31, 2024.

The following table details the Company's asset-specific financing arrangements (dollars in thousands):

December 31, 2023										
Asset-specific financing	Financing						Collateral			
	Count	Commitment amount	Outstanding			Wtd. avg. spread <sup>(2)</sup>	Wtd. avg. term <sup>(3)</sup>	Count	Outstanding	
			principal balance	Carrying value <sup>(1)</sup>					principal balance	Amortized Cost
										Wtd. avg. term
HSBC Facility	1	\$ 90,564	\$ 82,143	\$ 81,351	2.1 %	3.5	3	\$ 117,343	\$ 116,694	3.5
BMO Facility	1	200,000	29,110	28,883	2.0 %	3.7	1	37,623	37,370	3.7
Institutional Lender 2 <sup>(4)</sup>	1	141,526	141,526	141,526	3.5 %	1.1	2	136,057	134,319	1.4
Customers Bank	1	23,250	21,379	21,050	2.5 %	3.7	1	28,956	28,784	3.7
Total / weighted average		\$ 455,340	\$ 274,158	\$ 272,810	2.8 %	2.3 years		\$ 319,979	\$ 317,167	2.6 years

(1) Net of \$ 1.3 million unamortized deferred financing costs.

(2) Collateral loan assets and related financings are indexed to Term SOFR.

(3) Borrowings are term-matched to the corresponding collateral loan asset. The weighted average term assumes all extension options of the collateral loan assets are exercised by the borrower.

(4) Collateral includes one loan and a receivable owed pursuant to the terms of a co-lender agreement and servicing agreement, of which \$ 88.0 million of this borrowing was repaid in January 2024. The remaining borrowings under this asset-specific financing arrangement were repaid during the three months ended March 31, 2024.

### **Mortgage Loan Payable**

The Company, through a wholly owned special purpose subsidiary, is the borrower under a \$ 31.2 million, non-recourse mortgage loan secured by a deed of trust against an REO asset. The first mortgage loan was provided by an institutional lender, has an interest-only term of five years and bears interest at a rate of 7.7 %. As of March 31, 2024 and December 31, 2023, the carrying value of the loan was \$ 30.6 million and \$ 30.6 million, respectively.

### **Financial Covenant Compliance**

Our financial covenants and guarantees for outstanding borrowings related to our secured financing agreements require Holdco to maintain compliance with the following financial covenants (among others):

Financial Covenant	Current
Cash Liquidity	Minimum cash liquidity of no less than the greater of: \$ 15.0 million; and 5.0 % of Holdco's recourse indebtedness
Tangible Net Worth	\$ 1.0 billion, plus 75 % of all subsequent equity issuances (net of discounts, commissions, expense), minus 75 % of the redeemed or repurchased preferred or redeemable equity or stock
Debt-to-Equity	Debt-to-Equity ratio not to exceed 4.25 to 1.0
Interest Coverage	Minimum interest coverage ratio of no less than 1.4 to 1.0, effective June 30, 2023. Previously, 1.5 to 1.0.

The financial covenants and guarantees for outstanding borrowings related to the Company's secured credit agreements and secured revolving credit facility require Holdco to maintain compliance with certain financial covenants. The uncertain long-term impact of global macroeconomic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, increased interest rates, currency fluctuations, labor shortages and distress in the banking sector, on the commercial real estate markets and global capital markets may make it more difficult to meet or satisfy these covenants, and there can be no assurance that the Company will remain in compliance with these covenants in the future.

### **Financial Covenant Compliance**

Effective September 30, 2023, the Company obtained from its lenders a waiver with respect to the minimum interest coverage ratio covenant. The waiver reduced the minimum interest coverage ratio to 1.30 to 1.0 from 1.40 to 1.0 for the quarters ended September 30, 2023 and December 31, 2023. The interest coverage ratio threshold reverted to 1.40 to 1.0 for the quarter ending March 31, 2024 and thereafter.

### **Investment Portfolio Financing Financial Covenant Compliance**

The Company was in compliance with all financial covenants for its investment portfolio financing arrangements to the extent of outstanding balances as of March 31, 2024 and December 31, 2023, respectively.

### **(7) Schedule of Maturities**

As of March 31, 2024, future principal payments for the following five years and thereafter are as follows (dollars in thousands):

	Total indebtedness	Collateralized loan obligations <sup>(1)</sup>	Secured credit agreements <sup>(2)</sup>	Secured revolving credit facility <sup>(2)</sup>	Asset-specific financing arrangements <sup>(3)</sup>	Mortgage loan payable
2024	\$ 491,940	\$ 490,116	\$ 1,824	\$ —	\$ —	\$ —
2025	812,946	502,745	290,504	19,697	—	—
2026	334,628	280,931	35,865	—	17,832	—
2027	170,873	83,996	—	—	86,877	—
2028	853,983	520,982	273,878	—	27,923	31,200
Thereafter	—	—	—	—	—	—
Total	\$ 2,664,370	\$ 1,878,770	\$ 602,071	\$ 19,697	\$ 132,632	\$ 31,200

- (1) The scheduled maturities for the investment grade bonds issued by the Company's CRE CLOs are based upon the fully extended maturity of the underlying mortgage loan collateral, considering the reinvestment window of each CRE CLO.
- (2) The scheduled maturities of the Company's secured credit agreement liabilities are based on the extended maturity date for the specific credit agreement where extension options are at its option, subject to standard default provisions, or the current maturity date of those credit agreements where extension options are subject to counterparty approval.
- (3) The scheduled maturities of the Company's asset-specific financing arrangements are based on the fully extended maturity date of the underlying mortgage loan collateral.

## (8) Fair Value Measurements

The Company's consolidated balance sheet includes Level I fair value measurements related to cash equivalents, restricted cash, accounts receivable, and accrued liabilities. As of March 31, 2024 and December 31, 2023, the Company had \$ 185.3 million and \$ 172.7 million, respectively, invested in money market funds with original maturities of less than 90 days. The carrying values of these financial assets and liabilities are reasonable estimates of fair value because of the short-term maturities of these instruments. The consolidated balance sheet also includes loans held for investment, the assets and liabilities of its CLOs, secured credit agreements, and asset-specific financing arrangements that are considered Level III fair value measurements. Level III items are not measured at fair value on a recurring basis, but are subject to fair value adjustments utilizing the fair value of the underlying collateral when there is evidence of impairment and when the loan is dependent solely on the collateral for payment of principal and interest.

The following tables provide information about the fair value of the Company's financial assets and liabilities on the Company's consolidated balance sheets (dollars in thousands):

	March 31, 2024					
	Principal balance	Carrying value	Fair value			
			Level I	Level II	Level III	
<b>Financial assets</b>						
Loans held for investment	\$ 3,373,917	\$ 3,296,232	\$ —	\$ —	\$ 3,341,072	
<b>Financial liabilities</b>						
Collateralized loan obligations	1,878,770	1,875,381	—	—	1,854,119	
Secured credit agreements	602,071	600,962	—	—	597,265	
Asset-specific financing arrangements	132,632	131,531	—	—	131,823	
Secured revolving credit facility	19,697	18,870	—	—	19,407	
Mortgage loan payable	31,200	30,586	—	—	31,200	
	December 31, 2023					
	Principal balance	Carrying value	Fair value			
			Level I	Level II	Level III	
<b>Financial assets</b>						
Loans held for investment	\$ 3,484,052	\$ 3,409,684	\$ —	\$ —	\$ 3,446,648	
<b>Financial liabilities</b>						
Collateralized loan obligations	1,919,790	1,915,174	—	—	1,893,803	
Secured credit agreements	799,518	798,060	—	—	791,495	
Asset-specific financing arrangements	274,158	272,810	—	—	273,218	
Secured revolving credit facility	23,782	22,764	—	—	23,323	
Mortgage loan payable	31,200	30,551	—	—	31,200	

As of March 31, 2024 and December 31, 2023, the estimated fair value of the Company's loans held for investment portfolio was \$ 3.3 billion and \$ 3.4 billion, respectively, which approximated carrying value. The weighted average gross credit spread for the Company's loans held for investment portfolio as of March 31, 2024 and December 31, 2023 was 3.66 % and 3.73 %, respectively. The weighted average years to maturity as of March 31, 2024 and December 31, 2023 was 2.5 years and 2.6 years, respectively, assuming full extension of all loans held for investment.

As of March 31, 2024 and December 31, 2023, the estimated fair value of the collateralized loan obligation liabilities and secured credit agreements approximated fair value since current borrowing spreads reflect current market terms.

Level III fair values are determined based on standardized valuation models and significant unobservable market inputs, including holding period, discount rates based on LTV, property type and loan pricing expectations developed by the Manager that were corroborated with other institutional lenders to determine market spreads that are added to the forward curve of the underlying benchmark interest rate. There were no transfers of financial assets or liabilities within the levels of the fair value hierarchy during the three months ended March 31, 2024.



## **(9) Income Taxes**

The Company indirectly owns 100 % of the equity of TRSs. TRSs are subject to applicable U.S. federal, state, local and foreign income tax on their taxable income. In addition, as a REIT, the Company also may be subject to a 100 % excise tax on certain transactions between it and its TRSs that are not conducted on an arm's-length basis. The Company files income tax returns in the United States federal jurisdiction as well as various state and local jurisdictions. The filings are subject to normal reviews by tax authorities until the related statute of limitations expires. The years open to examination generally range from 2020 to present.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. As of March 31, 2024 and December 31, 2023, based on the Company's evaluation, the Company did not have any material uncertain income tax positions.

The Company's policy is to classify interest and penalties associated with underpayment of U.S. federal and state income taxes, if any, as a component of general and administrative expense on its consolidated statements of income and comprehensive income. For the three months ended March 31, 2023, the Company did not have interest or penalties associated with the underpayment of any income taxes.

The Company owns, through an entity classified as a partnership for U.S. federal tax purposes ("Parent LLC"), 100 % of the common equity in Sub-REIT, which qualifies as a REIT for U.S. federal income tax purposes and is a separate taxpayer from both the Company and Parent LLC. Parent LLC is owned by the Company both directly and indirectly through a TRS. The Company, through Sub-REIT, issues CRE CLOs to finance on a non-recourse, non-mark-to-market basis a large proportion of its loan investment portfolio. Due to unusually low LIBOR rates between March 2020 and September 2022, coupled with high interest rate floors relating to many loans and participation interests pledged to Sub-REIT's CLOs, certain of Sub-REIT's CRE CLOs have in the past generated EII, which may be treated as UBTI. Published IRS guidance requires that Sub-REIT allocate its EII among its shareholders in proportion to its dividends paid. Accordingly, EII generated by Sub-REIT's CRE CLOs is allocated to Parent LLC. Pursuant to the Parent LLC operating agreement, any EII allocated from Sub-REIT to Parent LLC is allocated further to the TRS. Consequently, no EII is allocated to the Company and, as a result, the Company's shareholders will not be allocated any EII (or UBTI attributable to such EII) by the Company. The tax liability borne by the TRS on the EII is approximately 21 %. This tax liability is included in the consolidated statements of income and comprehensive income and balance sheets of the Company.

For the three months ended March 31, 2024 and 2023, the Company recognized \$ 0.4 million and \$ 0.2 million, respectively, of federal, state, and local tax expense.

As of March 31, 2024, the Company had no income tax assets and a \$ 0.03 million income tax liability recorded for the operating activities of the Company's TRSs. As of December 31, 2023, the Company had no income tax assets and a \$ 0.02 million income tax liability recorded for the operating activities of the Company's TRSs.

As of December 31, 2021, the Company had \$ 187.6 million of remaining capital losses that it can carry forward into future years. During the year ended December 31, 2022, the Company utilized \$ 13.3 million of the \$ 187.6 million of available remaining capital loss carryforwards to offset the capital gain generated from the partial sale of a REO in April 2022. During the year ended December 31, 2023, the Company incurred a capital loss of \$ 19.8 million from the sale of an acquired loan. The Company has \$ 194.1 million of capital losses that it can carry forward into future years as of March 31, 2024.

The Company does not expect these capital loss carryforwards to reduce the amount that the Company will be required to distribute in accordance with the requirement that the Company distribute to its stockholders at least 90% of the Company's REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) each year to continue to qualify as a REIT.

## **(10) Related Party Transactions**

### ***Management Agreement***

The Company is externally managed and advised by the Manager pursuant to the terms of a management agreement between the Company and the Manager (as amended, the "Management Agreement"). Pursuant to the Management Agreement, the Company pays the Manager a base management fee equal to the greater of \$ 250,000 per annum (\$ 62,500 per quarter) or 1.50 % per annum ( 0.375 % per quarter) of the Company's "Equity" as defined in the Management Agreement. Net proceeds from the issuance of Series B and Series C Preferred Stock are included in the Company's Equity for purposes of determining the base management fee using the same daily weighted average method as is utilized for common equity. The base management fee is payable in cash, quarterly in arrears. The Manager is also entitled to incentive compensation which is calculated and payable in cash with respect to each calendar quarter in arrears in an amount, not less than zero, equal to the difference between: (1) the product of (a) 20 % and (b) the difference between (i) the Company's Core Earnings for the most recent 12-month period, including the calendar quarter (or part thereof) for which the calculation of incentive compensation is being made (the "applicable period"), and (ii) the product of (A) the Company's Equity in the most recent 12-month period, including the applicable period, and (B) 7 % per annum; and (2) the sum of any incentive compensation paid to the Manager with respect to the first three calendar quarters of the most recent 12-month period. No incentive compensation is payable to the Manager with respect to any calendar quarter unless Core Earnings for the 12 most recently completed calendar quarters is greater than zero. For purposes of calculating the Manager's incentive compensation, the Management Agreement specifies that equity securities of the Company or any of the Company's subsidiaries that are entitled to a specified periodic distribution or have other debt characteristics will not constitute equity securities and will not be included in "Equity" for the purpose of calculating incentive compensation. Instead, the aggregate distribution amount that accrues to such equity securities during the calendar quarter of such calculation will be subtracted from Core Earnings, before incentive compensation for purposes of calculating incentive compensation, unless such distribution is otherwise excluded from Core Earnings.

Core Earnings, as defined in the Management Agreement, means the net income (loss) attributable to the holders of the Company's common stock and Class A common stock (in those periods in which such Class A shares were outstanding) and, without duplication, the holders of the Company's subsidiaries' equity securities (other than the Company or any of the Company's subsidiaries), computed in accordance with GAAP, including realized gains and losses not otherwise included in net income (loss), and excluding (i) non-cash equity compensation expense, (ii) the incentive compensation, (iii) depreciation and amortization, (iv) any unrealized gains or losses, including an allowance for credit losses, or other similar non-cash items that are included in net income for the applicable period, regardless of whether such items are included in other comprehensive income or loss or in net income and (v) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items, in each case after discussions between the Manager and the Company's independent directors and approved by a majority of the Company's independent directors.

### **Management Fees and Incentive Management Fees Incurred and Paid**

The following table details the management fees and incentive management fees incurred and paid pursuant to the Management Agreement (dollars in thousands):

	Three Months Ended March 31,	
	2024	2023
<b><u>Incurred</u></b>		
Management fees	\$ 4,987	\$ 6,019
Incentive management fee	—	—
Total management and incentive fees incurred	<u>\$ 4,987</u>	<u>\$ 6,019</u>
<b><u>Paid</u></b>		
Management fees	\$ 4,913	\$ 5,984
Incentive management fee	—	—
Total management and incentive fees paid	<u>\$ 4,913</u>	<u>\$ 5,984</u>

Management fees and incentive management fees included in payable to affiliates on the consolidated balance sheets as of March 31, 2024 and December 31, 2023 are \$ 5.0 million and \$ 4.9 million, respectively. No incentive management fee was earned during the three months ended March 31, 2024 and March 31, 2023.

### **Termination Fee**

A termination fee would be due to the Manager upon termination of the Management Agreement by the Company absent a cause event. The termination fee would also be payable to the Manager upon termination of the Management Agreement by the Manager if the Company materially breaches the Management Agreement. The termination fee is equal to three times the sum of (x) the average annual base management fee and (y) the average annual incentive compensation earned by the Manager, in each case during the 24-month period immediately preceding the most recently completed calendar quarter prior to the date of termination.

### **Other Related Party Transactions**

The Manager or its affiliates is responsible for the expenses related to the personnel of the Manager and its affiliates who provide services to the Company. However, the Company does reimburse the Manager for agreed-upon amounts based upon the Company's allocable share of the compensation (including, without limitation, annual base salary, bonus, any related withholding taxes and employee benefits) paid to (i) the Manager's personnel serving as the Company's chief financial officer based on the percentage of his or her time spent managing the Company's affairs and (ii) other corporate finance, tax, accounting, internal audit, legal risk management, operations, compliance and other non-investment personnel of the Manager or its affiliates who spend all or a portion of their time managing the Company's affairs, based on the percentage of time devoted by such personnel to the Company's and the Company's subsidiaries' affairs. During the three months ended March 31, 2024 and 2023, the Company reimbursed the Manager \$ 0.3 million and \$ 0.3 million, respectively, of expenses for services rendered on its behalf by the Manager and its affiliates.

The Company is required to pay the Manager or its affiliates for documented costs and expenses incurred with third parties by the Manager or its affiliates on behalf of the Company, subject to the Company's review and approval of such costs and expenses. The Company's obligation to pay for costs and expenses incurred on its behalf is not subject to a dollar limitation.

As of March 31, 2024 and December 31, 2023, no amounts remained outstanding and payable to the Manager or its affiliates for third party expenses that were incurred on behalf of the Company. All expenses due and payable to the Manager are reflected in the respective expense category of the consolidated statements of income and comprehensive income or consolidated balance sheets based on the nature of the item.

## (11) Earnings per Share

The Company calculates its basic and diluted earnings per share using the two-class method for all periods presented, which defines unvested stock-based compensation awards that contain nonforfeitable rights to dividends as participating securities. The two-class method is an allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. The unvested restricted shares of its common stock granted to certain current and former employees and affiliates of the Manager qualify as participating securities. These restricted shares have the same rights as the Company's other shares of common stock, including participating in any dividends, and therefore are included in the Company's basic and diluted earnings per share calculation. For the three months ended March 31, 2024 and 2023, \$ 0.5 million and \$ 0.4 million, respectively, of common stock dividends declared and undistributed net income attributable to common stockholders were allocated to unvested shares of our common stock pursuant to stock grants made under the Company's Incentive Plan. See Note 12 for details.

