Risk Factors Comparison 2024-02-21 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before deciding to purchase shares of our common stock. If any of the events, contingencies, circumstances or conditions described in the risks below actually occurs, they could have a material adverse effect in our business, results of operations and financial conditions or cause our stock price to decline. Risks Related to ~~COVID~~ **Our** Business and Our Investments The real estate investment business is highly competitive and our success depends on our ability to compete,including attracting and retaining qualified executives and key personnel in our vertically integrated investment and asset management business structure.We believe that our success depends significantly upon the experience,skill,resources,relationships and contacts of the executive officers and key personnel in our vertically integrated investment and asset management business structure.The departure of any one or more of these persons from our management team could have a material adverse effect on our performance.Taken together,our ability to achieve our stated objectives and to grow and maintain our business and relationships may be meaningfully compromised by any one or more departures.We may not be able to hire and retain qualified loan originators or grow and maintain our relationships with key loan brokers,and if we are unable to do so,our ability to implement our business and growth strategies could be limited.We depend on our loan originators to generate borrower clients by,among other things,developing relationships with commercial property owners,real estate agents and brokers,developers and others,which we believe leads to repeat and referral business.Accordingly,we must be able to attract,motivate and retain skilled loan originators.The market for loan originators is highly competitive and may lead to increased costs to hire and retain them.We cannot guarantee that we will be able to attract or retain qualified loan originators.If we cannot attract,motivate or retain a sufficient number of skilled loan originators,at a reasonable cost or at all,our business could be materially and adversely affected.We also depend on our network of loan brokers,who generate a significant portion of our loan originations.While we strive to cultivate long ~~-~~ - ~~19 loan originations.While we strive to cultivate long-~~ standing relationships that generate repeat business for us,brokers are free to transact business with other lenders.Our competitors also have relationships with some of our brokers and actively compete with us in bidding on loans shopped by these brokers.We also cannot guarantee that we will be able to maintain or develop new relationships with additional brokers.Our ability to achieve our investment objectives and to pay distributions depends in substantial part upon our performance and the performance of our third- party servicers.Our success depends on the identification and origination or acquisition of investments and the management of our assets and operation of our day- to- day activities.If we perform poorly and as a result are unable to originate and / or acquire our investments successfully,we may be unable to achieve our investment objectives or to pay distributions to stockholders at presently contemplated levels,if at all.Our platform may not be scalable if our business grows substantially,we may be unable to make significant investments on a timely basis or at reasonable costs,or our service providers may be strained by our growth,which could disrupt our business and operations.Similarly,if our third- party servicers perform poorly,we may be unable to realize all cash flow associated with our real estate debt and debt- like investments.Our CRE debt,select equity and securities investments are subject to the risks typically associated with real estate.Our CRE debt,select equity and securities investments are subject to the risks typically associated with real estate,including:• tenant mix;• real estate conditions,such as an oversupply of or a reduction in demand for real estate space in an area;• lack of liquidity inherent in the nature of the assets;• borrower / tenant / operator mix and the success of the borrower / tenant / operator business;• success of tenant businesses;• ability to collect interest / loan obligation / principal,including income recognition and recovery of payment- in- kind interest on applicable loan investments;• property management decisions;• property location,condition and design;• competition from comparable types of properties;• changes in laws that increase operating expenses or limit rents that may be charged;• changes in national,regional or local economic conditions and / or specific industry segments,including the credit and securitization markets;• declines in regional or local real estate values;• declines in regional or local rental or occupancy rates;• **fluctuations (including** increases **)** in interest rates,real estate tax rates and other operating expenses;• compliance with environmental laws;• costs of remediation and liabilities associated with environmental conditions;• the potential for uninsured or underinsured property losses;• changes in governmental laws and regulations,including fiscal policies,zoning ordinances and environmental legislation and the related costs of compliance;and • acts of God,terrorist attacks, **social unrest and civil disturbances.** The **value of** each investment is affected significantly by its ability to generate cash flow and net income,which in turn depends on the amount of financing / interest payments,rental or other income that can be generated net of expenses required to be incurred with respect to the investment.Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced when there is a reduction in income from the properties.Some of our CRE securities may be subject to the risk of first loss and therefore could be adversely affected by payment defaults,delinquencies and others of these risks.These factors may have a material adverse effect on the value and the return that we can realize from our assets,as well as the ability of our borrowers to pay their loans and the ability of the borrowers on the underlying loans securing our securities to pay their loans.The mezzanine loan assets that we have acquired and may acquire in the future will involve greater risks of loss than senior loans secured by income- producing properties.We have and may continue to acquire mezzanine loans,which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity ~~owning the ongoing~~ -- **owning** ~~to the investment.Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced when there is a reduction in income from the properties.Some of our CRE securities may be subject to the risk of first loss and therefore could be adversely affected by payment defaults,delinquencies and others of~~