The computation of diluted earnings per common share is based on the weighted average number of participating securities outstanding plus the incremental shares that would be outstanding assuming exercise of the Warrants. The number of incremental common shares is calculated utilizing the treasury stock method. For the three months ended March 31, 2024, 395,802 warrants are excluded from the calculation of diluted earnings per common share since their effect would be anti-dilutive. For the three months ended March 31, 2023, the Warrants are included in the calculation of diluted earnings per common share because the Company generated earnings on a per common share basis, and the average market price of the Company's common stock was \$ 7.95 , which exceeded the applicable strike price of \$ 7.50 per common share for Warrants currently outstanding.

The following table sets forth the calculation of basic and diluted earnings per common share based on the weighted average number of shares of common stock outstanding (dollars in thousands, except share and per share data):

	Three Months Ended March 31,	
	2024	2023
Net income	\$ 16,744	\$ 7,375
Preferred stock dividends <sup>(1)</sup>	( 3,148 )	( 3,148 )
Participating securities' share in earnings	( 541 )	( 404 )
Net income attributable to common stockholders	\$ 13,055	\$ 3,823
Weighted average common shares outstanding, basic	77,868,735	77,410,406
Incremental shares of common stock issued from the assumed exercise of the Warrants	—	679,245
Weighted average common shares outstanding, diluted	77,868,735	78,089,651
Earnings per common share, basic <sup>(2)</sup>	\$ 0.17	\$ 0.05
Earnings per common share, diluted <sup>(2)</sup>	\$ 0.17	\$ 0.05

(1) Includes preferred stock dividends declared and paid for Series A Preferred Stock and Series C Preferred Stock shares outstanding for the three months ended March 31, 2024 and 2023.

(2) Basic and diluted earnings per common share are computed independently based on the weighted average shares of common stock outstanding. Diluted earnings per common share also includes the impact of participating securities outstanding plus any incremental shares that would be outstanding assuming the exercise of the Warrants.

## **(12) Stockholders' Equity**

### ***Series C Cumulative Redeemable Preferred Stock***

On June 14, 2021, the Company received net proceeds of \$ 194.4 million from the sale of the 8,050,000 shares of Series C Preferred Stock after deducting the underwriting discount and commissions of \$ 6.3 million and issuance costs of \$ 0.6 million. The Company used the net proceeds from the offering to partially fund the redemption of all of the outstanding shares of the Company's Series B Preferred Stock. The Series C Preferred Stock is currently listed on the NYSE under the symbol "TRTX PRC." In connection with the Series C Preferred Stock issuance the Company paid TPG Capital BD, LLC a \$ 0.7 million underwriting discount and commission for its services as joint bookrunner. The underwriting discount and commission was settled net of the preferred stock issuance proceeds and recorded as a reduction to additional paid-in-capital in the Company's consolidated statement of changes in equity at closing.

The Company's Series C Preferred Stock has a liquidation preference of \$ 25.00 per share. When, as, and if authorized by the Company's board of directors and declared by the Company, dividends on Series C Preferred Stock will be payable quarterly in arrears on or about March 30, June 30, September 30, and December 30 of each year at a rate per annum equal to 6.25 % per annum of the \$ 25.00 per share liquidation preference (\$ 1.5624 per share annually or \$ 0.3906 per share quarterly). Dividends on the Series C Preferred Stock are cumulative. The first dividend on the Series C Preferred Stock was payable on September 30, 2021, and covered the period from, and including, June 14, 2021 to, but not including, September 30, 2021 and was in the amount of \$ 0.4601 per share.

On and after June 14, 2026, the Company, at its option, upon not fewer than 30 days' nor more than 60 days' written notice, may redeem the 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 any accrued and unpaid dividends (whether or not declared) on such shares of Series C Preferred Stock to, but not including, the redemption date (other than any dividend with a record date before the applicable redemption date and a payment date after the applicable redemption date, which shall be paid on the payment date notwithstanding prior redemption of such shares).

Upon the occurrence of a Change of Control event, the holders of Series C Preferred Stock have the right to convert their shares solely into common stock at their request and do not have the right to request that their shares convert into cash or a combination of cash and common stock. The Company, upon the occurrence of a Change of Control event, at its option, upon not fewer than 30 days' nor more than 60 days' written notice, may redeem the shares of Series C Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price equal to \$ 25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the redemption date (other than any dividend with a record date before the applicable redemption date and a payment date after the applicable redemption date, which will be paid on the payment date notwithstanding prior redemption of such shares).

Holders of Series C Preferred Stock have no voting rights except as set forth in the Articles Supplementary for the Series C Preferred Stock.

### ***Series B Cumulative Redeemable Preferred Stock and Warrants to Purchase Shares of Common Stock***

On May 28, 2020, the Company entered into an Investment Agreement (the "Investment Agreement") with PE Holder L.L.C., a Delaware limited liability company (the "Purchaser"), an affiliate of Starwood Capital Group Global II, L.P., under which the Company agreed to issue and sell to the Purchaser up to 13,000,000 shares of 11.0 % Series B Preferred Stock, par value \$ 0.001 per share (plus any additional such shares paid as dividends pursuant to the Articles Supplementary for the Series B Preferred Stock), and Warrants to purchase, in the aggregate, up to 15,000,000 shares (subject to adjustment) of the Company's Common Stock, for an aggregate cash purchase price of up to \$ 325,000,000 . Such purchases could occur in up to three tranches prior to December 31, 2020. The Investment Agreement contains market standard provisions regarding board representation, voting agreements, rights to information, and a standstill agreement and registration rights agreement regarding common stock acquired via exercise of Warrants. At closing, the Purchaser acquired the initial tranche consisting of 9,000,000 shares of Series B Preferred Stock and Warrants to purchase up to 12,000,000 shares of Common Stock, for an aggregate price of \$ 225.0 million. The Company elected to allow its option to issue additional shares of Series B Preferred Stock to expire unused.

### ***Series B Preferred Stock***

On June 16, 2021, the Company redeemed all 9,000,000 outstanding shares of the Series B Preferred Stock at an aggregate redemption price of approximately \$ 247.5 million.

#### *Warrants to Purchase Common Stock*

The Warrants had an initial exercise price of \$ 7.50 per share. The exercise price of the Warrants is subject to certain adjustments. Pursuant to the warrant agreement between the Company and the Purchaser and due to the Company's payment of non-qualifying dividends during the year ended December 31, 2023, the exercise price of the Warrants has been reduced to \$ 6.89 per share. The Warrants are exercisable on a net-settlement basis and expire on May 28, 2025. The Warrants are classified as equity and were initially recorded at their estimated fair value of \$ 14.4 million with no subsequent remeasurement. None of the Warrants have been exercised as of March 31, 2024.

#### **Dividends**

Upon the approval of the Company's Board of Directors, the Company accrues dividends. The Company intends to distribute each year not less than 90 % of its taxable income to its stockholders to comply with the REIT provisions of the Internal Revenue Code. The Board of Directors will determine whether to pay future dividends, entirely in cash, or in a combination of stock and cash based on facts and circumstances at the time such decisions are made.

On March 15, 2024, the Company's Board of Directors declared and approved a cash dividend of \$ 0.24 per share of common stock, or \$ 19.2 million in the aggregate, for the first quarter of 2024. The common stock dividend was paid on April 25, 2024 to the holders of record of the Company's common stock as of March 28, 2024.

On March 8, 2024, the Company's Board of Directors declared a cash dividend of \$ 0.3906 per share of Series C Preferred Stock, or \$ 3.1 million in the aggregate, for the first quarter of 2024. The Series C Preferred Stock dividend was paid on March 28, 2024 to the preferred stockholders of record as of March 18, 2024.

On March 13, 2023, the Company's Board of Directors declared and approved a cash dividend of \$ 0.24 per share of common stock, or \$ 19.0 million in the aggregate, for the first quarter of 2023. The common stock dividend was paid on April 25, 2023 to the holders of record of the Company's common stock as of March 29, 2023.

On March 9, 2023, the Company's Board of Directors declared a cash dividend of \$ 0.3906 per share of Series C Preferred Stock, or \$ 3.1 million in the aggregate, for the first quarter of 2023. The Series C Preferred Stock dividend was paid on March 30, 2023 to the preferred stockholders of record as of March 20, 2023.

For the three months ended March 31, 2024 and 2023, common stock dividends in the amount of \$ 19.2 million and \$ 19.0 million, respectively, were declared and approved.

For the three months ended March 31, 2024 and 2023, Series C Preferred Stock dividends in the amount of \$ 3.1 million and \$ 3.1 million, respectively, were declared and approved.

As of March 31, 2024 and December 31, 2023, common stock dividends of \$ 19.2 million and \$ 19.2 million, respectively, were unpaid and are reflected in dividends payable on the Company's consolidated balance sheets.

### (13) Stock-based Compensation

The Company does not have any employees. As of March 31, 2024, certain individuals employed by an affiliate of the Manager and certain members of the Company's Board of Directors were compensated, in part, through the issuance of stock-based instruments.

The Company's Board of Directors has adopted, and the Company's stockholders have approved, the TPG RE Finance Trust, Inc. 2017 Equity Incentive Plan (the "Incentive Plan"). The Incentive Plan provides for the grant of equity-based compensation awards to the Company's, and its affiliates', directors, officers, employees (if any) and consultants, and the members, officers, directors, employees and consultants of our Manager or its affiliates, as well as to our Manager and other entities that provide services to us and our affiliates and the employees of such entities. The total number of shares of common stock or long-term incentive plan ("LTIP") units that may be awarded under the Incentive Plan is 4,600,463. The Incentive Plan will automatically expire on the tenth anniversary of its effective date, unless terminated earlier by the Company's Board of Directors.

The following table details the outstanding common stock awards and includes the numbers of shares granted and weighted average grant date fair value per share under the Incentive Plan:

	Common Stock	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2023	2,099,064	\$ 7.91
Granted	—	—
Vested	—	—
Forfeited	—	—
Balance as of March 31, 2024	2,099,064	\$ 7.91

Generally, common shares vest over a four-year period pursuant to the terms of the award and the Incentive Plan with the exception of deferred stock units granted to certain members of the Company's Board of Directors that are vested upon issuance.

The following table presents the number of shares associated with outstanding awards that will vest over the next four years:

Share Grant Vesting Year	Shares of Common Stock
2024	712,041
2025	628,142
2026	521,360
2027	237,521
Total	2,099,064

During the three months ended March 31, 2024, the Company accrued 3,873 shares of common stock for dividends that are paid-in kind to non-management members of its Board of Directors related to the dividend payable to holders of record of our common stock as of March 28, 2024.

During the three months ended March 31, 2023, the Company accrued 3,724 shares of common stock for dividends that are paid-in kind to non-management members of its Board of Directors related to the dividend payable to holders of record of our common stock as of March 29, 2023.

As of March 31, 2024, total unrecognized compensation costs relating to unvested stock-based compensation arrangements was \$ 11.1 million. These compensation costs are expected to be recognized over a weighted average period of 1.3 years from March 31, 2024. For the three months ended March 31, 2024 and 2023, the Company recognized \$ 1.7 million and \$ 1.8 million, respectively, of stock-based compensation expense.

## **(14) Commitments and Contingencies**

### ***Impact of Global Macroeconomic Conditions***

Global economic trends and economic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, increased interest rates, currency fluctuations and challenges in the supply chain, political unrest and economic uncertainty due to terrorism or war, stress to the commercial banking systems of the U.S. and Western Europe, and the lingering aftereffects of the COVID-19 pandemic have had, and may in the future have, an adverse impact on the Company's business, the U.S. and global economies, the real estate industry and the Company's borrowers, and the performance of the properties securing the Company's loans.

### ***Unfunded Commitments***

As part of its lending activities, the Company commits to certain funding obligations which are not advanced at loan closing and that have not been recognized in the Company's consolidated financial statements. These commitments to extend credit are made as part of the Company's loans held for investment portfolio and are generally utilized for capital expenditures, including base building work, tenant improvement costs and leasing commissions, and interest reserves. The aggregate amount of unrecognized unfunded loan commitments existing as of March 31, 2024 and December 31, 2023 was \$ 163.8 million and \$ 183.3 million, respectively.

The Company recorded an allowance for credit losses on loan commitments that are not unconditionally cancellable by the Company of \$ 2.9 million and \$ 2.7 million as of March 31, 2024 and December 31, 2023, which is included in accrued expenses and other liabilities on the Company's consolidated balance sheets.

### ***Litigation***

From time to time, the Company may be involved in various claims and legal actions arising in the ordinary course of business. The Company establishes an accrued liability for loss contingencies when a settlement arising from a legal proceeding is both probable and reasonably estimable. If a legal matter is not probable and reasonably estimable, no such liability is recorded. Examples of this include (i) early stages of a legal proceeding, (ii) damages that are unspecified or cannot be determined, (iii) discovery has not started or is incomplete or (iv) there is uncertainty as to the outcome of pending appeals or motions. If these items exist, an estimated range of potential loss cannot be determined and as such the Company does not record an accrued liability.

As of March 31, 2024 and December 31, 2023, the Company was not involved in any material legal proceedings and has not recorded an accrued liability for loss contingencies.



# (15) Concentration of Credit Risk

## Property Type

A summary of the Company's portfolio of loans held for investment by property type based on total loan commitment and current unpaid principal balance ("UPB") follows (dollars in thousands):

March 31, 2024					
Property type	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
Multifamily	\$ 1,768,517	\$ 62,403	50.0 %	\$ 1,706,114	50.5 %
Office	722,947	40,941	20.4	682,006	20.2
Life Science	404,600	31,488	11.4	373,112	11.1
Hotel	350,400	14,110	9.9	336,290	10.0
Mixed-Use	115,215	6,256	3.3	108,959	3.2
Industrial	107,000	6,564	3.0	100,436	3.0
Self Storage	69,000	2,000	2.0	67,000	2.0
<b>Total</b>	<b>\$ 3,537,679</b>	<b>\$ 163,762</b>	<b>100.0 %</b>	<b>\$ 3,373,917</b>	<b>100.0 %</b>

  

December 31, 2023					
Property type	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
Multifamily	\$ 1,801,668	\$ 67,035	49.2 %	\$ 1,734,633	49.7 %
Office	728,447	42,489	19.9	685,958	19.8
Life Science	404,600	31,739	11.0	372,861	10.7
Hotel	389,643	14,110	10.6	376,705	10.8
Mixed-Use	115,215	6,256	3.1	108,959	3.1
Industrial	107,000	7,504	2.9	99,496	2.9
Self Storage	69,000	2,000	1.9	67,000	1.9
Other	50,600	12,160	1.4	38,440	1.1
<b>Total</b>	<b>\$ 3,666,173</b>	<b>\$ 183,293</b>	<b>100.0 %</b>	<b>\$ 3,484,052</b>	<b>100.0 %</b>

Loan commitments exclude capitalized interest resulting from previously modified loans of \$ 1.2 million as of December 31, 2023.

## Geography

All of the Company's loans held for investment are secured by properties within the United States. The geographic composition of loans held for investment based on total loan commitment and current UPB follows (dollars in thousands):

March 31, 2024					
Geographic region	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
West	\$ 1,240,980	\$ 68,278	35.2 %	\$ 1,172,702	34.7 %
East	1,050,941	17,950	29.7	1,032,991	30.6
South	956,808	67,412	27.0	889,396	26.4
Midwest	149,950	4,770	4.2	145,180	4.3
Various	139,000	5,352	3.9	133,648	4.0
<b>Total</b>	<b>\$ 3,537,679</b>	<b>\$ 163,762</b>	<b>100.0 %</b>	<b>\$ 3,373,917</b>	<b>100.0 %</b>
December 31, 2023					
Geographic region	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
West	\$ 1,159,180	\$ 62,263	31.6 %	\$ 1,096,917	31.5 %
East	1,156,075	31,096	31.5	1,126,151	32.3
South	1,061,968	75,430	29.0	986,538	28.3
Midwest	149,950	8,743	4.1	141,207	4.1
Various	139,000	5,761	3.8	133,239	3.8
<b>Total</b>	<b>\$ 3,666,173</b>	<b>\$ 183,293</b>	<b>100.0 %</b>	<b>\$ 3,484,052</b>	<b>100.0 %</b>

Loan commitments exclude capitalized interest resulting from previously modified loans of \$ 1.2 million as of December 31, 2023.

## Category

A summary of the Company's portfolio of loans held for investment by loan category based on total loan commitment and current UPB follows (dollars in thousands):

March 31, 2024					
Loan category	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
Bridge	\$ 1,530,582	\$ 31,402	43.3 %	\$ 1,499,180	44.5 %
Moderate Transitional	1,143,115	92,259	32.3	1,050,856	31.1
Light Transitional	863,982	40,101	24.4	823,881	24.4
<b>Total</b>	<b>\$ 3,537,679</b>	<b>\$ 163,762</b>	<b>100.0 %</b>	<b>\$ 3,373,917</b>	<b>100.0 %</b>
December 31, 2023					
Loan category	Loan commitment	Unfunded commitment	% of loan commitment	Loan UPB	% of loan UPB
Bridge	\$ 1,540,873	\$ 32,898	42.0 %	\$ 1,507,975	43.3 %
Moderate Transitional	1,156,858	99,507	31.6	1,058,523	30.4
Light Transitional	917,842	38,728	25.0	879,114	25.2
Construction	50,600	12,160	1.4	38,440	1.1
<b>Total</b>	<b>\$ 3,666,173</b>	<b>\$ 183,293</b>	<b>100.0 %</b>	<b>\$ 3,484,052</b>	<b>100.0 %</b>

Loan commitments exclude capitalized interest resulting from previously modified loans of \$ 1.2 million as of December 31, 2023.