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result of foreclosure by the senior lender.In addition,mezzanine loans may have higher loan- to- value ratios than conventional mortgage loans,resulting in less equity in the property and increasing the risk of loss of principal.If a borrower defaults on our mezzanine loan or debt senior to our loan,or in the event of a borrower bankruptcy,our mezzanine loan will be satisfied only after the senior debt is paid in full.Where debt senior to our loan exists,the presence of intercreditor arrangements between the holder of the mortgage loan and us,as the mezzanine lender,may limit our ability to amend our loan documents,assign our loans,accept prepayments,exercise our remedies and control decisions made in bankruptcy proceedings relating to borrowers.As a result,we may not recover some or all of our investment,which could result in losses.In addition,even if we are able to foreclose on the underlying collateral following a default on a mezzanine loan,we would be substituted for the defaulting borrower and,to the extent income generated on the underlying property is insufficient to meet outstanding debt obligations on the property,may need to commit substantial additional capital to stabilize the property and prevent additional defaults to lenders with existing liens on the property.Significant losses related to our mezzanine loans could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.Participating interests may not be available and,even if obtained,may not be realized.In connection with the origination or acquisition of certain structured finance assets,subject to maintaining our qualification as a REIT,we have obtained and may continue to obtain participating interests,or equity " kickers," in the owner of the property that entitle us to payments based upon a development' s cash flow or profits or any increase in the value of the property that would be realized upon a refinancing or sale thereof.Competition for participating interests is dependent to a large degree upon market conditions.Participating interests are more difficult to obtain when real estate financing is available at relatively low interest rates.Participating interests are not insured or guaranteed by any governmental entity and are therefore subject to the general risks inherent in real estate investments.Therefore,even if we are successful in making investments that provide for participating interests,there can be no assurance that such interests will result in additional payments to us.Any distressed loans or investments we make,or loans and investments that later become distressed,may subject us to losses and other risks relating to bankruptcy proceedings.While our investment strategy focuses primarily on investments in " performing " real estate- related interests,our investment program may include making distressed investments from time to time (e.g.,investments in defaulted,out- of- favor or distressed bank loans and debt securities) or may involve investments that become " non- performing " following our acquisition thereof.Certain of our investments may,therefore,include specific securities of companies that typically are highly leveraged,with significant burdens on cash flow and,therefore,involve a high degree of financial risk.During an economic downturn or recession,securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers.Securities of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties.The market prices of such securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected.Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk.In certain limited cases (e.g.,in connection with a workout,restructuring and / or foreclosing proceedings involving one or more of our debt investments),the success of our investment strategy with respect thereto will depend,in part,on our ability to effectuate loan modifications and / or restructures.Identifying and implementing any such restructuring programs entails a high degree of uncertainty.There can be no assurance that we will be able to successfully identify and implement restructuring programs.Further,such modifications and / or restructuring may entail,among other things,a substantial reduction in the interest rate and a substantial writedown of the principal of such loan,debt securities or other interests.However,even if a restructuring were successfully accomplished,a risk exists that,upon maturity of such real estate loan,debt securities or other interests replacement " takeout " financing will not be available.These financial difficulties may never be overcome and may cause borrowers to become subject to bankruptcy or other similar administrative proceedings.There is a possibility that we may incur substantial or total losses on our investments and in certain circumstances,become subject to certain additional potential liabilities that may exceed the value of our original investment therein.For example,under certain circumstances,a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.In any reorganization or liquidation proceeding relating to our investments,we may lose our entire investment,may be required to accept cash or securities with a value less than our original investment and / or may be required to accept payment over an extended period of time.In addition,under certain circumstances,payments to us and distributions by us to the stockholders may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance,preferential payment or similar transaction under applicable bankruptcy and insolvency laws.Furthermore,bankruptcy laws and similar laws applicable to administrative proceedings may delay our ability to realize on collateral for loan positions held by us or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the " cramdown " provisions of the bankruptcy laws.Provisions for loan losses and impairment charges are difficult to estimate,particularly in a challenging economic environment and if they turn out to be incorrect,our results of operations and financial condition could be materially and adversely impacted.In a challenging economic environment,we may experience an increase in provisions for loan losses and asset impairment charges,as borrowers may be unable to remain current in payments on loans and declining property values weaken our collateral.Our determination of provision for loan losses requires us to make certain estimates and judgments based on a number of factors,including,but not limited to,execution of business plan and projected cash flow from the collateral securing our CRE debt,structure,including the availability of reserves and recourse guarantees,likelihood of repayment in full at the maturity of a loan,potential for refinancing and expected market discount rates for varying property types,all of which remain uncertain and are subjective.Some of our investments have limited liquidity or are not publicly traded and so we estimate the fair value of these investments on a quarterly basis.Also,the analysis of the value or income- producing ability of commercial property is highly subjective.Our estimates and judgments may not be correct,particularly during challenging economic environments when market volatility may make it difficult to determine the fair value of certain of our assets and liabilities or the likelihood of repayment of loans we originate.Subsequent valuations and estimates,in light of