**(16) Subsequent Events**

The following events occurred subsequent to March 31, 2024:

- The Company received a full loan repayment related to one of its office first mortgage loans with a total loan commitment and unpaid principal balance of \$ 44.5 million and \$ 35.1 million, respectively.
- On April 25, 2024, the Company's Board of Directors approved a share repurchase program pursuant to which the Company is authorized to repurchase up to \$ 25.0 million of the Company's common stock. The repurchase program authorizes the repurchase of common stock from time to time on the open market or in privately negotiated transactions, including under 10b5-1 plans.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis should be read in conjunction with the unaudited and audited consolidated financial statements and the accompanying notes included elsewhere in this Form 10-Q and in our Form 10-K filed with the SEC on February 20, 2024. In addition to historical data, this discussion contains forward-looking statements about our business, results of operations, cash flows, and financial condition based on current expectations that involve risks, uncertainties and assumptions. See "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from any results expressed or implied by these forward-looking statements as a result of various factors, including but not limited to those discussed under the heading "Risk Factors" in our Form 10-K filed with the SEC on February 20, 2024.*

### Overview

We are a commercial real estate finance company externally managed by TPG RE Finance Trust Management, L.P., an affiliate of our sponsor TPG. We directly originate, acquire and manage commercial mortgage loans and other commercial real estate-related debt instruments in North America for our balance sheet. Our objective is to provide attractive risk-adjusted returns to our stockholders over time through cash distributions and capital appreciation. To meet our objective, we focus primarily on directly originating and selectively acquiring floating rate first mortgage loans that are secured by high quality commercial real estate properties undergoing some form of transition and value creation, such as retenanting, refurbishment or other form of repositioning. The collateral underlying our loans is located in primary and select secondary markets in the U.S. that we believe have attractive economic conditions and commercial real estate fundamentals. We operate our business as one segment.

We made an election to be taxed as a REIT for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2014. We believe we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code and we believe that our organization and current and intended manner of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT. As a REIT, we generally are not subject to U.S. federal income tax on our REIT taxable income that we distribute currently to our stockholders. We operate our business in a manner that permits us to maintain an exclusion or exemption from registration under the Investment Company Act.

We continue to evaluate the effects of macroeconomic concerns, including, without limitation, a period of sustained high interest rates, inflation, stress to the commercial banking systems of the U.S. and Western Europe, geopolitical tensions, concerns of an economic recession in the near term, and changes to the way commercial tenants use real estate. Rising interest rates, stress to the commercial banking systems of the U.S. and Western Europe, increased volatility in debt and equity markets, declining commercial property values, and elevated geopolitical risk led us to continue to curtail our loan origination volume and maintain high levels of liquidity during 2023 and continuing through 2024. From January 1, 2024 through March 31, 2024, we originated three first mortgage transitional loans, with total commitments of \$116.3 million, an initial unpaid principal balance of \$107.0 million, and unfunded commitments at closing of \$9.3 million.

For more information regarding the impact that current macroeconomic concerns have had and may have on our business, see the risk factors set forth in our Form 10-K filed with the SEC on February 20, 2024.

### Our Manager

We are externally managed by our Manager, TPG RE Finance Trust Management, L.P., an affiliate of TPG. TPG is a leading global, alternative asset management firm, founded in San Francisco in 1992, with \$222 billion of assets under management (as of December 31, 2023) and investment and operational teams around the world. TPG invests across a broadly diversified set of strategies, including private equity, impact, credit, real estate, and market solutions. Our Manager manages our investments and our day-to-day business and affairs in conformity with our investment guidelines and other policies that are approved and monitored by our board of directors. Our Manager is responsible for, among other matters, the selection, origination or purchase and sale of our portfolio investments, our financing activities and providing us with investment advisory services. Our Manager is also responsible for our day-to-day operations and performs (or causes to be performed) such services and activities relating to our investments and business and affairs as may be appropriate. Our investment decisions are approved by an investment committee of our Manager that is comprised of senior investment professionals of TPG, including senior investment professionals of TPG's real estate investment group and TPG's executive committee.

For a summary of certain terms of the management agreement between us and our Manager (the "Management Agreement"), see Note 10 to our Consolidated Financial Statements included in this Form 10-Q.

## First Quarter 2024 Activity

### Operating Results:

- Recognized Net income attributable to common stockholders of \$13.1 million, compared to \$2.6 million for the three months ended December 31, 2023, an increase of \$10.4 million.
- Produced Net interest income of \$26.8 million, resulting from interest income of \$82.2 million and interest expense of \$55.4 million. Net interest income increased \$5.5 million compared to the three months ended December 31, 2023.
- Generated Distributable Earnings (Loss) of \$23.3 million, compared to (\$159.7) million for the three months ended December 31, 2023, an increase of \$183.1 million.
- Recorded an increase to our allowance for credit losses on our loan portfolio of \$4.4 million, for a total allowance for credit losses of \$74.1 million, or 210 basis points of total loan commitments of \$3.5 billion.
- Declared a common stock dividend of \$0.24 per common share for the three months ended March 31, 2024.

### Investment Portfolio Activity:

- Originated three first mortgage loans with total loan commitments of \$116.3 million, an aggregate initial unpaid principal balance of \$107.0 million, unfunded loan commitments of \$9.3 million, a weighted average interest rate of Term SOFR plus 3.40%, and a weighted average interest rate floor of 3.28%.
- Funded \$10.7 million in future funding obligations associated with existing loans.
- Received five full loan repayments of \$211.3 million, partial principal payments of \$15.3 million related to two loans and PIK repayments of \$1.2 million related to one loan for total loan repayments of \$227.8 million.

### Investment Portfolio Financing Activity:

- Utilized the reinvestment feature in TRTX 2022-FL5 thirteen times, recycling loan repayments of \$204.2 million.

### Liquidity:

Available near-term liquidity as of March 31, 2024 of \$370.7 million was comprised of:

- \$203.1 million of cash-on-hand, of which \$188.1 million was available for investment, net of \$15.0 million held to satisfy liquidity covenants under our secured financing agreements.
- \$51.0 million of cash in our CRE CLOs available for investment in eligible collateral.
- Undrawn capacity (liquidity available to us without the need to pledge additional collateral to our lenders) of \$111.9 million under secured credit agreements with five lenders, and \$4.8 million under other financing arrangements.

We have financed our loan investments as of March 31, 2024 utilizing three CRE CLOs totaling \$1.9 billion, \$602.1 million under secured credit agreements with total commitments of \$2.2 billion provided by five lenders, \$132.6 million under asset-specific financing arrangements, and \$19.7 million under our \$290.0 million secured revolving credit facility. As of March 31, 2024, 71.4% of our borrowings were pursuant to our CRE CLO vehicles, 23.6% were pursuant to our secured credit agreements and secured revolving credit facility and 5.0% were pursuant to our asset-specific financing arrangements. Non-mark-to-market financing comprised 77.1% of total loan portfolio borrowings as of March 31, 2024.

Our ability to draw on our secured credit agreements and secured revolving credit facility is dependent upon our lenders' willingness to accept as collateral loan investments we pledge to them to secure additional borrowings. These financing arrangements have credit spreads based upon the LTV and other risk characteristics of collateral pledged, and provide financing with mark-to-market provisions limited to collateral-specific events (i.e., "credit" marks). Borrowings under our secured revolving credit agreement are permitted with respect to collateral that satisfies pre-determined eligibility standards, and have a pre-determined advance rate (generally, 75% of the unpaid principal balance pledged) and credit spread (Term SOFR plus 2.00%). As of March 31, 2024, borrowings under these secured credit agreements and secured revolving credit facility had a weighted average credit spread of 1.88% (1.88% for arrangements with mark-to-market provisions and 2.00% for one arrangement with no mark-to-market provisions), and a weighted average term to extended maturity assuming exercise of all extension options and term-out provisions of 2.8 years. These financing arrangements are generally 25% recourse to Holdco, with the exception of the secured revolving credit facility that is 100% recourse to Holdco.

## Key Financial Measures and Indicators

As a commercial real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared per common share, Distributable Earnings, and book value per common share. As further described below, Distributable Earnings is a measure that is not prepared in accordance with GAAP. We use Distributable Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current investment activity and operations.

For the three months ended March 31, 2024, we recorded net income attributable to common stockholders of \$0.17 per diluted common share, an increase of \$0.14 per diluted common share from the three months ended December 31, 2023, of which \$0.17 per diluted common share relates to a decrease quarter over quarter in our credit loss expense, which totaled \$4.4 million during the first quarter of 2024 as compared to \$17.3 million during the fourth quarter of 2023.

Distributable Earnings (loss) per diluted common share was \$0.30 for three months ended March 31, 2024, an increase of \$2.35 per diluted common share from the three months ended December 31, 2023. The increase in Distributable Earnings (loss) per diluted common share was primarily due to a decrease in realized losses on loan sales and REO conversions of \$2.37 per diluted common share.

For the three months ended March 31, 2024, we declared a cash dividend of \$0.24 per common share which was paid on April 25, 2024.

Our book value per common share as of March 31, 2024 was \$11.81, a decrease of \$0.05 per common share from our book value per common share as of December 31, 2023 of \$11.86, primarily due to an increase in credit loss expense during the three months ended March 31, 2024 of \$4.4 million, or \$0.06 per common share.

The following table sets forth the calculation of basic and diluted net income attributable to common stockholders per share and dividends declared per share (dollars in thousands, except share and per share data):

	Three Months Ended,	
	March 31, 2024	December 31, 2023
Net income	\$ 16,744	\$ 6,381
Preferred stock dividends <sup>(1)</sup>	(3,148)	(3,148)
Participating securities' share in earnings	(541)	(601)
Net income attributable to common stockholders - see Note 11	\$ 13,055	\$ 2,632
Weighted average common shares outstanding, basic	77,868,735	77,739,148
Incremental shares of common stock issued from the assumed exercise of warrants	—	—
Weighted average common shares outstanding, diluted - see Note 11	77,868,735	77,739,148
Earnings per common share, basic <sup>(2)</sup>	\$ 0.17	\$ 0.03
Earnings per common share, diluted <sup>(2)</sup>	\$ 0.17	\$ 0.03
Dividends declared per common share	\$ 0.24	\$ 0.24

(1) Includes preferred stock dividends declared and paid for Series A Preferred Stock and Series C Preferred Stock shares outstanding for the three months ended March 31, 2024 and December 31, 2023.

(2) Basic and diluted earnings per common share are computed independently based on the weighted average shares of common stock outstanding. Diluted earnings per common share also includes the impact of participating securities outstanding plus any incremental shares that would be outstanding assuming the exercise of the Warrants.

## Distributable Earnings

Distributable Earnings is a non-GAAP measure, which we define as GAAP net income (loss) attributable to our common stockholders, including realized gains and losses from loan write-offs, loan sales and other loan resolutions (including conversions to REO), regardless of whether such items are included in other comprehensive income or loss, or in GAAP net income (loss), and excluding (i) non-cash stock compensation expense, (ii) depreciation and amortization expense, (iii) unrealized gains (losses) (including credit loss expense (benefit), net), and (iv) certain non-cash or income and expense items. The exclusion of depreciation and amortization expense from the calculation of Distributable Earnings only applies to debt investments related to real estate to the extent we foreclose upon the property or properties underlying such debt investments.

We believe that Distributable Earnings provides meaningful information to consider in addition to our net income (loss) and cash flow from operating activities determined in accordance with GAAP. We generally must distribute at least 90% of our net taxable income annually, subject to certain adjustments and excluding any net capital gains, for us to continue to qualify as a REIT for U.S. federal income tax purposes. We believe that one of the primary reasons investors purchase our common stock is to receive our dividends. Because of our investors' continued focus on our ability to pay dividends, Distributable Earnings is an important measure for us to consider when determining our distribution policy and dividends per common share. Further, Distributable Earnings helps us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan investment and operating activities.

Distributable Earnings excludes the impact of our credit loss provision or reversals of our credit loss provision, but only to the extent that our credit loss provision exceeds any realized credit losses during the applicable reporting period.

A loan will be written off as a realized loss when it is deemed non-recoverable or upon a realization event. Such a realized loss would generally be recognized at the time the loan receivable is settled, transferred or exchanged, or in the case of foreclosure, when the underlying property is foreclosed upon or sold. Non-recoverability may also be concluded by us if, in our determination, it is nearly certain that all amounts due will not be collected. A realized loss may equal the difference between the cash or consideration received or expected to be received, and the net book value of the loan, reflecting our economics as it relates to the ultimate realization of the asset.

Distributable Earnings does not represent net income (loss) or cash generated from operating activities and should not be considered as an alternative to GAAP net income (loss), an indication of our GAAP cash flows from operations, a measure of our liquidity, or an indication of funds available for our cash needs. In addition, our methodology for calculating Distributable Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Distributable Earnings may not be comparable to the Distributable Earnings reported by other companies.

The following table provides a reconciliation of GAAP net income attributable to common stockholders to Distributable Earnings (dollars in thousands, except share and per share data):

	Three Months Ended,	
	March 31, 2024	December 31, 2023
Net income attributable to common stockholders - see Note 11	\$ 13,055	\$ 2,632
Non-cash stock compensation expense	1,672	3,259
Depreciation and amortization	4,247	1,219
Credit loss expense, net	4,356	17,254
Distributable earnings before realized losses from loan sales and other loan resolutions	\$ 23,330	\$ 24,364
Realized loss on loan write-offs, loan sales and REO conversions	—	(184,112)
Distributable earnings (loss)	\$ 23,330	\$ (159,748)
Weighted average common shares outstanding, basic	77,868,735	77,739,148
Incremental shares of common stock issued from the assumed exercise of warrants	—	—
Weighted average common shares outstanding, diluted - see Note 11	77,868,735	77,739,148
Distributable earnings (loss) per common share, basic	\$ 0.30	\$ (2.05)
Distributable earnings (loss) per common share, diluted	\$ 0.30	\$ (2.05)

#### Book Value Per Common Share

The following table sets forth the calculation of our book value per common share (dollars in thousands, except share and per share data):

	March 31, 2024	December 31, 2023
Total stockholders' equity	\$ 1,120,892	\$ 1,124,785
Series C Preferred Stock (\$201,250 aggregate liquidation preference)	(201,250)	(201,250)
Series A Preferred Stock (\$125 aggregate liquidation preference)	(125)	(125)
Total stockholders' equity, net of preferred stock	\$ 919,517	\$ 923,410
Number of common shares outstanding at period end	77,872,438	77,868,565
Book value per common share	\$ 11.81	\$ 11.86

## Investment Portfolio Overview

Our interest-earning assets are comprised entirely of a portfolio of floating rate, first mortgage loans, or in limited instances, contiguous mezzanine loans. As of March 31, 2024, our loans held for investment portfolio consisted of 51 first mortgage loans (or interests therein) totaling \$3.5 billion of commitments with an unpaid principal balance of \$3.4 billion. As of March 31, 2024, 100% of the loan commitments in our portfolio consisted of floating rate loans, of which 100.0% were first mortgage loans or, in one instance, a first mortgage loan and contiguous mezzanine loan both owned by us. As of March 31, 2024, we had \$163.8 million of unfunded loan commitments, our funding of which is subject to borrower satisfaction of certain milestones.

We may hold REO as a result of taking title to a loan's collateral. As of March 31, 2024, we owned four office properties and one multifamily property with an aggregate carrying value of \$192.4 million.

During the three months ended March 31, 2024, we originated three mortgage loans with total commitments of \$116.3 million, an initial unpaid principal balance of \$107.0 million, and unfunded commitments at closing of \$9.3 million. Loan fundings included \$10.7 million of deferred future fundings related to previously originated loans. We received proceeds from five loan repayments in-full of \$211.3 million, and principal amortization and accrued PIK interest payments of \$16.5 million across three loans, for total loan repayments of \$227.8 million during the period.

The following table details our loans held for investment portfolio activity by unpaid principal balance (dollars in thousands):

	Three Months Ended,	
	March 31, 2024	December 31, 2023
Loan originations and acquisitions — initial funding	\$ 106,967	\$ 48,300
Other loan fundings <sup>(1)</sup>	10,677	34,643
Loan repayments	(226,607)	(100,151)
Accrued PIK interest repayments	(1,172)	—
Cash interest received and applied under cost recovery method to reduce loan principal	—	(2,919)
Realized loss on loan write-offs, loan sales, and REO conversions	—	(184,112)
Loan extinguishment upon conversion to REO <sup>(2)</sup>	—	(148,030)
Loan sales	—	(133,843)
Total loan activity, net	\$ (110,135)	\$ (486,112)

(1) Additional fundings made under existing loan commitments.

(2) For the three months ended December 31, 2023, includes extinguishment of four first mortgage loans with an aggregate unpaid principal balance of \$254.0 million pursuant to loan conversions to REO in December 2023 as a result of our acquisition of the underlying properties pursuant to a foreclosure or deed-in-lieu of foreclosure.

For the three months ended March 31, 2024, we generated interest income of \$82.2 million and incurred interest expense of \$55.4 million, which resulted in net interest income of \$26.8 million.



The following table details overall statistics for our loans held for investment portfolio as of March 31, 2024 (dollars in thousands):

	Balance sheet portfolio		Total loan exposure <sup>(1)</sup>
Number of loans <sup>(1)</sup>		51	51
Floating rate loans	100.0	%	100.0 %
Total loan commitments	\$	3,537,679	\$ 3,537,679
Unpaid principal balance	\$	3,373,917	\$ 3,373,917
Unfunded loan commitments <sup>(2)</sup>	\$	163,762	\$ 163,762
Amortized cost	\$	3,367,490	\$ 3,367,490
Weighted average credit spread	3.7	%	3.7 %
Weighted average all-in yield <sup>(3)</sup>	9.2	%	9.2 %
Weighted average term to extended maturity (in years) <sup>(4)</sup>	2.5		2.5
Weighted average LTV <sup>(5)</sup>	67.4	%	67.4 %

- (1) In certain instances, we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third-party. In either case, the senior mortgage loan (i.e., the non-consolidated senior interest) is not included on our balance sheet. When we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third-party, we retain on our balance sheet a mezzanine loan. Total loan exposure encompasses the entire loan portfolio we originated, acquired and financed. We did not have any non-consolidated senior interests as of March 31, 2024.
- (2) Unfunded loan commitments may be funded over the term of each loan, subject in certain cases to an expiration date or a force-funding date, primarily to finance property improvements or lease-related expenditures by our borrowers and to finance operating deficits during renovation and lease-up.
- (3) As of March 31, 2024, all of our loans were indexed to Term SOFR. In addition to credit spread, all-in yield includes the amortization of deferred origination fees, purchase price premium and discount, and accrual of both extension and exit fees. All-in yield for the total portfolio assumes Term SOFR as of March 31, 2024 for weighted average calculations.
- (4) Extended maturity assumes all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date. As of March 31, 2024, based on the unpaid principal balance of our total loan exposure, 11.1% of our loans were subject to yield maintenance or other prepayment restrictions and 88.9% were open to repayment without penalty.
- (5) Except for construction loans, LTV is calculated for loan originations and existing loans as the total outstanding principal balance of the loan or participation interest in a loan (plus any financing that is pari passu with or senior to such loan or participation interest) as of March 31, 2024, divided by the as-is appraised value of our collateral at the time of origination or acquisition of such loan or participation interest. For construction loans only, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value of the real estate securing the loan. The as-is or as-stabilized (as applicable) value reflects our Manager's estimates, at the time of origination or acquisition of the loan or participation interest in a loan, of the real estate value underlying such loan or participation interest determined in accordance with our Manager's underwriting standards and consistent with third-party appraisals obtained by our Manager.