factors then prevailing,may result in decreases in the values of our assets resulting in impairment charges or increases in loan loss provisions and therefore our results of operations,financial condition and our ability to make distributions to stockholders could be materially and adversely impacted.Prepayment rates may adversely affect the value of our portfolio of assets.Generally,our borrowers may repay their loans prior to their stated final maturities.In periods of declining interest rates and / or credit spreads,prepayment rates on loans generally increase.If general interest rates or credit spreads decline at the same time,the proceeds of such prepayments received during such periods are likely to be reinvested by us in assets yielding less than the yields on the assets that were prepaid.Conversely,prepayment rates generally decrease in periods of increasing or high interest rates.In such circumstances,our borrowers may hold onto their assets for extended periods of time,have difficulty refinancing their assets,and subject our loans to risks of non- performance,payment and / or maturity defaults and potential losses.In addition,the value of our assets may be affected by prepayment rates on loans.If we originate or acquire mortgage- related securities or a pool of mortgage securities,we anticipate that the underlying mortgages will prepay at a projected rate generating an expected yield.If we purchase assets at a premium to par value,when borrowers prepay their loans faster than expected,the corresponding prepayments on the mortgage- related securities may reduce the expected yield on such securities because we will have to amortize the related premium on an accelerated basis.Conversely,if we purchase assets at a discount to par value,when borrowers prepay their loans slower than expected,the decrease in corresponding prepayments on the mortgage- related securities may reduce the expected yield on such securities because we will not be able to accrete the related discount as quickly as originally anticipated.In addition,as a result of the risk of prepayment,the market value of the prepaid assets may benefit less than other fixed income securities from declining interest rates.Prepayment rates on loans may be affected by a number of factors including,but not limited to,the then- current level of interest rates and credit spreads,fluctuations in asset values,the availability of mortgage credit,the relative economic vitality of the area in which the related properties are located,the servicing of the loans,possible changes in tax laws,other opportunities for investment,and other economic,social,geographic,demographic and legal factors and other factors beyond our control.Consequently,such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks.We invest in preferred equity interests,which involve a greater risk than conventional senior,junior or mezzanine debt financing.Our preferred equity investments involve a higher degree of risk than conventional debt financing due to a variety of factors,including their non- collateralized nature and subordinated ranking to other loans and liabilities of the entity in which such preferred equity is held.Accordingly,if the issuer defaults on our investment,we would only be able to proceed against such entity in accordance with the terms of the preferred security,and not against any property owned by such entity.Furthermore,in the event of bankruptcy or foreclosure,we would only be able to recoup our investment after all lenders to,and other creditors of,such entity are paid in full.As a result,we may lose all or a significant part of our investment,which could result in significant losses,have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.We invest in commercial properties subject to net leases,which could subject us to losses.We invest in commercial properties subject to net leases.Typically,net leases require the tenants to pay substantially all of the operating costs associated with the properties.As a result,the value of,and income from,investments in commercial properties subject to net leases will depend,in part,upon the tenant maintaining or renewing its lease and the ability of the applicable tenant to meet its obligations to maintain the property under the terms of the net lease.If a tenant fails or becomes unable to maintain a property or maintain or renew its lease,we will be subject to all risks associated with owning the underlying real estate.Under many net leases,however,the owner of the property retains certain obligations with respect to the property,including,among other things,the responsibility for maintenance and repair of the property,to provide adequate parking,maintenance of common areas and compliance with other affirmative covenants in the lease.If we were to fail to meet any such obligations,the applicable tenant could abate rent or terminate the applicable lease,which could result in a loss of our capital invested in,and anticipated profits from,the property. ~~We expect that some~~ **Some** commercial properties subject to net leases in which we invest ~~generally~~ **are and** will be occupied by a single tenant and,therefore,the success of these investments will be materially dependent on the financial stability of each such tenant and,in certain circumstances,renewing or extending its lease.A default of any such tenant on its lease payments to us or failure to renew would cause us to lose the revenue from the property and cause us to have to find an alternative source of revenue to meet operating expenses or any mortgage payment and prevent a foreclosure if the property is subject to a mortgage.In the event of a default,we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re- letting our property.If a lease is terminated,we may also incur significant losses to make the leased premises ready for another tenant and experience difficulty or a significant delay in re- leasing such property.In addition,net leases typically have longer lease terms and,thus,there is an increased risk that contractual rental increases or renewal rights and associated rates in future years will fail to result in fair market rental rates during those years.We may acquire these investments through sale- leaseback transactions,which involve the purchase of a property and the leasing of such property back to the seller thereof.If we enter into a sale- leaseback transaction,we will seek to structure any such sale- leaseback transaction such that the lease will be characterized as a " true lease " for U.S.federal income tax purposes,thereby allowing us to be treated as the owner of the property for U.S.federal income tax purposes.However,we cannot assure you that the Internal Revenue Service (the " IRS ") will not challenge such characterization.In the event that any such sale- leaseback transaction is challenged and recharacterized as a financing transaction or loan for U.S.federal income tax purposes,deductions for depreciation and cost recovery relating to such property would be disallowed.If a sale- leaseback transaction were so recharacterized,we might fail to satisfy the REIT qualification " asset tests " or " income tests " and,consequently,lose our REIT status effective with the year of recharacterization.Alternatively,the amount of our REIT taxable income could be recalculated,which might also cause us to fail to meet the REIT distribution requirement for a taxable year.We invest in CRE securities,including CMBS and CDOs,which entail certain heightened risks and are subject to losses.We have invested and may invest in a variety of CRE securities,including CMBS,CDOs and other subordinate securities.The market for CRE securities is dependent upon liquidity for refinancing and may be negatively impacted by a slowdown in new issuance.For example,the equity interests of CDOs are illiquid and often must be held by a REIT.CRE securities such as CMBS may be subject to particular risks,including lack of standardized terms and payment of all or substantially all of the principal only at maturity rather than regular amortization of principal.The value of CRE securities may change due to interest rates,credit spreads,as well as shifts in the market' s perception of issuers and regulatory or tax changes adversely affecting the CRE debt market as a whole.The exercise of remedies and successful realization of liquidation proceeds relating to CRE securities may be highly dependent upon the performance of the servicer or special servicer.Ratings for CRE securities can also adversely affect their value.Our investments in CMBS and CDOs are also subject to losses.In general,losses on a mortgaged property securing a mortgage loan included in a securitization will be borne first by the equity holder of the property,then by a cash reserve fund or letter of credit,if any,then by the holder of a mezzanine loan or B- Note,if any,then by the " first loss " subordinated security holder (generally,the " B- Piece " buyer) and then by the holder of a higher- rated security.In the event of default and the exhaustion of any equity support,reserve fund,letter of credit,mezzanine loans or B- Notes,and any classes of securities junior to those in which we invest,we will not be able to recover all of our investment in the securities we purchase.In addition,if the underlying mortgage portfolio has been overvalued by the originator,or if the values subsequently decline and,as a result,less collateral is available to satisfy interest and principal payments due on the related CMBS or CDO,there would be an increased risk of loss.The prices of lower credit quality securities are generally less sensitive to interest rate changes than more highly rated investments,but more sensitive to adverse economic downturns or individual issuer developments.Adverse changes in general **economic conditions could adversely impact our business,financial condition and results of operations.Our business is closely tied to general economic conditions of the areas where our investments are located and in the real estate industry generally.As a result,our economic performance,the value of our CRE debt and debt- like investments,real estate and real estate- related investments,and our ability to implement our business strategies may be significantly and adversely affected by changes in economic conditions in the United States where a substantial number of our investments are located and in international geographic areas,as applicable.The condition of the real estate markets in which we operate is cyclical and depends on the condition of the economy in the United States and Europe and elsewhere as a whole and to the perceptions of investors of the overall economic outlook.Rising interest rates,declining employment levels,declining demand for real estate,declining real estate values or periods of general economic slowdown or recession,public health crises such as the** COVID- 19 pandemic, ~~measures intended to~~ **increasing political instability or uncertainty, or the perception that any of these** ~~prevent~~ -- **events** ~~its spread~~ **may occur have negatively impacted the real estate market in the past** and ~~government actions~~ **may in the future negatively impact our operating performance. Declining real estate values could reduce our level of new loan originations and make borrowers less likely** to ~~mitigate its~~ **service the principal and interest on our CRE debt investments. Slower than expected** economic ~~impact have had~~ **growth pressured by a strained labor market, could result in lower occupancy rates** and **lower lease rates across** ~~may~~ **many** ~~continue~~ **property types, which could create obstacles for us** to **achieve** ~~have a material adverse effect on~~ our business **plans** ~~, results of operations and financial condition~~ . ~~The~~ **Unforeseen global events such as the** COVID- 19 pandemic **may create** ~~has caused and continues to cause~~ significant **dislocation** ~~disruptions to the U. S. and global economies and has contributed to volatility and negative pressure~~ in **the** financial markets, the significance, extent and duration of...... financial assets and liabilities, any of which could **impact our lenders' willingness** ~~result in the inability to make payments under our~~ - **or** ~~credit and other borrowing facilities, affect our~~ ability to meet liquidity, net worth,...... our lenders will become unwilling or unable to provide us with financing and we could be forced to sell our assets at an inopportune time when prices are depressed. In addition, ~~if~~ **the economic condition of each local market where we operate may depend on one or more key industries within that market, which, in turn, makes our business sensitive to the performance of** ~~the~~ **those** ~~regulatory~~ **industries. Adverse changes in general economic conditions may also disrupt the debt and equity** capital ~~requirements~~ **markets and lack of access to capital or prohibitively high costs of obtaining or replacing capital may materially and adversely affect our business. We have only a limited ability to change our portfolio promptly in response to economic or other conditions. Certain significant expenditures, such as debt service costs, real estate taxes, and operating and maintenance costs, are generally not reduced when market conditions are poor. These factors** ~~imposed~~ -- **impede us from responding quickly to changes in the performance of our investments and could adversely impact our business, financial condition and results of operations. Inflation, along with government measures to control inflation, may have an adverse effect** on our **investments** .The United States and other countries have in the past experienced extremely high rates of inflation.Inflation,along with governmental measures to control inflation,coupled with public speculation about possible future governmental measures to be adopted,has had significant negative effects on national,regional and local economies in the past and this could occur again in the future.The introduction of governmental policies to curb inflation can have an adverse effect on our business.High inflation in the United States and other countries in which we conduct our investment activities and hold our investments could increase our