The following table details the interest rate floors for our loans held for investment portfolio as of March 31, 2024 (dollars in thousands):

Interest Rate Floors	Total Commitment	Unpaid Principal Balance	Weighted Average Interest Rate Floor
0.50% or less	\$ 1,880,277	\$ 1,805,204	0.16 %
0.51% to 1.00%	472,535	467,609	0.92
1.01% to 1.50%	208,500	208,500	1.44
1.51% to 2.00%	170,400	157,814	1.94
2.01% to 2.50%	233,160	201,852	2.36
2.51% to 3.00%	278,407	271,793	3.00
3.01% to 3.50%	170,600	148,296	3.44
3.51% or greater	123,800	112,849	3.75
Total	\$ 3,537,679	\$ 3,373,917	1.05 %

For information regarding the financing of our loans held for investment portfolio, see the section entitled "Investment Portfolio Financing."

**Real Estate Owned**

As of March 31, 2024, we owned four office properties and one multifamily property, each of which previously served as collateral for first mortgage loans. We did not acquire or sell any REO properties during the three months ended March 31, 2024.

The following table details the carrying value of each of our REO properties reflected on our consolidated balance sheet as of March 31, 2024 (dollars in thousands):

Property Type	Location	Month of Acquisition	Carrying Value	
Office	Houston, TX	April 2023	\$	48,296
Office	Manhattan, NY	December 2023		38,947
Office	San Mateo, CA	December 2023		16,861
Office	Orange, CA	December 2023		19,153
Multifamily	Arlington Heights, IL	December 2023		69,164
			\$	192,421

## Asset Management

We actively manage the assets in our portfolio from closing to final repayment or resolution. We are party to an agreement with Situs Asset Management, LLC ("SitusAMC"), one of the largest commercial mortgage loan servicers, pursuant to which SitusAMC provides us with dedicated asset management employees to provide asset management services pursuant to our proprietary guidelines. Following the closing of an investment, this dedicated asset management team rigorously monitors the investment under our Manager's oversight, with an emphasis on ongoing financial, legal and quantitative analyses. Through the final repayment of an investment, the asset management team maintains regular contact with borrowers, servicers and local market experts monitoring performance of the collateral, anticipating borrower, property and market issues, and enforcing our rights and remedies when appropriate.

## Loan Portfolio Review

Our Manager reviews our entire loan portfolio quarterly, undertakes an assessment of the performance of each loan, and assigns it a risk rating between "1" and "5," from least risk to greatest risk, respectively. See Note 2 to our Consolidated Financial Statements included in this Form 10-Q for a discussion regarding the risk rating system that we use in connection with our loan portfolio.

The following table allocates the amortized cost basis of our loans held for investment portfolio based on our internal risk ratings (dollars in thousands):

Risk rating	March 31, 2024		December 31, 2023	
	Number of loans	Amortized cost	Number of loans	Amortized cost
1	—	\$ —	—	\$ —
2	1	62,000	2	99,000
3	46	3,090,003	47	3,160,928
4	4	215,487	4	216,848
5	—	—	—	—
Totals	51	\$ 3,367,490	53	\$ 3,476,776

The following table allocates the amortized cost basis of our loans held for investment portfolio based on our property type classification (dollars in thousands):

Property type	March 31, 2024			December 31, 2023		
	Number of loans	Amortized cost	Weighted average risk rating	Number of loans	Amortized cost	Weighted average risk rating
Multifamily	28	\$ 1,703,183	3.1	28	\$ 1,732,023	3.0
Office	8	681,396	3.1	8	685,197	3.1
Hotel	6	334,295	2.8	7	373,980	2.8
Life Science	4	372,674	3.0	4	372,324	3.0
Mixed-Use	2	108,936	3.7	2	108,906	3.7
Industrial	2	100,160	3.0	2	99,197	3.0
Self Storage	1	66,846	3.0	1	66,818	3.0
Other	—	—	—	1	38,331	3.0
Totals	51	\$ 3,367,490	3.0	53	\$ 3,476,776	3.0

The weighted average risk rating of our loan portfolio was 3.0 as of March 31, 2024, unchanged from December 31, 2023.

During the three months ended March 31, 2024, as part of our quarterly risk rating process, we downgraded one hotel loan from "2" to "3" due to a decrease in occupancy and we downgraded one multifamily loan from "3" to "4" due to a decrease in operating performance. During the three months ended March 31, 2024, we received repayment in full of five loans with a total unpaid principal balance of \$211.3 million and a weighted average risk rating of 3.2 as of December 31, 2023. The five loan repayments were included within our hotel, other, and multifamily property categories. The hotel loan had a risk rating of "4", while the three multifamily and other loans each had a risk rating of "3" as of December 31, 2023. The three new loan investments made during the three months ended March 31, 2024 were assigned an initial risk rating of "3".

### Loan Modification Activity

Loan modifications and amendments are commonplace in the transitional lending business. We may amend or modify a loan depending on the loan's specific facts and circumstances. These loan modifications typically include additional time for the borrower to refinance or sell the collateral property, adjustment or waiver of performance tests that are prerequisite to the extension of a loan maturity, modification of terms of interest rate cap agreements, and/or deferral of scheduled principal payments. In exchange for a modification, we often receive a partial repayment of principal, a short-term accrual of PIK interest for a portion of interest due, a cash infusion to replenish interest or capital improvement reserves, termination of all or a portion of the remaining unfunded loan commitment, additional call protection, and/or an increase in the loan coupon or additional loan fees. We continue to work with our borrowers to address issues as they arise while seeking to preserve the credit attributes of our loans. However, we cannot assure you that these efforts will be successful, and we may experience payment delinquencies, defaults, foreclosures, or losses.

### Allowance for Credit Losses

Our allowance for credit losses is influenced by the size and weighted average maturity date of our loans, loan quality, risk rating, delinquency status, loan-to-value ratio, historical loss experience and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. During the three months ended March 31, 2024, we recorded an increase of \$4.4 million in our allowance for credit losses resulting in an aggregate CECL reserve of \$74.1 million at quarter-end. This increase was primarily attributable to an increase in the general reserve which includes macroeconomic assumptions that reflect ongoing concerns about growing geopolitical tensions, the potential impact of market volatility, the possibility of an economic recession, limited liquidity in the capital markets, distress in the banking sector and a slowdown in investment sales, and loan specific property-level performance trends such as shifting office market fundamentals and inflationary pressures that may cause operating margins to narrow.

While the ultimate impact of the macroeconomic outlook and property performance trends remain uncertain, we selected our macroeconomic outlook to address this uncertainty, and made specific forward-looking adjustments to the inputs of our loan-level calculations to reflect collateral operating performance, credit structure features of loan documents, variability in an economic climate marked by sustained higher interest rates, and other impacts to the broader economy.

The following table presents the allowance for credit losses for loans held for investment (dollars in thousands):

March 31, 2024						
	Allowance for credit losses: loans held for investment	Unpaid principal balance	Allowance for credit losses: unfunded commitments	Unfunded commitments	Total commitments	Total basis points
General reserve	\$ 71,258	\$ 3,373,917	\$ 2,869	\$ 163,762	\$ 3,537,679	210 bps
Specific reserve	—	—	—	—	—	— bps
Total	\$ 71,258	\$ 3,373,917	\$ 2,869	\$ 163,762	\$ 3,537,679	210 bps

### Investment Portfolio Financing

We finance our investment portfolio using secured financing agreements, including secured credit agreements, secured revolving credit facilities, mortgage loans payable, asset-specific financing arrangements, and collateralized loan obligations. In certain instances, we may create structural leverage and obtain matched-term financing through the co-origination or non-recourse syndication of a senior loan interest to a third party (a “non-consolidated senior interest”). We generally seek to match-fund and match-index our investments by minimizing the differences between the durations and indices of our investments and those of our liabilities, while minimizing our exposure to mark-to-market risk.

The following table details our investment portfolio financing arrangements (dollars in thousands):

	Outstanding principal balance	
	March 31, 2024	December 31, 2023
Collateralized loan obligations	\$ 1,878,770	\$ 1,919,790
Secured credit agreements	602,071	799,518
Asset-specific financing arrangements	132,632	274,158
Secured revolving credit facility	19,697	23,782
Mortgage loan payable	31,200	31,200
Total	<u>\$ 2,664,370</u>	<u>\$ 3,048,448</u>

All of our investment portfolio financing arrangements are floating rate indexed to Term SOFR except a single fixed-rate mortgage loan secured by an REO property in Houston, TX.

As of March 31, 2024, non-mark-to-market financing sources accounted for 77.1% of our total loan portfolio borrowings. The remaining 22.9% of our loan portfolio borrowings, comprised primarily of our five secured credit agreements, are subject to credit marks only. As of March 31, 2024, we did not have any non-consolidated senior interests.

The following table summarizes our loan portfolio financing arrangements (dollars in thousands):

Loan portfolio financing arrangements			Outstanding principal balance					
			March 31, 2024			December 31, 2023		
			Non-mark-to-market	Mark-to-market	Total	Non-mark-to-market	Mark-to-market	Total
Basis of margin calls	Recourse percentage							
Secured credit agreements								
Goldman Sachs	Credit	25.0%	\$ —	\$ 273,878	\$ 273,878	\$ —	\$ 293,597	\$ 293,597
Wells Fargo	Credit	25.0%	—	193,578	193,578	—	335,606	335,606
Barclays	Credit	25.0%	—	96,926	96,926	—	132,626	132,626
Morgan Stanley	Credit	25.0%	—	1,824	1,824	—	1,824	1,824
Bank of America	Credit	25.0%	—	35,865	35,865	—	35,865	35,865
			—	602,071	602,071	—	799,518	799,518
Secured revolving credit facility								
Syndicate lenders	None	100.0%	19,697	—	19,697	23,782	—	23,782
Asset-specific financing								
HSBC Facility	None	20.0%	82,143	—	82,143	82,143	—	82,143
BMO Facility	None	25.0%	29,110	—	29,110	29,110	—	29,110
Institutional Lender 2	None	n.a	—	—	—	141,526	—	141,526
Customers Bank	None	n.a	21,379	—	21,379	21,379	—	21,379
			132,632	—	132,632	274,158	—	274,158
Collateralized loan obligations								
TRTX 2019-FL3	None	n.a	150,911	—	150,911	154,291	—	154,291
TRTX 2021-FL4	None	n.a	820,828	—	820,828	858,468	—	858,468
TRTX 2022-FL5	None	n.a	907,031	—	907,031	907,031	—	907,031
			1,878,770	—	1,878,770	1,919,790	—	1,919,790
Total indebtedness			\$ 2,031,099	\$ 602,071	\$ 2,633,170	\$ 2,217,730	\$ 799,518	\$ 3,017,248
Percentage of total indebtedness			77.1%	22.9%	100.0%	73.5%	26.5%	100.0%

## Secured Credit Agreements

As of March 31, 2024, aggregate borrowings outstanding under our secured credit agreements totaled \$0.6 billion. As of March 31, 2024, the overall weighted average interest rate was the benchmark interest rate plus 1.88% per annum and the overall weighted average advance rate was 78.1%. As of March 31, 2024, outstanding borrowings under these arrangements had a weighted average term to extended maturity of 2.8 years assuming the exercise of all extension options and term out provisions. These secured credit agreements are generally 25.0% recourse to Holdco.

The following table details our secured credit agreements as of March 31, 2024 (dollars in thousands):

Lender	Commitment amount <sup>(1)</sup>	UPB of collateral	Advance rate	Approved borrowings	Outstanding balance	Undrawn capacity <sup>(2)</sup>	Available capacity <sup>(3)</sup>	Wtd. avg. credit spread <sup>(4)</sup>	Extended maturity <sup>(5)</sup>
Goldman Sachs	\$ 500,000	\$ 466,444	77.5 %	\$ 365,911	\$ 273,878	\$ 92,033	\$ 134,089	2.17 %	08/19/28
Wells Fargo	500,000	255,755	79.8	204,176	193,578	10,598	295,824	1.64	04/18/25
Barclays	500,000	178,827	77.2	96,926	96,926	—	403,074	1.60	08/13/26
Morgan Stanley	500,000	11,606	80.0	9,285	1,824	7,461	490,715	1.85	05/04/24
Bank of America	200,000	50,194	75.0	37,645	35,865	1,780	162,355	1.75	06/06/26
Totals / weighted average	\$ 2,200,000	\$ 962,826	78.1 %	\$ 713,943	\$ 602,071	\$ 111,872	\$ 1,486,057	1.88 %	

- (1) Commitment amount represents the maximum amount of borrowings available under a given agreement once sufficient collateral assets have been approved by the lender and pledged by us.
- (2) Undrawn capacity represents the positive difference between the borrowing amount approved by the lender against collateral assets pledged by us and the amount actually drawn against those collateral assets. The funding of such amounts is generally subject to the sole and absolute discretion of each lender.
- (3) Represents the commitment amount less the approved borrowings, which amount is available to be borrowed provided we pledge, and the lender approves, additional collateral assets.
- (4) Each secured credit agreement interest rate is subject to Term SOFR as its benchmark interest rate. The credit spread for each arrangement is added to Term SOFR to calculate the interest rate charged for each borrowing.
- (5) Our ability to extend our secured credit agreements to the dates shown above is subject to satisfaction of certain conditions. Even if extended, our lenders retain sole discretion to determine whether to accept pledged collateral, and the advance rate and credit spread applicable to each borrowing thereunder.

Once we identify an asset and the asset is approved by the secured credit agreement lender to serve as collateral (which lender's approval is in its sole discretion), we and the lender may enter into a transaction whereby the lender advances to us a percentage of the value of the loan asset, which is referred to as the "advance rate." In the case of borrowings under our secured credit agreements that are repurchase arrangements, this advance serves as the purchase price at which the lender acquires the loan asset from us with an obligation of ours to repurchase the asset from the lender for an amount equal to the purchase price for the transaction plus a price differential, which is calculated based on an interest rate. Advance rates are subject to negotiation between us and our secured credit agreement lenders.

For each transaction, we and the lender agree to a trade confirmation which sets forth, among other things, the asset purchase price, the maximum advance rate, the interest rate and the market value of the asset. For transactions under our secured credit agreements, the trade confirmation may also set forth any future funding obligations which are contemplated with respect to the specific transaction and/or the underlying loan asset and loan-specific margin maintenance provisions, described below.

Generally, our secured credit agreements allow for revolving balances, which allow us to voluntarily repay balances and draw again on existing available credit. The primary obligor on each secured credit agreement is a separate special purpose subsidiary of ours which is restricted from conducting activity other than activity related to the utilization of its secured credit agreement and the loans or loan interests that are originated or acquired by such subsidiary. As additional credit support, our holding company subsidiary, Holdco, provides certain guarantees of the obligations of its subsidiaries. Holdco's liability is generally capped at 25% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the related agreement. However, this liability cap does not apply in the event of certain "bad boy" defaults which can trigger recourse to Holdco for losses or the entire outstanding obligations of the borrower depending on the nature of the "bad boy" default in question. Examples of such "bad boy" defaults include, without limitation, fraud, intentional misrepresentation, willful misconduct, incurrence of additional debt in violation of financing documents, and the filing of a voluntary or collusive involuntary bankruptcy or insolvency proceeding of the special purpose entity subsidiary or the guarantor entity.

Each of the recourse secured credit agreements have "margin maintenance" provisions, which are designed to allow the lender to maintain a certain margin of credit enhancement against the assets which serve as collateral. The lender's margin amount is typically based on a percentage of the market value of the asset and/or mortgaged property collateral; however, certain secured credit

agreements may also involve margin maintenance based on maintenance of a minimum debt yield with respect to the cash flow from the underlying real estate collateral. In certain cases, margin maintenance provisions can relate to minimum debt yields for pledged collateral considered as a whole, or limits on concentration of loan exposure measured by property type or loan type.

Our secured credit agreements contain defined mark-to-market provisions that permit the lenders to issue margin calls to us in the event that the collateral properties underlying our loans pledged to our lenders experience a non-temporary decline in value or net cash flow ("credit marks"). In the event that we experience market turbulence, we may be exposed to margin calls in connection with our secured credit agreements.

The maturity dates for each of our secured credit agreements are set forth in tables that appear earlier in this section. Our secured credit agreements generally have terms of between one and three years, but may be extended if we satisfy certain performance-based conditions. In the normal course of business, we maintain discussions with our lenders to extend, amend or otherwise optimize any financing agreements related to our loans.

As of March 31, 2024, the weighted average haircut (which is equal to one minus the advance rate percentage against collateral for our secured credit agreements taken as a whole) was 21.9% compared to 22.3% as of December 31, 2023.

The secured credit agreements also include cash management features which generally require that income from collateral loan assets be deposited in a lender-controlled account for distribution in accordance with a specified waterfall of payments designed to keep facility-related obligations current before such income is disbursed for our own account. The cash management features generally require the trapping of cash in such controlled account if an uncured default under our borrowing arrangement remains outstanding. Furthermore, some secured credit agreements may require an accelerated principal amortization schedule if the secured credit agreement is in its final extended term.