expenses and we may not be able to pass these increased costs on to our borrowers.Additionally,warehouse ~~lenders~~ lenders ~~change, they~~ may ~~be required to significantly~~ **take a more conservative stance by** ~~increase~~ **increasing** ~~the~~ **funding** ~~cost~~ **costs** ~~of~~ **, which may also lead to margin calls causing a negative impact on our liquidity. Similarly, inflationary factors may have a negative impact on our underlying borrowers, collateral and business plans, which could adversely affect** the ~~financing~~ **performance of our investments and results from operations. Shifts in consumer patterns, work from home policies and advances in communication and information technology** that **affect** ~~they~~ - **the** ~~provide to us~~ **use of traditional retail, hotel and office space may have an adverse impact on the value of certain of our debt and equity investments. In recent periods, sales by online retailers have increased, and many retailers operating brick and mortar stores have made online sales a vital piece of their businesses, which have been influenced by consumer habits associated with COVID- 19. Some of our debt and equity investments involve exposure to the ongoing operations of brick and mortar retailers** . Our ~~lenders also~~ **loans collateralized by hotels, retail and office properties and mezzanine loans and preferred equity interests are disproportionately impacted by the effects of COVID- 19. Technology and work from home policies** have ~~revised~~ and ~~may~~ **will** continue to **impact** ~~revise their eligibility requirements for the types of assets they~~ - **the** ~~are willing to finance or~~ **use of office space and** the ~~terms~~ **adaption and evolution** of such **policies** ~~financings, including haircuts~~ and **technology have accelerated due to** ~~requiring additional collateral in the form of cash, based on, among other~~ -- **the lasting** ~~factors, the regulatory environment and their management of actual and perceived risk, particularly with respect to assignee liability. These events may negatively~~ impact **of** ~~our ability to fund our operations, meet financial obligation and finance target asset acquisitions. In connection with the market disruptions resulting from~~ the COVID- 19 pandemic **. The office market has seen a shift in the use of space due to the availability of practices such as telecommuting** , ~~we changed~~ **videoconferencing and, prior to the pandemic, renting shared work spaces. These trends have led to more efficient workspace layouts and higher percentages of employees working from home and, therefore, a decrease in square feet leased per employee. The continuing impact of technology could result in tenant downsizings upon renewal,** ~~our~~ - **or** ~~interest~~ **in tenants seeking office space outside of the typical central business district. These trends could continue to cause an increase in vacancy** ~~rate~~ **rates** ~~hedging strategy~~ and ~~closed out of,~~ **a decrease in demand** ~~or~~ **for** ~~terminated a portion~~ **new supply, and could impact the value** of our ~~interest~~ **debt and equity investments. Technology platforms such as AirBnB and VRBO have provided leisure and business travelers with lodging options outside of the hotel industry. These services effectively have increased the supply of rooms available in many major markets. This additional supply could negatively impact the occupancy and room** ~~rate~~ **rates at more traditional hotels** ~~hedges, incurring realized losses~~ . As a result **of the foregoing** , ~~interest rate risk exposure~~ the value of our debt and equity investments,and results of operations could be adversely affected.We are subject to significant competition,and we may not be able to compete successfully for investments,which could have a material adverse effect on our business,financial condition and results of operations.We are subject to significant competition for attractive investment opportunities from other financing institutions and investors,including those focused primarily on real estate and real estate- related investment activities,some of which have greater financial resources than we do,including publicly traded REITs,non- traded REITs,insurance companies,commercial and investment banking firms,private institutional funds,hedge funds,private equity funds and other investors.Our competitors,including other REITs,may raise significant amounts of capital,and may have investment objectives that ~~is~~ **overlap with our investment objectives, which may create additional competition for lending and other investment opportunities. Some of our competitors may have a lower cost of funds and access to funding sources that may not be available to us or are only available to us on substantially less attractive terms. Many of our competitors are not subject to the operating constraints** associated with REIT tax compliance or maintenance of an exclusion or exemption from the Investment Company Act.In addition,some of our competitors may have higher risk tolerances or different risk assessments,which could allow them to consider a wider variety of investments and establish more lending relationships than we can.If we pay higher prices for investments or originate loans on less advantageous terms to us,our returns may be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets.As we reinvest capital,we may not realize risk adjusted returns that are as attractive as those we have realized in the past.In addition,further changes in the financial regulatory regime could decrease the current restrictions on banks and other financial institutions and allow them to compete with us for investment opportunities that were previously not available to them.As a result of this competition,desirable loans and investments in our target assets may be limited in the future,and we may not be able to take advantage of attractive lending and investment opportunities from time to time.In addition,reduced CRE transaction volume could increase competition for available investment opportunities.We can provide no assurance that we will be able to identify and originate loans or make investments that are consistent with our investment objectives.We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business,financial condition and results of operations.We may not have control over certain of our loans and investments.Our ability to manage our portfolio of loans and investments may be limited by the form in which they are made.In certain situations,we may:• acquire investments subject to rights of senior classes,special servicers or collateral managers under intercreditor,servicing agreements or securitization documents;• pledge our investments as collateral for financing arrangements;• acquire only a minority and / or a noncontrolling participation in an underlying investment;• co- invest with others through partnerships,joint ventures or other entities,thereby acquiring noncontrolling interests;or • rely on independent third- party management or servicing with respect to the management of an asset.Therefore,we may not be able to exercise control over all aspects of our loans or investments.Such financial assets may involve risks not present in investments where senior creditors,junior creditors,servicers or third parties controlling investors are not involved.Our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours.A partner or co- venturer may have financial difficulties resulting in a negative impact on such asset,may have economic or business interests or goals that are inconsistent with ours,or may be in a position to take action contrary to our investment objectives.In addition,we may,in certain circumstances,be liable for the actions of our partners or co-venturers.Most of the commercial mortgage loans that we originate or acquire are non- recourse loans.Except for customary non- recourse carve- outs for certain actions and **environmental** ~~liabilities~~ **liability , most commercial mortgage loans are effectively non- recourse obligations of the sponsor and borrower, meaning that there** is no ~~longer being hedged in~~ **recourse against the assets of the borrower or sponsor** ~~the~~ **other** ~~manner~~ **than the underlying collateral. In the event of any default under a commercial mortgage loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the principal of and accrued interest on the mortgage loan, which could materially and adversely affect us. There can be no assurance** that **the value of the assets securing** ~~we previously used to address interest rate risk and~~ our **commercial mortgage loans will** ~~revised strategy to address interest rate risk may~~ not **deteriorate over time due** ~~be effective and could result in the incurrence of future realized losses. In response~~ to **factors beyond our control, as was** the ~~market dislocations resulting~~ **case during the credit crisis and the economic recession that began in 2008 or in asset volatility experienced during and continuing** from the ~~global pandemic of~~ COVID- 19 **pandemic. Even if a commercial mortgage loan is recourse to the borrower (or if a non- recourse carve- out to the borrower applies)** , ~~we~~ **in most cases, the borrower' s assets are limited primarily to its interest in the related mortgaged property. Further, although a commercial mortgage loan may provide for limited recourse to a principal or affiliate of the related borrower, there is no assurance that any recovery from such principal or affiliate will be** made **or** ~~the determination~~ that **such principal' s or affiliate' s assets** would be sufficient to pay any otherwise recoverable claim.In the event of the bankruptcy of a borrower,the loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court),and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession to the extent the lien is unenforceable under state law.We may be subject to risks associated with future advance or capital expenditure obligations,such as declining real estate values and operating performance.Our CRE debt investments may require us to advance future funds.We may also need to fund capital expenditures and other significant expenses for our real estate property investments.Future funding obligations subject us to significant risks,such as a decline in value of the property,cost overruns and the borrower or tenant may be unable to generate enough cash flow and execute its business plan,or sell or refinance the property,in order to repay its obligations to us.We could determine that we need to fund more money than we originally anticipated in order to maximize the value of our investment even though there is no assurance additional funding would be the best course of action.Further,future funding obligations may require us to maintain higher liquidity than we might otherwise maintain and this could reduce the overall return on our investments.We could also find ourselves in a position with insufficient liquidity to fund future obligations.We may be unable to restructure our investments in a manner that we believe maximizes value,particularly if we are one of multiple creditors in a large capital structure.In order to maximize value,we may be more likely to extend and work out an investment rather than pursue other remedies such as taking title to collateral.However,in situations where there are multiple creditors in large capital structures,it can be particularly difficult to assess the most likely course of action that a lender group or the borrower may take and it may also be difficult to achieve consensus among the lender group as to major decisions.Consequently,there could be a wide range of potential principal recovery outcomes,the timing of which can be unpredictable,based on the strategy pursued by a lender group or other applicable parties.These multiple creditor situations tend to be associated with larger loans.If we are one of a group of lenders,we may not independently control the decision- making.Consequently,we may be unable to restructure an investment in a manner that we believe would maximize value.We have invested in,and may continue to invest in, ~~certain assets with lower credit quality,which will~~ certain **assets with lower credit quality, which will increase our risk** of **losses and may reduce distributions to stockholders and may adversely affect the value of our common stock. We have invested in, and may continue to invest in, unrated** ~~our~~ - or non- investment grade CRE securities or investments whose ratings have been downgraded or withdrawn,enter into leases with unrated tenants or participate in subordinate,unrated or distressed mortgage loans.The non- investment grade ratings for these assets typically result from the overall leverage of the loans,the lack of a strong operating history for the borrower owners or the properties underlying the loans or securities,the borrowers' credit history,the properties' underlying cash flow or other factors.Because the ability of obligors of properties and mortgages,including mortgage loans underlying CMBS,to make rent or principal and interest **payments may be impaired during an economic downturn, prices of lower credit quality investments and CRE securities may decline. As a result, these investments may have a higher risk of default and loss than investment grade** ~~rate~~ **rated** ~~hedges grade rated~~ assets and may significantly decline in value.The existing credit support in the securitization structure may be insufficient to protect us against loss of our principal on these investments.Any loss we incur may be significant,reduce distributions to stockholders and adversely affect the value of our common stock.Insurance may not cover all potential losses on CRE investments,which may impair the value of our assets.We generally require that each of the borrowers under our CRE debt investments obtain comprehensive insurance covering the collateral,including liability,fire and extended coverage.We also generally obtain insurance directly on any property we acquire.However,there are certain types of losses,generally of a catastrophic nature,such as earthquakes,floods and hurricanes that may be uninsurable or not economically insurable.We may not obtain,or require borrowers