Notwithstanding that a loan asset may be subject to a financing arrangement and serve as collateral under a secured credit agreement, we retain the right to administer and service the loan and interact directly with the underlying obligors and sponsors of our loan assets so long as there is no default under the secured credit agreement, and so long as we do not engage in certain material modifications (including amendments, waivers, exercises of remedies, or releases of obligors and collateral, among other things) of the loan assets without the lender's prior consent.



### Secured Revolving Credit Facility

On February 22, 2022, we closed a \$250.0 million secured revolving credit facility with a syndicate of five banks to provide interim funding of up to 180 days for newly originated and existing loans. During the fourth quarter of 2022, an additional lender was added to the facility, increasing the borrowing capacity to \$290.0 million. This facility has an initial term of three years, an interest rate of Term SOFR plus 2.00% that is payable monthly in arrears, and an unused fee of 15 or 20 basis points, depending upon whether utilization exceeds 50.0%. During the three months ended March 31, 2024, the weighted average unused fee was 20 basis points. This facility is 100% recourse to Holdco. As of March 31, 2024, we pledged one loan investment with a collateral principal balance of \$31.9 million and had outstanding Term SOFR-based borrowings of \$19.7 million.

### Asset-Specific Financing Arrangements

As of March 31, 2024, we had three separate asset-specific financing arrangements with three third-party lenders. On December 5, 2023, we closed a \$90.6 million loan financing facility (the "HSBC Facility"). The HSBC Facility provides asset-specific financing on a non-mark-to-market basis with matched term. This facility is 20% recourse to Holdco. On November 17, 2022, we closed a \$23.3 million asset-specific financing arrangement with Customers Bank. The arrangement provides non-mark-to-market matched term, non-recourse financing. On June 30, 2022, we closed a \$200.0 million loan financing facility (the "BMO Facility"). The BMO Facility provides asset-specific financing on a non-mark-to-market basis with matched term. This facility is 25% recourse to Holdco.

The following table details our asset-specific financing arrangements (dollars in thousands):

	March 31, 2024									
	Financing						Collateral			
Asset-specific financing	Count	Commitment amount	Outstanding		Wtd. avg. spread <sup>(2)</sup>	Wtd. avg. term <sup>(3)</sup>	Count	Outstanding		Wtd. avg. term
			principal balance	Carrying value <sup>(1)</sup>				principal balance	Amortized Cost	
HSBC Facility	1	\$ 90,564	\$ 82,143	\$ 81,509	2.1 %	3.3	3	\$ 117,343	\$ 116,799	3.2
BMO Facility	1	200,000	29,110	28,924	2.0 %	3.4	1	38,274	38,058	3.4
Customers Bank	1	23,250	21,379	21,098	2.5 %	3.4	1	28,956	28,809	3.4
Total / weighted average		\$ 313,814	\$ 132,632	\$ 131,531	2.1 %	3.3 years		\$ 184,573	\$ 183,666	3.3 years

(1) Net of \$1.1 million unamortized deferred financing costs.

(2) Collateral loan assets and related financings are indexed to Term SOFR.

(3) Borrowings are term-matched to the corresponding collateral loan asset. The weighted average term assumes all extension options of the collateral loan asset are exercised by the borrower.

### Collateralized Loan Obligations

As of March 31, 2024, we had three collateralized loan obligations, TRTX 2022-FL5, TRTX 2021-FL4, and TRTX 2019-FL3, totaling \$1.9 billion, financing \$2.5 billion, or 72.6%, of our loans held for investment portfolio, and holding \$51.0 million of cash for investment in eligible loan collateral. As of March 31, 2024, our CRE CLOs provide low cost, non-mark-to-market, non-recourse financing for 71.4% of our loan portfolio borrowings. The collateralized loan obligations bear a weighted average interest rate of Term SOFR plus 1.96%, have a weighted average advance rate of 79.0%, and include a reinvestment feature that allows us to contribute existing or new loan investments in exchange for proceeds from loan repayments held by the CRE CLOs.

The following table details the loan collateral and borrowings under our CRE CLOs (dollars in thousands):

CRE CLOs	March 31, 2024					
	Count	Benchmark interest rate	Outstanding principal balance	Carrying value	Wtd. avg. spread <sup>(1)</sup>	Wtd. avg. maturity <sup>(2)</sup>
<b>TRTX 2019-FL3</b>						
Collateral loan and REO investments	6	Term SOFR	\$ 342,005	\$ 233,454	3.66 %	1.4
Financing provided	1	Term SOFR	150,911	150,911	2.39 %	10.5
<b>TRTX 2021-FL4</b>						
Collateral loan and REO investments	21	Term SOFR	1,033,328	937,734	3.62 %	2.4
Financing provided	1	Term SOFR	820,828	819,967	1.82 %	13.9
<b>TRTX 2022-FL5</b>						
Collateral loan investments	26	Term SOFR	1,075,000	1,053,529	3.62 %	2.9
Financing provided	1	Term SOFR	907,031	904,503	2.02 %	14.9
<b>Total</b>						
Collateral loan and REO investments <sup>(3)</sup>	53	Term SOFR	\$ 2,450,333	\$ 2,224,717	3.62 %	2.5 years
Financing provided <sup>(4)</sup>	3	Term SOFR	\$ 1,878,770	\$ 1,875,381	1.96 %	14.1 years

(1) Weighted average spread excludes the amortization of loan fees and deferred financing costs.

(2) Loan term represents weighted average final maturity, assuming extension options are exercised by the borrower. Repayments of CRE CLO notes are dependent on timing of underlying loan repayments post-reinvestment period. The term of the CRE CLO notes represents the rated final distribution date.

(3) Collateral loan investment assets of FL3, FL4 and FL5 represent 10.1%, 30.6% and 31.9% of the aggregate unpaid principal balance of our loans held for investment portfolio as of March 31, 2024.

(4) During the three months ended March 31, 2024, we recognized interest expense of \$36.2 million, which includes \$1.4 million of deferred financing cost amortization.

During the three months ended March 31, 2024, we utilized our eligible reinvestment feature related to TRTX 2022-FL5 thirteen times, recycling \$204.2 million of principal repayments received. The reinvestment period for TRTX 2019-FL3 ended on October 11, 2021. The reinvestment period for TRTX 2021-FL4 ended on March 11, 2023. The reinvestment period for TRTX 2022-FL5 ended on February 9, 2024. In accordance with the TRTX 2022-FL5 indenture, prior to the end of the reinvestment period on February 9, 2024, we committed to contribute certain assets and completed the contribution process on April 12, 2024.

See Note 5 to our Consolidated Financial Statements included in this Form 10-Q for details about our CRE CLO reinvestment feature.

### Mortgage Loan Payable

Through a wholly owned, special purpose subsidiary, we are the borrower under a \$31.2 million mortgage loan secured by a deed of trust against an REO asset. The first mortgage loan was provided by an institutional lender, has an interest-only five-year term and bears interest at a rate of 7.7%. As of March 31, 2024, the carrying value of the loan was \$30.6 million.

### Non-Consolidated Senior Interests and Retained Mezzanine Loans

In certain instances, we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party. In either case, the senior mortgage loan (i.e., the non-consolidated senior interest) is not included on our balance sheet. When we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party, we retain on our balance sheet a mezzanine loan.

As of March 31, 2024, there are no non-consolidated senior interests or retained mezzanine loans outstanding.

***Financial Covenants for Outstanding Borrowings***

For a description of our financial covenants and guarantees for outstanding borrowings related to our secured financing agreements, see Note 6 to our Consolidated Financial Statements included in this Form 10-Q.

Effective September 30, 2023, we obtained from our lenders a waiver with respect to the minimum interest coverage ratio covenant. This waiver reduced the minimum interest coverage ratio to 1.30 to 1.0 from 1.40 to 1.0 for the quarters ended September 30, 2023 and December 31, 2023. The interest coverage ratio threshold reverted to 1.40 to 1.0 for the quarter ending March 31, 2024 and thereafter.

We were in compliance with all financial covenants for our investment portfolio financing arrangements to the extent of outstanding balances as of March 31, 2024 and December 31, 2023, respectively.

If we fail to satisfy any of the covenants in our financing arrangements and are unable to obtain a waiver or other suitable relief from the lenders, we would be in default under these agreements, which could result in a cross-default or cross-acceleration under other financing arrangements, and our lenders could elect to declare outstanding amounts due and payable (or such amounts may automatically become due and payable), terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could significantly limit our financing alternatives, which could cause us to curtail our investment activities or dispose of assets when we otherwise would not choose to do so. Further, this could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes.

## Floating Rate Loan Portfolio

Our business model seeks to minimize our exposure to changing interest rates by match-indexing our assets using the same, or similar, benchmark indices. Accordingly, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income, subject to the impact of interest rate floors in our mortgage loan investment portfolio. As of March 31, 2024, 100.0% of our loan investments by unpaid principal balance earned a floating rate of interest and were financed with liabilities that require interest payments based on floating rates, which resulted in \$0.7 billion of net floating rate exposure, subject to the impact of interest rate floors on all our floating rate loans and less than 0.8% of our liabilities. Subject to the specific footnote disclosures in the preceding tables describing our revolving credit facilities, secured financing arrangements, asset-specific financing arrangements and CRE CLOs, and the table that follows, our liabilities are generally index-matched to each loan investment asset, resulting in a net exposure to movements in floating benchmark interest rates that varies based on the relative proportion of floating rate assets and liabilities.

The following table details the net floating rate exposure of our loan portfolio by unpaid principal balance as of March 31, 2024 (dollars in thousands):

	Net exposure
Floating rate mortgage loan assets <sup>(1)</sup>	\$ 3,373,917
Floating rate mortgage loan liabilities <sup>(1)(2)</sup>	(2,633,170)
Total floating rate mortgage loan exposure, net	<u>\$ 740,747</u>

(1) As of March 31, 2024, all of our floating rate mortgage loan assets and all of our outstanding floating rate mortgage loan liabilities were subject to Term SOFR as the benchmark interest rate.

(2) Floating rate liabilities include secured credit agreements, a secured revolving credit facility, asset-specific financing arrangements and collateralized loan obligations.

### Interest-Earning Assets and Interest-Bearing Liabilities

The following table presents the average balance of interest-earning assets and related interest-bearing liabilities, associated interest income and interest expense, and financing costs and the corresponding weighted average yields for our loan portfolio (dollars in thousands):

	Three Months Ended					
	March 31, 2024			December 31, 2023		
	Average amortized cost <sup>(1)</sup>	Interest income / expense	Wtd. avg. yield / financing cost <sup>(2)</sup>	Average amortized cost <sup>(1)</sup>	Interest income / expense	Wtd. avg. yield / financing cost <sup>(2)</sup>
<i>Core Interest-earning assets:</i>						
First mortgage loans	\$ 3,423,951	\$ 82,184	9.6 %	\$ 3,889,996	\$ 84,062	8.6 %
Core interest-earning assets	\$ 3,423,951	\$ 82,184	9.6 %	\$ 3,889,996	\$ 84,062	8.6 %
<i>Interest-bearing liabilities:</i>						
Collateralized loan obligations	1,887,826	36,221	7.7 %	\$ 1,956,974	\$ 38,204	7.8 %
Secured credit agreements	764,534	13,984	7.3 %	993,340	18,826	7.6 %
Secured revolving credit facility	22,870	785	13.7 %	18,091	710	15.7 %
Asset-specific financing arrangements	168,610	3,763	8.9 %	193,689	4,417	9.1 %
Mortgage loan payable	31,200	628	8.0 %	31,200	648	7.7 %
Total interest-bearing liabilities	\$ 2,875,040	\$ 55,381	7.7 %	\$ 3,193,294	\$ 62,805	7.9 %
Net interest income <sup>(3)</sup>		\$ 26,803			\$ 21,257	
<i>Other Interest-earning assets:</i>						
Cash equivalents	\$ 192,401	\$ 2,222	4.6 %	\$ 247,451	\$ 2,918	4.7 %
Accounts receivable from servicer/trustee	188,275	2,641	5.6 %	251,157	3,036	4.8 %
Total interest-earning assets	\$ 3,804,627	\$ 87,047	9.2 %	\$ 4,388,604	\$ 90,016	8.2 %

- (1) Based on amortized cost for loans held for investment and interest-bearing liabilities as of March 31, 2024. Calculated balances as the month-end averages.
- (2) Weighted average yield or financing cost calculated based on annualized interest income or expense divided by calculated month-end average outstanding balance.
- (3) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities. Interest income on Other Interest-earning assets is included in Other Income, net on the consolidated statements of income and comprehensive income.

The following table presents the average balance of interest-earning assets and related interest-bearing liabilities, associated interest income and interest expense, and financing costs and the corresponding weighted average yields for our loan portfolio (dollars in thousands):

	Three Months Ended					
	March 31, 2024			March 31, 2023		
	Average amortized cost <sup>(1)</sup>	Interest income / expense	Wtd. avg. yield / financing cost <sup>(2)</sup>	Average amortized cost <sup>(1)</sup>	Interest income / expense	Wtd. avg. yield / financing cost <sup>(2)</sup>
<i>Core Interest-earning assets:</i>						
First mortgage loans	\$ 3,423,951	\$ 82,184	9.6 %	\$ 4,982,602	\$ 91,726	7.4 %
Core interest-earning assets	\$ 3,423,951	\$ 82,184	9.6 %	\$ 4,982,602	\$ 91,726	7.4 %
<i>Interest-bearing liabilities:</i>						
Collateralized loan obligations	1,887,826	36,221	7.7 %	\$ 2,318,932	\$ 37,568	6.5 %
Secured credit agreements	764,534	13,984	7.3 %	1,088,467	18,550	6.8 %
Secured revolving credit facility	22,870	785	13.7 %	75,962	1,405	7.4 %
Asset-specific financing arrangements	168,610	3,763	8.9 %	547,127	12,467	9.1 %
Mortgage loan payable	31,200	628	8.0 %	—	—	— %
Total interest-bearing liabilities	\$ 2,875,040	\$ 55,381	7.7 %	\$ 4,030,488	\$ 69,990	6.9 %
Net interest income <sup>(3)</sup>		\$ 26,803			\$ 21,736	
<i>Other Interest-earning assets:</i>						
Cash equivalents	\$ 192,401	\$ 2,222	4.6 %	\$ 199,435	\$ 1,287	2.6 %
Accounts receivable from servicer/trustee	188,275	2,641	5.6 %	360,853	2,125	2.4 %
Total interest-earning assets	\$ 3,804,627	\$ 87,047	9.2 %	\$ 5,542,890	\$ 95,138	6.9 %

- (1) Based on amortized cost for loans held for investment and interest-bearing liabilities as of March 31, 2024. Calculated balances as the month-end averages.
- (2) Weighted average yield or financing cost calculated based on annualized interest income or expense divided by calculated month-end average outstanding balance.
- (3) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities. Interest income on Other Interest-earning assets is included in Other Income, net on the consolidated statements of income and comprehensive income.

## Our Results of Operations

### Operating Results

#### Comparison of the Three Months Ended March 31, 2024 and December 31, 2023

The following table sets forth information regarding our consolidated results of operations (dollars in thousands, except per share data):

	Three Months Ended		Variance
	March 31, 2024	December 31, 2023 <sup>2</sup>	
<b>Interest income and interest expense</b>			
Interest income	\$ 82,184	\$ 84,062	\$ (1,878)
Interest expense	(55,381)	(62,805)	7,424
<b>Net interest income</b>	26,803	21,257	5,546
<b>Other revenue</b>			
Other income, net	4,902	5,957	(1,055)
Revenue from real estate owned operations	7,222	4,273	2,949
<b>Total other revenue</b>	12,124	10,230	1,894
<b>Other expenses</b>			
Professional fees	975	2,536	(1,561)
General and administrative	986	970	16
Stock compensation expense	1,672	3,259	(1,587)
Servicing and asset management fees	471	551	(80)
Management fee	4,987	4,913	74
Expenses from real estate owned operations	8,346	2,586	5,760
<b>Total other expenses</b>	17,437	14,815	2,622
Gain on sale of real estate owned, net	—	7,028	(7,028)
Credit loss expense, net	(4,356)	(17,254)	12,898
<b>Income before income taxes</b>	17,134	6,446	10,688
Income tax expense, net	(390)	(65)	(325)
<b>Net income</b>	\$ 16,744	\$ 6,381	\$ 10,363
Preferred stock dividends and participating securities' share in earnings	(3,689)	(3,749)	60
<b>Net income attributable to common stockholders - see Note 11</b>	\$ 13,055	\$ 2,632	\$ 10,423
<b>Other comprehensive income</b>			
Net income	\$ 16,744	\$ 6,381	\$ 10,363
<b>Comprehensive net income</b>	\$ 16,744	\$ 6,381	\$ 10,363
Earnings per common share, basic <sup>(1)</sup>	\$ 0.17	\$ 0.03	\$ 0.14
Earnings per common share, diluted <sup>(1)</sup>	\$ 0.17	\$ 0.03	\$ 0.14
Dividends declared per common share	\$ 0.24	\$ 0.24	\$ —

(1) Basic and diluted earnings per common share are computed independently based on the weighted average shares of common stock outstanding. Diluted earnings per common share also includes the impact of participating securities outstanding plus any incremental shares that would be outstanding assuming the exercise of the Warrants.

(2) Additional information regarding our consolidated results of operations and financial performance for the three months ended December 31, 2023 can be found in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 20, 2024.

#### Net Interest Income

Net interest income increased by \$5.5 million to \$26.8 million during the three months ended March 31, 2024 compared to \$21.3 million for the three months ended December 31, 2023. The increase was primarily due to repayments on our secured financing arrangements during the first quarter of \$384.1 million and interest savings during the first quarter from repayments on our secured financing arrangement related to full loan repayments, loan sales and REO conversions during the fourth quarter.

#### *Other Revenue*

Other revenue increased \$1.9 million for the three months ended March 31, 2024 compared to the three months ended December 31, 2023, primarily due to revenue from real estate owned operations related to a full quarter of operations related to three office properties and one multifamily property acquired during December 2023. This increase was partially offset by a decrease in other income, net primarily attributable to a decrease in interest earned on lower cash balances during the period as we deployed our reinvestment cash.