to obtain,certain types of insurance if it is deemed commercially unreasonable.Inflation,changes in building codes and ordinances,environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed.Further,it is possible that our borrowers could breach their obligations to us and not maintain sufficient insurance coverage.Under such circumstances,the insurance proceeds,if any,might not be adequate to restore the economic value of the property,which might decrease the value of the property and in turn impair our investment.The leases at the properties underlying CRE debt investments or the properties held by us may not be relet or renewed on favorable terms,or at all,which may result in a reduction in our net income,and as a result we may be required to reduce or eliminate cash distributions to stockholders.Our investments in real estate will be pressured if economic conditions and rental markets continue to be challenging.For instance,upon expiration or early termination of leases for space located at our properties,the space may not be relet or,if relet,the terms of the renewal or reletting (including the cost of required renovations or concessions to tenants) may be less favorable than current lease terms.We may be receiving above market rental rates which will decrease upon renewal,which will adversely impact our income and could harm our ability to service our debt and operate successfully.Weak economic conditions would likely reduce tenants' ability to make rent payments in accordance with the contractual terms of their leases and lead to early termination of leases.Furthermore,commercial space needs may contract,resulting in lower lease renewal rates and longer releasing periods when leases are not renewed.Any of these situations may result in **extended periods** ~~were~~ **where there is a significant decline in revenues or** no ~~longer effective in hedging asset~~ **revenues generated by a property. Additionally, to the extent that** market ~~values and terminated or closed out a portion of~~ **rental rates are reduced, property- level cash flow would likely be negatively affected as existing leases renew at lower rates. If we are unable to relet** ~~our~~ - **or** ~~outstanding~~ renew leases for all or substantially all of the space at these properties,if the rental rates upon such renewal or reletting are significantly lower than expected,or if our reserves for these purposes prove inadequate,we will experience a reduction in net income and may be required to reduce or eliminate cash distributions to stockholders.Our investment strategy may not be successful,or there may be delays,in locating or allocating suitable investments,which could limit our ability to make distributions and lower the overall return on stockholders' investment.Our investment strategy may not be successful in locating suitable investments on financially attractive terms.If we,are unable to find and allocate suitable investments promptly,we may hold the funds available for investment in an interest ~~rate hedges~~ **- bearing account or invest the proceeds in short- term assets** . ~~While~~ **We expect that the income we earn on these temporary investments will not be substantial. In the event** we are ~~monitoring market conditions are~~ unable to timely locate suitable investments,we may be unable or limited in our ability to pay distributions,and we may not be able to meet our investment objectives.Further,the more money we have available for investment,the more difficult it will be to invest the funds promptly and on attractive terms.If we are able to identify suitable investments,it may not be successful in consummating the investment,resulting in increased costs and diversion in the investment professionals' time,or if consummated,the returns on the investments may be below expectations.The due diligence process that we undertake in regard to investment opportunities may not reveal all facts that may be relevant in connection **with** ~~and~~ - **an** ~~determining when~~ **investment and if we incorrectly evaluate the risks of our investments, we may experience losses. The success of our origination or acquisition of investments significantly depends on the financial stability of the borrowers and tenants underlying such investments. Before making a loan to a borrower, we assess the strength and skills of an entity' s management and other factors that** we believe ~~or whether it would be appropriate and effective to re~~ **are** ~~- implement interest rate hedging strategies~~ **material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence** , ~~including~~ **we rely on the resources available to us and, in some cases, an investigation** by **third parties. Appraisals** ~~taking into account our future business activities~~ and ~~assets~~ **engineering** and **environmental reports** ~~liabilities, we have and will continue to be exposed to the impact that changes in benchmark interest rates may have on the value of the loans, securities and other assets we own that are sensitive to interest rate changes~~ , as well as ~~long~~ **a variety of other third** - **party** reports are not guarantees of present or future value.One appraiser may reach a different conclusion than the conclusion that would be reached if a different appraiser were appraising that property.Moreover,the values of the properties may have fluctuated significantly since the appraisals were performed.In addition,any third- party report,including any engineering report,environmental report,site inspection or appraisal represents only the analysis of the individual consultant,engineer or inspector preparing such report at the time of such report,and may not reveal all necessary or desirable repairs,maintenance,remediation and capital improvement items.There can be no assurance that our due diligence processes will uncover all relevant facts or that any investment will be successful.The inability of a single major borrower or tenant,or a number of smaller borrowers or tenants,to meet their payment obligations could result in reduced revenue or losses.Because real estate investments are relatively illiquid,we may not be able to vary our portfolio in response to changes in economic and other conditions,which may result in losses to us.Many of our investments are illiquid.A variety of factors could make it difficult for us to dispose of any of our assets on acceptable ~~terms term~~ **terms** ~~terms~~ even if a disposition is in the best interests of stockholders.We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us.We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.Certain properties may also be subject to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions,such as a limitation on the amount of financing that can be placed or repaid on that property.We may be required to expend cash to correct defects or to make improvements before a property can be sold,and we cannot provide assurance that we will have cash available to correct those defects or to make those improvements.The Code also places limits on our ability as a REIT to sell certain properties held for fewer than two years.Borrowers under certain