#### *Other Expenses*

Other expenses increased \$2.6 million for the three months ended March 31, 2024 compared to the three months ended December 31, 2023, primarily due to an increase in expenses from real estate owned operations as this was the first full quarter of operations for three office properties and one multifamily property acquired during the fourth quarter of 2023. This increase was offset by a decrease in stock compensation expense and professional fees.

#### *Gain on Sale of Real Estate Owned, net*

During the three months ended December 31, 2023, we sold a multifamily REO property for net cash proceeds of \$75.4 million and recognized a gain on sale of real estate owned, net of \$7.0 million. We did not sell any real estate owned during the three months ended March 31, 2024.

#### *Credit Loss Expense*

Credit loss expense decreased by \$12.9 million for the three months ended March 31, 2024 compared to the three months ended December 31, 2023. This decrease was primarily attributable to a \$17.3 million increase in our allowance for credit losses during the three months ended December 31, 2023 due to weakening credit indicators, rising interest rates, and an uncertain macroeconomic outlook compared to a \$4.4 million increase during the three months ended March 31, 2024. See Notes 3 and 15 to our Consolidated Financial Statements included in this Form 10-Q for additional details regarding our allowance for credit losses, risk ratings, and property type concentration risk.

#### *Preferred Stock Dividends and Participating Securities Share in Earnings*

During each of the three month periods ended March 31, 2024 and December 31, 2023, we declared and paid a cash dividend of \$3.1 million related to our Series C Preferred Stock.

#### *Dividends Declared Per Common Share*

During the three months ended March 31, 2024, we declared cash dividends of \$0.24 per common share, or \$19.2 million. During the three months ended December 31, 2023, we declared cash dividends of \$0.24 per common share, or \$19.2 million.



### Comparison of the Three Months Ended March 31, 2024 and March 31, 2023

The following table sets forth information regarding our consolidated results of operations (dollars in thousands, except per share data):

	Three Months Ended		Variance
	March 31, 2024	March 31, 2023	
<b>Interest income and interest expense</b>			
Interest income	\$ 82,184	\$ 91,726	\$ (9,542)
Interest expense	(55,381)	(69,990)	14,609
<b>Net interest income</b>	<b>26,803</b>	<b>21,736</b>	<b>5,067</b>
<b>Other revenue</b>			
Other income, net	4,902	3,519	1,383
Revenue from real estate owned operations	7,222	—	7,222
<b>Total other revenue</b>	<b>12,124</b>	<b>3,519</b>	<b>8,605</b>
<b>Other expenses</b>			
Professional fees	975	1,330	(355)
General and administrative	986	896	90
Stock compensation expense	1,672	1,804	(132)
Servicing and asset management fees	471	(137)	608
Management fee	4,987	6,019	(1,032)
Expenses from real estate owned operations	8,346	—	8,346
<b>Total other expenses</b>	<b>17,437</b>	<b>9,912</b>	<b>7,525</b>
Credit loss expense, net	(4,356)	(7,784)	3,428
<b>Income before income taxes</b>	<b>17,134</b>	<b>7,559</b>	<b>9,575</b>
Income tax expense, net	(390)	(184)	(206)
<b>Net income</b>	<b>\$ 16,744</b>	<b>\$ 7,375</b>	<b>\$ 9,369</b>
Preferred stock dividends and participating securities' share in earnings	(3,689)	(3,552)	(137)
<b>Net income attributable to common stockholders - see Note 11</b>	<b>\$ 13,055</b>	<b>\$ 3,823</b>	<b>\$ 9,232</b>
<b>Other comprehensive income</b>			
Net income	\$ 16,744	\$ 7,375	\$ 9,369
<b>Comprehensive net income</b>	<b>\$ 16,744</b>	<b>\$ 7,375</b>	<b>\$ 9,369</b>
Earnings per common share, basic <sup>(1)</sup>	\$ 0.17	\$ 0.05	\$ 0.12
Earnings per common share, diluted <sup>(1)</sup>	\$ 0.17	\$ 0.05	\$ 0.12
Dividends declared per common share	\$ 0.24	\$ 0.24	—

- (1) Basic and diluted earnings per common share are computed independently based on the weighted average shares of common stock outstanding. Diluted earnings per common share also includes the impact of participating securities outstanding plus any incremental shares that would be outstanding assuming the exercise of the Warrants.

#### Net Interest Income

Net interest income increased \$5.1 million to \$26.8 million during the three months ended March 31, 2024 compared to \$21.7 million for the three months ended March 31, 2023. The increase was primarily due to repayments on our secured financing arrangements during the three months ended March 31, 2024 of \$384.1 million and a decrease in the number of loans placed on non-accrual status, which totaled six during the three months ended March 31, 2023 compared to none during the comparable period. Our weighted average interest rate floors increased from 0.94% as of March 31, 2023 to 1.05% as of March 31, 2024.

#### Other Revenue

Other revenue increased \$8.6 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to revenue earned from real estate owned operations from an office property acquired through a deed-in-lieu of foreclosure during the second quarter of 2023 and an additional three office properties and one multifamily property acquired during the fourth quarter of 2023 as well as an increase in interest rates earned on our cash balances.

*Other Expenses*

Other expenses increased \$7.5 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to an increase in expenses from real estate owned operations of \$8.3 million from an office property acquired through a deed-in-lieu of foreclosure during the second quarter of 2023 and an additional three office properties and one multifamily property acquired during the fourth quarter of 2023. This increase was offset by a decrease in management fees of \$1.0 million for the three months ended March 31, 2024 compared to the same period in 2023.

*Credit Loss Expense*

Credit loss expense decreased by \$3.4 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to a \$4.4 million increase to our allowance for credit losses during the three months ended March 31, 2024 compared to a \$7.8 million increase recognized during the comparable period. The credit loss expense increase during the three months ended March 31, 2024, was primarily due to an increase of \$4.5 million related to macroeconomic assumptions employed in determining the general CECL reserve, partially offset by a net decrease of \$0.1 million related to our loan activity during the quarter. During the three months ended March 31, 2023, the increase was primarily attributable to an increase of \$29.1 million from recessionary macroeconomic assumptions, partially offset by a decrease of \$20.5 million related to individually assessed loans resulting from improved collateral specific fundamentals. See Note 3 to our Consolidated Financial Statements included in this Form 10-Q for additional details regarding our allowance for credit losses and risk ratings.

*Preferred Stock Dividends and Participating Securities Share in Earnings*

During each of the three month periods ended March 31, 2024 and 2023, we declared and paid cash dividends of \$3.1 million related to our Series C Preferred Stock.

*Dividends Declared Per Common Share*

During the three months ended March 31, 2024, we declared cash dividends of \$0.24 per common share, or \$19.2 million. During the three months ended March 31, 2023, we declared cash dividends of \$0.24 per common share, or \$19.0 million.

## Liquidity and Capital Resources

### Capitalization

We have capitalized our business to-date through, among other things, the issuance and sale of shares of our common stock, issuance of Series C Preferred Stock classified as permanent equity, issuance of Series B Preferred Stock treated as temporary equity, borrowings under secured credit agreements, secured revolving credit facilities, collateralized loan obligations, mortgage loan payable, asset-specific financings, and non-consolidated senior interests. As of March 31, 2024, we had outstanding 77.9 million shares of our common stock representing \$0.9 billion of stockholders' equity, \$194.4 million of Series C Preferred Stock, and \$2.7 billion of outstanding borrowings used to finance our investments and operations.

See Notes 5 and 6 to our Consolidated Financial Statements included in this Form 10-Q for details regarding our borrowings under secured credit agreements, a secured revolving credit facility, asset-specific financings and collateralized loan obligations.

### Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our Debt-to-Equity ratio and Total Leverage ratio:

	March 31, 2024	December 31, 2023
Debt-to-equity ratio <sup>(1)</sup>	2.20x	2.53x
Total leverage ratio <sup>(2)</sup>	2.20x	2.53x

- (1) Represents (i) total outstanding borrowings under secured financing arrangements, including collateralized loan obligations, secured credit agreements, asset-specific financing arrangements, a secured revolving credit facility, and mortgage loans payable, less cash, to (ii) total stockholders' equity, at period end.
- (2) Represents (i) total outstanding borrowings under secured financing arrangements, including collateralized loan obligations, secured credit agreements, asset-specific financing arrangements, a secured revolving credit facility, and mortgage loans payable, plus non-consolidated senior interests sold or co-originated (if any), less cash, to (ii) total stockholders' equity, at period end.

### Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents, available borrowings under secured credit agreements, available borrowings under our asset-specific financing arrangements, capacity in our collateralized loan obligations available for reinvestment, and a secured revolving credit facility.

Our current sources of near-term liquidity are set forth in the following table (dollars in thousands):

	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 203,077	\$ 206,376
Secured credit agreements	111,872	24,784
Secured revolving credit facility	2,652	—
Asset-specific financing arrangements	2,113	1,592
Collateralized loan obligation proceeds held at trustee	51,000	247,229
Total	<u>\$ 370,714</u>	<u>\$ 479,981</u>

Our existing loan portfolio may provide us with liquidity as loans are repaid or sold, in whole or in part, of which some proceeds may be included in accounts receivable from our servicers until released and the proceeds from such repayments become available for us to reinvest. For the three months ended March 31, 2024, loan repayments (including \$1.2 million of accrued PIK interest) totaled \$227.8 million. We held unencumbered loan investments with an aggregate unpaid principal balance of \$2.8 million that are eligible to pledge under our existing financing arrangements. Additionally, proceeds from the sale of REO properties may provide us with liquidity.

### Uses of Liquidity

In addition to our ongoing loan activity, our primary liquidity needs include interest and principal payments under our \$2.6 billion of outstanding borrowings under secured credit agreements, a secured revolving credit facility, asset-specific financing arrangements, and collateralized loan obligations, the repurchase or deleveraging of loans, \$163.8 million of unfunded loan commitments on our loans held for investment, dividend distributions to our preferred and common stockholders, operating expenses, and repurchases of shares of our common stock pursuant to a \$25.0 million share repurchase program that our Board of Directors approved on April 25, 2024.

## Consolidated Cash Flows

Our primary cash flow activities involve actively managing our investment portfolio, originating floating rate, first mortgage loan investments, and raising capital through public offerings of our equity and debt securities.

The following table provides a breakdown of the net change in our cash, cash equivalents, and restricted cash balances (dollars in thousands):

	Three Months Ended March 31,	
	2024	2023
Cash flows provided by operating activities	\$ 37,371	\$ 23,473
Cash flows provided by investing activities	365,515	61,596
Cash flows (used in) provided by financing activities	(406,542)	(177,218)
Net change in cash, cash equivalents, and restricted cash	\$ (3,656)	\$ (92,149)

### Operating Activities

During the three months ended March 31, 2024 and 2023, cash flows provided by operating activities totaled \$37.4 million and \$23.5 million, respectively, primarily related to a decline in net interest income and an increase in operating expenses.

### Investing Activities

During the three months ended March 31, 2024, cash flows provided by investing activities totaled \$365.5 million primarily due to loan repayments of \$385.1 million and proceeds of \$66.1 million related to a loan sale during the fourth quarter of 2023, offset by new loan originations and acquisitions of \$73.5 million, advances on loans of \$10.7 million, and capital expenditures related to real estate owned of \$1.4 million. During the three months ended March 31, 2023 cash flows provided by investing activities totaled \$61.6 million primarily due to new loan originations of \$109.9 million advances on loans of \$51.5 million, offset by loan repayments of \$223.0 million.

### Financing Activities

During the three months ended March 31, 2024, cash flows used in financing activities totaled \$406.5 million primarily due to repayments of CRE CLO liabilities of \$41.0 million as a result of the repayment of underlying loans, payments on secured financing agreements of \$201.5 million, payments on asset-specific financing arrangements of \$141.5 million and payment of dividends on our common stock and Series C Preferred Stock of \$22.3 million. During the three months ended March 31, 2023, cash flows used in financing activities totaled \$177.2 million primarily due to repayments on CRE CLO liabilities of \$223.0 million as a result of the repayment of underlying loans, payments on secured financing agreements of \$190.6 million, payments on asset-specific financing arrangements of \$28.2 million, and payment of dividends on our common stock and Series C Preferred Stock of \$22.1 million, offset by borrowings on our secured financing agreements of \$280.2 million and borrowings on our asset-specific financing arrangements of \$6.6 million.

See Note 5 to our Consolidated Financial Statements included in this Form 10-Q for additional details related to our CRE CLO financing activities.

## Material Cash Requirements

### Contractual Obligations and Commitments

Our contractual obligations and commitments as of March 31, 2024 were as follows (dollars in thousands):

	Total obligation	Payment timing			
		Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Unfunded loan commitments <sup>(1)</sup>	\$ 163,762	\$ 63,667	\$ 88,551	\$ 11,544	\$ —
Collateralized loan obligations—principal <sup>(2)</sup>	1,878,770	524,799	775,566	578,405	—
Secured credit agreements—principal <sup>(3)</sup>	602,071	1,824	326,369	273,878	—
Secured revolving credit facility—principal <sup>(3)</sup>	19,697	19,697	—	—	—
Asset-specific financing arrangements—principal <sup>(4)</sup>	132,632	—	54,220	78,412	—
Mortgage loan payable—principal	31,200	—	—	31,200	—
Collateralized loan obligations—interest <sup>(5)</sup>	239,433	98,892	111,519	29,022	—
Secured credit agreements—interest <sup>(5)</sup>	120,634	43,870	47,858	28,906	—
Secured revolving credit facility—interest <sup>(3)</sup>	1,315	1,315	—	—	—
Asset-specific financing arrangements—interest <sup>(5)</sup>	33,587	10,047	18,963	4,577	—
Mortgage loan payable—interest	10,364	2,428	4,856	3,080	—
Total	\$ 3,233,465	\$ 766,539	\$ 1,427,902	\$ 1,039,024	\$ —

- (1) The allocation of our unfunded loan commitments for our loans held for investment portfolio is based on the earlier of the commitment expiration date and the loan maturity date.
- (2) Collateralized loan obligation liabilities are based on the fully extended maturity of mortgage loan collateral, considering the reinvestment window of our collateralized loan obligation.
- (3) The allocation of secured credit agreements and secured revolving credit facility is based on the extended maturity date for those secured financing agreements where extensions are at our option, subject to no default, or the current maturity date of those facilities where extension options are subject to counterparty approval.
- (4) The allocation of asset-specific financing arrangements are based on the fully extended maturity date of the underlying mortgage loan collateral.
- (5) Amounts include the related future interest payment obligations, which are estimated by assuming the amounts outstanding under our secured debt agreements, asset-specific financing arrangements and collateralized loan obligations and the interest rates in effect as of March 31, 2024 will remain constant into the future. This is only an estimate, as actual amounts borrowed and rates will vary over time. Our floating rate loans and our related liabilities are indexed to Term SOFR.

With respect to our debt obligations that are contractually due within the next five years, we plan to employ several strategies to meet these obligations, including: (i) exercising maturity date extension options that exist in our current financing arrangements; (ii) negotiating extensions of terms with our providers of credit; (iii) periodically accessing the private and public equity and debt capital markets to raise cash to fund new investments or the repayment of indebtedness; (iv) the issuance of additional structured finance vehicles, such as collateralized loan obligations similar to TRTX 2022-FL5, TRTX 2021-FL4, or TRTX 2019-FL3 as a method of financing; (v) term loans with private lenders; (vi) selling loans and REO to generate cash to repay our debt obligations; and/or (vii) applying repayments from underlying loans to satisfy the debt obligations which they secure. Although these avenues have been available to us in the past, we cannot offer any assurance that we will be able to access any or all of these alternatives in the future.

We are required to pay our Manager a base management fee, an incentive fee, and reimbursements for certain expenses pursuant to our Management Agreement. The table above does not include the amounts payable to our Manager under our Management Agreement as they are not fixed and determinable. During the three months ended March 31, 2024, our Manager did not earn an incentive management fee. See Note 10 to our Consolidated Financial Statements included in this Form 10-Q for additional terms and details of the fees payable under our Management Agreement.

As a REIT, we generally must distribute substantially all of our net taxable income to stockholders in the form of dividends to comply with the REIT provisions of the Internal Revenue Code. In 2017, the IRS issued a revenue procedure permitting “publicly offered” REITs to make elective stock dividends (i.e. dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. Pursuant to this revenue procedure, we may elect to make future distributions of our taxable income in a mixture of stock and cash.

Our REIT taxable income does not necessarily equal our net income as calculated in accordance with GAAP or our Distributable Earnings as described above. See Note 9 to our Consolidated Financial Statements included in this Form 10-Q for additional details.

## **Corporate Activities**

### ***Dividends***

Upon the approval of our Board of Directors, we accrue dividends. We intend to distribute each year not less than 90% of our taxable income to our stockholders to comply with the REIT provisions of the Internal Revenue Code. The Board of Directors will determine whether to pay future dividends, entirely in cash, or in a combination of stock and cash based on facts and circumstances at the time such decisions are made.

On March 15, 2024, our Board of Directors declared and approved a cash dividend of \$0.24 per share of common stock, or \$19.2 million in the aggregate, for the first quarter of 2024. The common stock dividend was paid on April 25, 2024 to the holders of record of our common stock as of March 28, 2024.

On March 8, 2024, our Board of Directors declared a cash dividend of \$0.3906 per share of Series C Preferred Stock, or \$3.1 million in the aggregate, for the first quarter of 2024. The Series C Preferred Stock dividend was paid on March 28, 2024 to the preferred stockholders of record as of March 18, 2024.

On March 13, 2023, our Board of Directors declared and approved a cash dividend of \$0.24 per share of common stock, or \$19.0 million in the aggregate, for the first quarter of 2023. The common stock dividend was paid on April 25, 2023 to the holders of record of our common stock as of March 29, 2023.

On March 9, 2023, our Board of Directors declared a cash dividend of \$0.3906 per share of Series C Preferred Stock, or \$3.1 million in the aggregate, for the first quarter of 2023. The Series C Preferred Stock dividend was paid on March 30, 2023 to the preferred stockholders of record as of March 20, 2023.

For the three months ended March 31, 2024 and 2023, common stock dividends in the amount of \$19.2 million and \$19.0 million, respectively, were declared and approved.

As of March 31, 2024 and December 31, 2023, common stock dividends of \$19.2 million and \$19.2 million, respectively, were unpaid and are reflected in dividends payable on our consolidated balance sheets.

## **Critical Accounting Estimates**

The preparation of our consolidated financial statements in accordance with GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, interest income and other revenue recognition, allowance for loan losses, expense recognition, tax liability, future impairment of our investments, valuation of our investment portfolio and disclosure of contingent assets and liabilities, among other items. Our management bases these estimates and judgments about current, and for some estimates, future economic and market conditions and their effects on available information, historical experience and other assumptions that we believe are reasonable under the circumstances. However, these estimates, judgments and assumptions are often subjective and may be impacted negatively based on changing circumstances or changes in our analyses.

If conditions change from those expected, it is possible that our judgments, estimates and assumptions could change, which may result in a change in our interest income and other revenue recognition, allowance for loan losses, expense recognition, tax liability, future write-offs of our investments, and valuation of our investment portfolio, among other effects. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the consolidated financial statements in the period in which the actual amounts become known. We believe our critical accounting estimates could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions. There have been no material changes to our Critical Accounting Policies and Use of Estimates as described within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K Filed with the SEC on February 20, 2024.

## **Real Estate Owned**

Upon the acquisition of a property, we assess the fair value of the acquired tangible and intangible assets (including land, buildings, tenant improvements, above and below-market leases, acquired in-place leases, other identified intangible assets and assumed liabilities) and allocate the purchase price to the acquired assets and assumed liabilities, which are on a relative fair value basis. The most significant portion of the allocation is to building and land and requires the use of market based estimates and assumptions. We assess and consider fair value based on estimated cash flow projections that utilize appropriate discount and/or capitalization rates, as well as other available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions.

In determining the fair value of the tangible assets of an acquired property, we consider the value of the property as if it were vacant. We also consider an allocation of purchase price of other acquired intangibles, including acquired in-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenants, the tenants' credit quality and expectations of lease renewals.

Acquired above and below-market leases are recorded at their fair values (using a discount rate which reflects the risks associated with the leases acquired) equal to the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for favorable leases and the initial term plus the term of any below-market fixed rate renewal options for unfavorable leases. Other intangible assets acquired include amounts for in-place lease values that are based on our evaluation of the specific characteristics of each tenant's lease. Factors to be considered include estimates of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, we consider leasing commissions, legal and other related expenses.

### **Allowance for Credit Losses**

As discussed in Note 2 to the Consolidated Financial Statements included in our Form 10-K filed with the SEC on February 20, 2024, on January 1, 2020, we adopted Accounting Standard Update ("ASU") 2016-13, Financial Instruments-Credit Losses, and subsequent amendments, which replaced the incurred loss methodology with an expected loss model known as the Current Expected Credit Loss ("CECL") model. The initial CECL reserve recorded on January 1, 2020 is reflected as a direct charge to our retained earnings on the consolidated statements of changes in equity. Subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of income and comprehensive income. The allowance for credit losses measured under the CECL accounting framework represents an estimate of current expected losses for our existing portfolio of loans held for investment and is presented as a valuation reserve on our consolidated balance sheets. Expected credit losses related to non-cancelable unfunded loan commitments are accounted for as separate liabilities included in accrued expenses and other liabilities on the consolidated balance sheets. The allowance for credit losses for loans held for investment, as reported in our consolidated balance sheets, is adjusted by a credit loss (expense) benefit, which is reported in earnings in the consolidated statements of income and comprehensive income and reduced by the write-off of loan amounts, net of recoveries and additions related to purchased credit-deteriorated ("PCD") assets, if relevant. The allowance for credit losses includes a modeled component and an individually-assessed component. We have elected to not measure an allowance for credit losses on accrued interest receivables related to all of our loans held for investment because we write off uncollectible accrued interest receivable in a timely manner pursuant to our non-accrual policy.

We consider key credit quality indicators in underwriting loans and estimating credit losses, including but not limited to: the capitalization of borrowers and sponsors; the expertise of the borrowers and sponsors in a particular real estate sector and geographic market; collateral type; geographic region; use and occupancy of the property; property market value; loan-to-value ("LTV") ratio; loan amount and lien position; debt service and coverage ratio; our risk rating for the same and similar loans; and prior experience with the borrower and sponsor. This information is used to assess the financial and operating capability, experience and profitability of the sponsor/borrower. Ultimate repayment of our loans is sensitive to interest rate changes, general economic conditions, liquidity, LTV ratio, existence of a liquid investment sales market for commercial properties, and availability of replacement short-term or long-term financing. The loans in our commercial mortgage loan portfolio are secured by collateral of the following property types: office; life science; multifamily; hotel; industrial; mixed-use; land for industrial and office use; and self storage.

Our loans are typically collateralized by real estate, or in the case of mezzanine loans, by a partnership interest or similar equity interest in the entity that owns the real estate securing our first mortgage loan. We regularly evaluate on a loan-by-loan basis, typically no less frequently than quarterly, the extent and impact of any credit deterioration associated with the performance and/or value of the underlying collateral property, and the financial and operating capability of the borrower/sponsor. We also evaluate the financial strength of loan guarantors, if any, and the borrower's competency in managing and operating the property or properties. In addition, we consider the overall economic environment, real estate sector, and geographic sub-market in which the borrower operates. Such analyses are completed and reviewed by asset management personnel and evaluated by senior management, who utilize various data sources, including, to the extent available (i) periodic financial data such as property occupancy, tenant profile, rental rates, operating expenses, the borrower's exit plan, and capitalization and discount rates, (ii) site inspections, (iii) sales and financing comparables, (iv) current credit spreads for refinancing and (v) other market data.

Quarterly, we evaluate the risk of all loans and assigns a risk rating based on a variety of factors, whereby no single factor on its own, whether quantitative or qualitative, is given more weight than others. The factors that we consider in connection with this evaluation are grouped as follows: (i) loan and credit structure, including the as-is LTV and structural features; (ii) quality and stability of real estate value and operating cash flow, including debt yield, property type, dynamics of the geography, property type and local market, physical condition, stability of cash flow, leasing velocity and quality and diversity of tenancy; (iii) performance against underwritten business plan; and (iv) quality, experience and financial condition of sponsor, borrower and guarantor(s). Based on a 5-point scale, our loans are rated "1" through "5," from least risk to greatest risk, respectively:

- 1 - Very Low Risk
- 2 - Low Risk
- 3 - Medium Risk
- 4 - High Risk/Potential for Loss—A loan that has a risk of realizing a principal loss; and
- 5 - Default/Loss Likely—A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss.

We generally assign a risk rating of "3" to all loans originated or acquired during the most recent quarter, except when specific circumstances warrant an exception.



Our CECL reserve also reflects estimates of the current and future economic conditions that impact the performance of the commercial real estate assets securing the loans. These estimates include unemployment rates, inflation rates, interest rates, price indices for commercial property, current and expected future availability of liquidity in the commercial property debt and equity capital markets, and other macroeconomic factors that may influence the likelihood and magnitude of potential credit losses for our loans during their anticipated term. We license certain macroeconomic financial forecasts to inform our view of the potential future impact that broader economic conditions may have on our loan portfolio's performance. Selection of the economic forecast or forecasts used, in conjunction with loan level inputs, to determine the CECL reserve requires significant judgment about future events that, while based on the information available to us as of the balance sheet date, are ultimately unknowable with certainty. The actual economic conditions impacting our loan portfolio could vary significantly from the estimates made for the periods presented.

The commercial property investment sales and commercial mortgage loan markets have experienced uneven liquidity due to global macroeconomic conditions, including heightened inflation, changes to fiscal and monetary policy, increased interest rates, currency fluctuations, labor shortages and recent distress in the banking sector, which continue to make it more difficult to estimate key inputs for estimating the allowance for credit losses. The amount of allowance for credit losses is influenced by the size of our loan portfolio, loan asset quality, risk rating, delinquency status, historic loss experience and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. We employ two methods to estimate credit losses in our loan portfolio: (1) a model-based approach and (2) an individually-assessed approach for loans considered to be "collateral-dependent" as the repayment of the loan is expected to be provided substantially through the operation or sale of the underlying collateral and the borrower is experiencing financial difficulty or foreclosure is probable. Estimates made by us are necessarily subject to change due to the limited number of observable inputs and uncertainty regarding the global macroeconomic conditions described above. See Note 2 to the Consolidated Financial Statements in this Form 10-Q for further discussion of our methodologies.

Significant judgment is required when estimating future credit losses and as a result actual losses over time could be materially different. During the three months ended March 31, 2024, we recognized an increase of \$4.4 million to our allowance for credit losses. The credit loss allowance was \$74.1 million as of March 31, 2024.

See Note 2 to our Consolidated Financial Statements included in this Form 10-Q for a listing and description of our significant accounting policies.

#### **Recent Accounting Pronouncements**

For a discussion of recently issued accounting pronouncements, see Note 2 to our Consolidated Financial Statements included in this Form 10-Q.

#### **Subsequent Events**

For a discussion of subsequent events, see Note 16 to our Consolidated Financial Statements included in this Form 10-Q.

***Loan Portfolio Details***

The following table provides details with respect to our loans held for investment portfolio on a loan-by-loan basis as of March 31, 2024 (dollars in millions, except loan per square foot/unit):

Origination or															
Loan	Form of	acquisition	Total	Principal	Amortized	Interest	All-in	Fixed /	Extended		Property	Loan	Loan per		Risk
#	investment	date <sup>(2)</sup>	loan	balance	cost <sup>(3)</sup>	rate	yield <sup>(4)</sup>	floating	maturity <sup>(5)</sup>	City / state	type	type	SQFT / unit	LTV <sup>(6)</sup>	rating <sup>(7)</sup>
First mortgage loans <sup>(1)</sup>															
1	Senior Loan	7/28/2022	\$ 245.0	\$ 245.0	\$ 245.0	S + 3.4%	S + 3.7%	Floating	8/9/2027	San Jose, CA	Multifamily	Bridge	\$444,646 Unit	75.9 %	3
2	Senior Loan <sup>(9)</sup>	8/21/2019	227.1	227.1	227.1	S + 3.0%	S + 3.2%	Floating	9/9/2026	New York, NY	Office	Light Transitional	\$448 Sq ft	65.2 %	3
3	Senior Loan	5/5/2021	215.0	200.4	200.2	S + 4.0%	S + 4.2%	Floating	5/9/2026	Daly City, CA	Life Science	Moderate Transitional	\$545 Sq ft	63.1 %	3
4	Senior Loan <sup>(10)</sup>	9/18/2019	157.5	157.5	157.5	S + 4.1%	S + 4.4%	Floating	12/9/2024	New York, NY	Office	Moderate Transitional	\$708 Sq ft	65.2 %	3
5	Senior Loan	7/20/2021	132.2	132.2	132.2	S + 3.5%	S + 3.9%	Floating	8/9/2026	Various, NJ	Multifamily	Bridge	\$131,839 Unit	71.3 %	3
6	Senior Loan	5/7/2021	122.5	121.1	121.1	S + 3.0%	S + 3.2%	Floating	5/9/2026	Towson, MD	Multifamily	Bridge	\$147,947 Unit	70.2 %	3
7	Senior Loan	6/14/2021	114.0	102.6	102.6	S + 3.2%	S + 3.5%	Floating	7/9/2026	Hayward, CA	Life Science	Moderate Transitional	\$308 Sq ft	49.7 %	3
8	Senior Loan	12/9/2021	96.0	93.0	92.7	S + 3.9%	S + 4.2%	Floating	12/9/2026	Los Angeles, CA	Multifamily	Light Transitional	\$213,808 Unit	78.1 %	3
9	Senior Loan	11/21/2022	87.0	67.6	67.1	S + 5.3%	S + 5.6%	Floating	12/9/2027	Dallas, TX	Office	Moderate Transitional	\$100 Sq ft	60.8 %	3
10	Senior Loan	2/2/2023	86.8	79.1	78.5	S + 5.1%	S + 5.4%	Floating	3/9/2028	Miami, FL	Hotel	Bridge	\$170,866 Unit	58.4 %	3
11	Senior Loan	12/20/2018	78.8	75.0	75.0	S + 4.1%	S + 4.5%	Floating	1/9/2025	Torrance, CA	Mixed-Use	Moderate Transitional	\$219 Sq ft	61.1 %	4
12	Senior Loan	7/28/2022	72.0	72.0	72.0	S + 4.0%	S + 4.3%	Floating	8/9/2027	Yonkers, NY	Multifamily	Bridge	\$400,000 Unit	64.8 %	3
13	Senior Loan	2/9/2022	70.0	66.6	66.6	S + 3.3%	S + 3.6%	Floating	2/9/2027	Various, Various	Industrial	Bridge	\$187 Sq ft	72.1 %	3
14	Senior Loan <sup>(11)</sup>	9/1/2022	70.0	70.0	68.9	S + 3.6%	S + 3.2%	Floating	9/9/2026	Cedar Creek, TX	Hotel	Bridge	\$345,825 Unit	61.2 %	3
15	Senior Loan	9/30/2021	69.0	65.6	65.6	S + 3.8%	S + 4.1%	Floating	10/9/2026	Tampa, FL	Multifamily	Moderate Transitional	\$221,154 Unit	64.2 %	3
16	Senior Loan	7/26/2022	69.0	67.0	66.8	S + 4.2%	S + 4.5%	Floating	8/9/2027	Various, Various	Self Storage	Light Transitional	\$173 Sq ft	66.2 %	3
17	Senior Loan	11/30/2021	65.6	61.0	60.8	S + 3.5%	S + 3.8%	Floating	12/9/2026	St. Louis, MO	Multifamily	Moderate Transitional	\$158,838 Unit	69.3 %	3
18	Senior Loan	6/28/2019	63.9	60.7	60.7	S + 2.6%	S + 2.8%	Floating	7/9/2024	Burlingame, CA	Office	Light Transitional	\$352 Sq ft	70.9 %	3
19	Senior Loan	4/20/2022	63.0	63.0	62.8	S + 3.7%	S + 4.0%	Floating	5/9/2027	Buffalo, NY	Multifamily	Bridge	\$167,553 Unit	67.1 %	3
20	Senior Loan	4/11/2022	62.4	60.2	60.2	S + 3.4%	S + 3.7%	Floating	5/9/2027	San Antonio, TX	Multifamily	Bridge	\$104,017 Unit	81.2 %	4
21	Senior Loan	6/25/2019	62.0	62.0	62.0	S + 3.2%	S + 3.4%	Floating	7/9/2024	Calistoga, CA	Hotel	Moderate Transitional	\$620,000 Unit	48.6 %	2
22	Senior Loan	11/3/2023	62.0	48.7	48.4	S + 3.5%	S + 3.8%	Floating	11/9/2028	Stamford, CT	Multifamily	Moderate Transitional	\$254,098 Unit	66.1 %	3
23	Senior Loan <sup>(12)</sup>	9/1/2022	61.5	61.5	61.4	S + 2.9%	S + 1.9%	Floating	5/9/2026	Raleigh, NC	Multifamily	Bridge	\$188,650 Unit	66.2 %	3
24	Senior Loan	12/29/2021	60.6	56.0	55.8	S + 3.4%	S + 3.7%	Floating	1/9/2027	Rogers, AR	Multifamily	Bridge	\$153,125 Unit	75.9 %	3
25	Senior Loan	3/3/2022	58.0	58.0	58.0	S + 3.4%	S + 3.7%	Floating	3/9/2027	Hampton, VA	Multifamily	Bridge	\$202,091 Unit	72.4 %	3
26	Senior Loan	12/17/2021	52.1	48.8	48.8	S + 3.8%	S + 4.1%	Floating	1/9/2027	Newport News, VA	Multifamily	Light Transitional	\$135,677 Unit	67.3 %	3
27	Senior Loan	10/27/2021	51.9	44.4	44.3	S + 3.5%	S + 3.8%	Floating	11/9/2026	Longmont, CO	Office	Moderate Transitional	\$150 Sq ft	70.6 %	3
28	Senior Loan	6/24/2022	51.6	50.2	50.2	S + 3.8%	S + 4.1%	Floating	7/9/2027	San Antonio, TX	Multifamily	Bridge	\$159,259 Unit	70.2 %	3
29	Senior Loan	1/17/2024	51.3	44.7	44.2	S + 3.1%	S + 3.4%	Floating	2/9/2029	Albuquerque, NM	Multifamily	Light Transitional	\$149,128 Unit	71.7 %	3
30	Senior Loan	12/20/2017	51.0	51.0	51.0	S + 4.9%	S + 5.3%	Floating	3/9/2025	New Orleans, LA	Hotel	Bridge	\$217,949 Unit	59.9 %	3
31	Senior Loan	8/26/2021	51.0	46.0	45.8	S + 4.2%	S + 4.5%	Floating	9/9/2026	San Diego, CA	Life Science	Moderate Transitional	\$599 Sq ft	72.1 %	3
32	Senior Loan	6/2/2021	48.6	48.3	48.3	S + 3.9%	S + 4.2%	Floating	6/9/2026	Fort Lauderdale, FL	Office	Light Transitional	\$187 Sq ft	71.0 %	3
33	Senior Loan	8/10/2022	46.2	38.3	38.1	S + 3.9%	S + 4.4%	Floating	9/9/2027	Plano, TX	Multifamily	Moderate Transitional	\$173,534 Unit	66.3 %	3
34	Senior Loan	9/30/2021	45.9	45.9	45.8	S + 3.4%	S + 3.7%	Floating	10/9/2026	San Antonio, TX	Multifamily	Bridge	\$136,488 Unit	64.1 %	3
35	Senior Loan	3/17/2021	45.4	45.2	45.2	S + 3.4%	S + 3.7%	Floating	4/9/2026	Indianapolis, IN	Multifamily	Light Transitional	\$62,294 Unit	63.7 %	3
36	Senior Loan	12/21/2021	45.0	44.9	44.9	S + 3.8%	S + 4.1%	Floating	1/9/2027	Knoxville, TN	Multifamily	Bridge	\$119,681 Unit	84.9 %	3
37	Senior Loan	8/7/2018	44.5	35.1	35.1	S + 3.5%	S + 3.7%	Floating	4/15/2024	Atlanta, GA	Office	Light Transitional	\$63 Sq ft	61.4 %	3
38	Senior Loan	7/28/2023	43.6	37.2	36.9	S + 4.6%	S + 5.1%	Floating	8/9/2028	Various, AZ	Hotel	Bridge	\$150,345 Unit	63.3 %	3
39	Senior Loan	1/14/2022	43.0	43.0	43.0	S + 3.7%	S + 4.0%	Floating	2/9/2027	Columbia, SC	Multifamily	Bridge	\$162,879 Unit	79.8 %	3
40	Senior Loan	3/30/2018	42.4	41.3	41.3	S + 3.8%	S + 4.0%	Floating	11/22/2024	Honolulu, HI	Office	Light Transitional	\$147 Sq ft	57.9 %	4
41	Senior Loan	7/15/2021	39.0	39.0	39.0	S + 3.6%	S + 3.9%	Floating	8/9/2026	Chicago, IL	Multifamily	Bridge	\$261,745 Unit	78.8 %	4
42	Senior Loan	3/11/2019	37.0	37.0	37.0	S + 4.0%	S + 4.2%	Floating	4/9/2024	Miami Beach, FL	Hotel	Bridge	\$280,303 Unit	59.3 %	3



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Loan #	Form of investment	Origination or acquisition date <sup>(2)</sup>	Total loan	Principal balance	Amortized cost <sup>(3)</sup>	Interest rate	All-in yield <sup>(4)</sup>	Fixed / floating	Extended maturity <sup>(5)</sup>	City / state	Property type	Loan type	Loan per SQFT / unit	LTV <sup>(6)</sup>	Risk rating <sup>(7)</sup>
43	Senior Loan	3/24/2023	37.0	33.8	33.5	S + 3.5%	S + 3.8%	Floating	4/9/2028	Dallas, TX	Industrial	Light Transitional	\$83 Sq ft	61.2 %	3
44	Senior Loan	6/3/2021	36.4	33.9	33.9	S + 3.7%	S + 4.0%	Floating	6/9/2026	Riverside, CA	Mixed-Use	Bridge	\$103 Sq ft	62.2 %	3
45	Senior Loan	3/28/2024	34.0	32.3	31.9	S + 3.9%	S + 4.3%	Floating	4/9/2029	Mesa, AZ	Multifamily	Bridge	\$173,469 Unit	72.9 %	3
46	Senior Loan	6/9/2022	31.2	27.8	27.7	S + 3.6%	S + 3.9%	Floating	6/9/2027	Centerton, AR	Multifamily	Light Transitional	\$156,859 Unit	73.8 %	3
47	Senior Loan	8/23/2022	31.0	29.0	28.8	S + 4.0%	S + 4.7%	Floating	9/9/2027	Marietta, GA	Multifamily	Light Transitional	\$127,049 Unit	68.5 %	3
48	Senior Loan	1/19/2024	31.0	30.1	29.8	S + 3.4%	S + 3.7%	Floating	2/9/2029	Castle Rock, CO	Multifamily	Moderate Transitional	\$303,922 Unit	63.7 %	3
49	Senior Loan	5/14/2021	27.6	27.6	27.5	S + 3.3%	S + 3.6%	Floating	6/9/2026	Pensacola, FL	Multifamily	Moderate Transitional	\$137,752 Unit	72.8 %	3
50	Senior Loan	10/27/2021	24.6	24.1	24.1	S + 5.6%	S + 5.9%	Floating	11/9/2026	San Diego, CA	Life Science	Moderate Transitional	\$814 Sq ft	75.8 %	3
51	Senior Loan	6/29/2022	24.5	22.2	22.1	S + 3.9%	S + 4.2%	Floating	7/9/2027	San Antonio, TX	Multifamily	Light Transitional	\$107,456 Unit	75.5 %	3
Total / weighted average <sup>(8)</sup>			\$ 3,537.7	\$ 3,373.9	\$ 3,367.5	S + 3.7%	S + 3.9%		2.5 years					67.4 %	3.0

\* Numbers presented may not foot due to rounding.

- (1) First mortgage loans are whole mortgage loans unless otherwise noted.
- (2) Date loan was originated or acquired by us. The origination or acquisition date is not updated for subsequent loan modifications.
- (3) Represents unpaid principal balance net of unamortized costs.
- (4) In addition to the interest rate, all-in yield includes the amortization of deferred origination fees, purchase price premium and discount, and accrual of both extension and exit fees. All-in yield for our loan assets and total loan portfolio excludes the applicable floating benchmark interest rate as of March 31, 2024 and excludes the impact of our interest rate floors and borrower interest rate caps.
- (5) Extended maturity assumes all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date. As of March 31, 2024, based on unpaid principal balance, 11.1% of our loans were subject to yield maintenance or other prepayment restrictions and 88.9% were open to repayment by the borrower without penalty.
- (6) Except for construction loans, LTV is calculated for loan originations and existing loans as the total outstanding principal balance of the loan or participation interest in a loan (plus any financing that is *pari passu* with or senior to such loan or participation interest) divided by the as-is appraised value of our collateral at the time of origination or acquisition of such loan or participation interest. For construction loans only, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value of the real estate securing the loan. The as-is or as-stabilized (as applicable) value reflects our Manager's estimates, at the time of origination or acquisition of the loan or participation interest in a loan, of the real estate value underlying such loan or participation interest determined in accordance with our Manager's underwriting standards and consistent with third-party appraisals obtained by our Manager.
- (7) For a discussion of risk ratings, please see Notes 2 and 3 to our Consolidated Financial Statements included in this Form 10-Q.
- (8) Represents the weighted average of the credit spread as of March 31, 2024 for the loans, all of which are floating rate.
- (9) Calculated as the ratio of unpaid principal balance as of March 31, 2024 to the as-is appraised value at origination, to reflect the sale by us in August 2020 of the contiguous mezzanine loan with an unpaid principal balance of \$46.4 million and a commitment amount of \$50.0 million as of sale date.
- (10) This loan is comprised of a first mortgage loan of \$75.5 million and a contiguous mezzanine loan of \$82.0 million, of which we own both. Each loan carries the same interest rate.
- (11) This loan represents a 41.2% *pari passu* participation interest in a first mortgage loan, that was originated by a third party on August 31, 2021 and acquired by us on September 1, 2022.
- (12) This loan was originated by a third party on June 9, 2021 and acquired by us on September 1, 2022.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

#### Investment Portfolio Risks

##### Interest Rate Risk

Our business model seeks to minimize our exposure to changing interest rates by matching duration of our assets and liabilities and match-indexing our assets using the same, or similar, benchmark indices. Accordingly, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income, subject to the impact of interest rate floors embedded in substantially all of our loans. As of March 31, 2024, the weighted average interest rate floor for our loan portfolio was 1.05%. As of March 31, 2024, all of our loans by unpaid principal balance earned a floating rate of interest, subject to the impact of embedded interest rate floors, and were financed with liabilities that require interest payments based on floating rates. As of March 31, 2024, less than 0.8% of our liabilities do not contain interest rate floors greater than zero.

The following table illustrates the impact on our interest income and interest expense, for the twelve-month period following March 31, 2024, of an immediate increase or decrease in the underlying benchmark interest rate of 25, 50 and 75 basis points on our existing floating rate loans held for investment portfolio and related liabilities (dollars in thousands):

Assets (liabilities) subject to interest rate sensitivity <sup>(1)(2)</sup>	Net exposure	Income (expense) subject to interest rate sensitivity	25 Basis Point		50 Basis Point		75 Basis Point	
			Increase	Decrease	Increase	Decrease	Increase	Decrease
Floating rate mortgage loan assets	\$ 3,373,917	Interest income	\$ 8,435	\$ (8,435)	\$ 16,870	\$ (16,870)	\$ 25,304	\$ (25,304)
Floating rate mortgage loan liabilities	(2,633,170)	Interest expense	(6,583)	6,583	(13,166)	13,166	(19,749)	19,749
Total floating rate mortgage loan exposure, net	<u>\$ 740,747</u>	Total change in net interest income	<u>\$ 1,852</u>	<u>\$ (1,852)</u>	<u>\$ 3,704</u>	<u>\$ (3,704)</u>	<u>\$ 5,555</u>	<u>\$ (5,555)</u>

(1) As of March 31, 2024, all of our floating rate mortgage loan assets and all of our floating rate mortgage loan liabilities were subject to Term SOFR as the benchmark interest rate.

(2) Floating rate liabilities include secured credit agreements, a secured revolving credit facility, asset-specific financing arrangements, and collateralized loan obligations.

##### Credit Risk

Our loans are also subject to credit risk. The performance and value of our loans and other investments depend upon the sponsors' ability to operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. To monitor this risk, the asset management team reviews our portfolio and maintains regular contact with borrowers, co-lenders and local market experts to monitor the performance of the underlying collateral, anticipate borrower, property and market issues and, to the extent necessary or appropriate, enforce our rights as the lender.

In addition, we are exposed to the risks generally associated with the commercial real estate market, including variances in occupancy rates, capitalization rates, absorption rates and other macroeconomic factors beyond our control. We seek to manage these risks through our underwriting and asset management processes.

##### Prepayment Risk

Prepayment risk is the risk that principal will be repaid at a different rate than anticipated, causing the return on certain investments to be less than expected. As we receive prepayments of principal on our assets, any premiums paid on such assets are amortized against interest income. In general, an increase in prepayment rates accelerates the amortization of purchase premiums, thereby reducing the interest income earned on the assets. Conversely, discounts on such assets are accreted into interest income. In general, an increase in prepayment rates accelerates the accretion of purchase discounts, thereby increasing the interest income earned on the assets.

#### *Extension Risk*

Our Manager computes the projected weighted average life of our assets based on assumptions regarding the pace at which individual borrowers will prepay the mortgages or extend. If prepayment speeds decrease in a rising interest rate environment or extension options are exercised, the life of our loan investments could extend beyond the term of the secured debt agreements we use to finance our loan investments, except for our CRE CLOs for which the obligation to repay liabilities is tied to the repayment of underlying loans held by the CRE CLO trust. We expect that higher interest rates imposed by the Federal Reserve to rein in inflation may lead to a decrease in prepayment speeds and an increase in the number of our borrowers who exercise extension options. This could have a negative impact on our results of operations. In some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

#### *Non-Performance Risk*

In addition to the risks related to fluctuations in cash flows and asset values associated with movements in interest rates, there is also the risk of non-performance on floating rate assets. In the case of a significant increase in interest rates, the additional debt service payments due from our borrowers may strain the operating cash flows of the collateral real estate assets and, potentially, contribute to non-performance or, in severe cases, default. This risk is partially mitigated by various factors we consider during our underwriting and loan structuring process, including but not limited to, establishing interest reserves in our loans and requiring substantially all of our borrowers to purchase an interest rate cap contract for all, or substantially all, of the initial term of our loan.

#### *Loan Portfolio Value*

We may in the future originate loans that earn a fixed rate of interest on unpaid principal balance. The value of fixed rate loans is sensitive to changes in interest rates. We generally hold all of our loans to maturity, and do not expect to realize gains or losses on any fixed rate loan we may hold in the future, as a result of movements in market interest rates during future periods.

#### *Real Estate Risk*

The market values of commercial mortgage assets are subject to volatility and may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loans, which could also cause us to suffer losses.

### ***Operating and Capital Market Risks***

#### *Liquidity Risk*

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings including margin calls, fund and maintain investments, pay dividends to our stockholders and other general business needs. Our liquidity risk is principally associated with our financing of longer-maturity investments with shorter-term borrowings in the form of secured credit agreements. We are subject to "margin call" risk under our secured credit agreements. In the event that the value of our assets pledged as collateral decreases as a result of changes in credit spreads or interest rates, or due to an other-than-temporary decline in the value of the collateral securing our pledged loan, margin calls relating to our secured credit agreements could increase, causing an adverse change in our liquidity position. Additionally, if one or more of our secured credit agreement counterparties chooses not to provide ongoing funding, we may be unable to replace the financing through other lenders on favorable terms or at all. As such, we provide no assurance that we will be able to roll over or replace our secured credit agreements as they mature from time to time in the future. We maintain frequent dialogue with the lenders under our secured credit agreements regarding our management of their collateral assets.

In some situations, we have in the past, and may in the future, decide to sell assets to adjust our portfolio construction or maintain adequate liquidity. Market disruptions may lead to a significant decline in transaction activity in all or a significant portion of the asset classes in which we invest and may at the same time lead to a significant contraction in short-term and long-term debt and equity funding sources. A decline in market liquidity of real estate-related investments, as well as a lack of availability of observable transaction data and inputs, may make it more difficult to sell assets or determine their fair values. As a result, we may be unable to sell investments, or only be able to sell investments at a price that may be materially different from the fair values presented. Also, in such conditions, there is no guarantee that our borrowing arrangements or other arrangements for obtaining leverage will continue to be available or, if available, will be available on terms and conditions acceptable to us.

### *Capital Markets Risk*

We are exposed to risks related to the equity capital markets and our related ability to raise capital through the issuance of our stock or other equity instruments. We are also exposed to risks related to the debt capital markets and our related ability to finance our business through borrowings under secured credit agreements, secured revolving credit facilities, collateralized loan obligations, mortgage loans, term loans, or other debt instruments or arrangements. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing and terms of capital we raise.

Global macroeconomic conditions, including, without limitation, heightened inflation, changes to fiscal and monetary policy, increased interest rates, stress to the commercial banking systems of the U.S. and Western Europe, currency fluctuations, and labor shortages, have contributed to increased volatility in public debt and equity markets, increased cost of funds and reduced availability of efficient debt capital, factors which caused us to reduce our investment activity in 2023 and the beginning of 2024, and may cause us to restrain our investment activity in the future.

### *Counterparty Risk*

The nature of our business requires us to hold our cash and cash equivalents with, and obtain financing from, various financial institutions. This exposes us to the risk that these financial institutions may not fulfill their obligations to us under these various contractual arrangements. We seek to mitigate this exposure by depositing our cash and cash equivalents and entering into financing agreements with what we believe to be high credit-quality institutions.

The nature of our loans and other investments also exposes us to the risk that our counterparties do not make required interest and principal payments on scheduled due dates. We seek to manage this risk through a comprehensive credit analysis prior to making an investment and rigorous monitoring of the underlying collateral during the term of our investments.

### *Currency Risk*

We may in the future hold assets denominated in foreign currencies, which would expose us to foreign currency risk. As a result, a change in foreign currency exchange rates may have an adverse impact on the valuation of our assets, as well as our income and distributions. Any such changes in foreign currency exchange rates may impact the measurement of such assets or income for the purposes of our REIT tests and may affect the amounts available for payment of dividends on our common stock.

We intend to hedge any currency exposures in a prudent manner. However, our currency hedging strategies may not eliminate all of our currency risk due to, among other things, uncertainties in the timing and/or amount of payments received on the related investments and/or unequal, inaccurate or unavailability of hedges to perfectly offset changes in future exchange rates. Additionally, we may be required under certain circumstances to collateralize our currency hedges for the benefit of the hedge counterparty, which could adversely affect our liquidity.

We may hedge foreign currency exposure on certain investments in the future by entering into a series of forwards to fix the U.S. dollar amount of foreign currency denominated cash flows (interest income, rental income and principal payments) we expect to receive from any foreign currency denominated investments. Accordingly, the notional values and expiration dates of our foreign currency hedges would approximate the amounts and timing of future payments we expect to receive on the related investments.



#### **Item 4. Controls and Procedures**

*Disclosure Controls and Procedures.* We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based upon that evaluation, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024.

*Changes in Internal Control Over Financial Reporting.* There were no changes in our internal control over financial reporting (as such term as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of March 31, 2024, we were not involved in any material legal proceedings. See the “Litigation” section of Note 14 to the consolidated financial statements included in this Form 10-Q for information regarding legal proceedings, which information is incorporated by reference in this Item 1.

### **Item 1A. Risk Factors**

There have been no material changes to the risk factors previously disclosed under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 20, 2024.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.

**Item 6. Exhibits**

Exhibit Number	Description
3.1	<a href="#">Articles of Amendment and Restatement of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (001-38156) filed on July 25, 2017)</a>
3.2	<a href="#">Second Amended and Restated Bylaws of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (001-38156) filed on February 19, 2020)</a>
3.3	<a href="#">Articles Supplementary of 11.0% Series B Cumulative Redeemable Preferred Stock of TPG RE Finance Trust Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (001-38156) filed on May 29, 2020)</a>
3.4	<a href="#">Articles Supplementary of 6.25% Series C Cumulative Redeemable Preferred Stock of TPG RE Finance Trust Inc. (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form 8-A (001-38156) filed on June 10, 2021)</a>
3.5	<a href="#">Articles Supplementary reclassifying and designating 7,000,000 authorized but unissued shares of the Company's 11% Series B Cumulative Redeemable Preferred Stock, \$0.001 par value per share, as additional shares of undesignated preferred stock, \$0.001 par value per share, of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (001-38156) filed on June 24, 2021)</a>
4.1	<a href="#">Specimen Common Stock Certificate of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A (333-217446) filed on June 21, 2017)</a>
31.1	<a href="#">Certificate of Doug Bouquard, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certificate of Robert Foley, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certificate of Doug Bouquard, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>
32.2	<a href="#">Certificate of Robert Foley, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**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 thereunto duly authorized.

Date: April 30, 2024

TPG RE Finance Trust, Inc.

(Registrant)

/s/ Doug Bouquard

Doug Bouquard  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Robert Foley

Robert Foley  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Doug Bouquard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of TPG RE Finance Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2024

/s/ Doug Bouquard

Doug Bouquard

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Foley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of TPG RE Finance Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2024

/s/ Robert Foley

Robert Foley

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY  
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TPG RE Finance Trust, Inc. (the "Company") for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Doug Bouquard, Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2024

/s/ Doug Bouquard

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Doug Bouquard

Chief Executive Officer

(Principal Executive Officer)

*A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY  
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TPG RE Finance Trust, Inc. (the "Company") for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Foley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2024

/s/ Robert Foley

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Robert Foley

Chief Financial Officer

(Principal Financial Officer)

*A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*