of our **CRE** debt ~~obligations debt~~ investments may give their tenants or other persons similar rights with respect to the collateral.Similarly,we may also determine to give our tenants a right of first refusal or similar options.Such rights could negatively affect the residual value or marketability of the property and impede our ability to sell the collateral or the property.As a result,our ability to sell investments in response to changes in economic and other conditions could be limited.To the extent we are unable to sell any property for its book value or at all,we may be required to take a non- cash impairment charge or loss on the sale,either of which would reduce our earnings.Limitations on our ability to respond to adverse changes in the performance of our investments may have a material adverse effect on our business,financial condition and results of operations and our ability to make distributions to stockholders.Our joint venture partners could take actions that decrease the value of an investment to us and lower our overall return.We currently have,and may in the future enter into,joint ventures with third parties.We may also make investments in partnerships or other co- ownership arrangements or participations.Such investments may involve risks not otherwise present with other methods of investment,including,for instance,the following risks:• our joint venture partner in an investment could become insolvent or bankrupt;• fraud or other misconduct by our joint venture partners;• we may share decision- making authority with our joint venture partners regarding certain major decisions affecting the ownership of the joint venture and the joint venture investment,such as the management of the CRE debt,sale of the property or the making of additional capital contributions for the benefit of the loan or property,which may prevent us from taking **actions** that are ~~sensitive~~ **opposed by our joint venture partner; • such joint venture partner may at any time have economic or business interests or goals that are or that become in conflict with our business interests or goals, including for example the management of the CRE debt or operation of the properties; • such joint venture partner may be in a position** to **take action contrary to our instructions or requests or contrary to our policies or objectives; • our joint venture partners may be structured differently than us for tax purposes and this could create conflicts of** interest ~~conflicts of interest~~ and risk to our REIT status;• we may rely upon our joint venture partners to manage the day- to- day operations of the joint venture and underlying loans or assets,as well as to prepare financial information for the joint venture and any failure to perform these obligations may have a negative impact our performance and results of operations;• our joint venture partner may experience a change of control,which could result in new management of our joint venture partner with less experience or conflicting interests to ours and be disruptive to our business;• the terms of our joint ventures could restrict our ability to sell or transfer our interest to a third party when we desire on advantageous terms,which could result in reduced liquidity;and • our joint venture partners may not have sufficient personnel or appropriate levels of expertise to adequately support our initiatives **.** Any of the above might subject us to liabilities and thus reduce our returns on our investment with that joint venture partner.In addition,disagreements or disputes between us and our joint venture partner could result in litigation,which could increase our expenses and potentially limit the time and effort our officers and directors are able to devote to our business.Further,in some instances,we and / or our partner may have the right to trigger a buy- sell arrangement,which could cause us to sell our interest,or acquire our partner' s interest,at a time when we otherwise would not have initiated such a transaction.Our ability to acquire our partner' s interest may be limited if we do not have sufficient cash,available borrowing capacity or other capital resources.In such event,we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it.Our investments that are not denominated in U.S.dollars subject us **to currency** rate ~~rate~~ exposure and may adversely impact our status as a REIT.We have investments in triple net leases,other real estate investments and loans that are denominated in euros and the Norwegian kroner,and may in the future have investments denominated in other foreign currencies,which expose us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S.dollar.A change in foreign currency exchange rates may have an adverse impact on the valuation of our equity in foreign investments and loans denominated in currencies other than the U.S.dollar.We may not be able to successfully hedge the foreign currency exposure and may incur losses on these investments as a result of exchange rate fluctuations.In addition **,** changes ~~. Moreover,~~ **in foreign currency exchange rates used** to ~~the extent the~~ value **a REIT' s foreign assets may be considered changes in the value** of ~~loans and securities we own fluctuate~~ **the REIT' s assets. These changes may adversely affect our status** as a **REIT. Further, bank accounts in foreign currency which are not considered cash or cash equivalents may adversely affect our status as a REIT. Our operations in Europe and elsewhere expose our business to risks inherent in conducting business in foreign markets. A portion of our revenues are sourced from our foreign operations in Europe and elsewhere or other foreign markets. Accordingly, our firm- wide** ~~result~~ **results** of **operations depend in part on our foreign operations. Conducting business abroad carries significant risks, including: • our REIT tax status not being respected under foreign laws, in which case any income or gains from foreign sources could be subject to foreign taxes and withholding taxes; •** changes in ~~benchmark interest~~ **real estate and other tax** rates, ~~we may be exposed to margin calls under lending facilities that we use to finance these~~ -- **the** ~~assets. In~~ **tax treatment of transaction structures and** ~~the~~ **other** ~~past, our prior interest rate hedging strategy was intended to be a source of liquidity in meeting margin calls that resulted from asset valuation~~ changes ~~attributable~~ **in operating expenses in a particular country where we have an investment; • restrictions and limitations relating** to **the repatriation of profits; • complexity and costs of staffing and managing international operations; • the burden of complying with multiple and potentially conflicting laws; •** changes in ~~benchmark~~ **relative** interest rates; ~~however, because we have terminated~~ **• translation and transaction risks related to fluctuations in foreign currency and exchange rates; • lack of uniform accounting standards (including availability of information in accordance with accounting principles generally accepted in the United States (" U. S. GAAP ")); • unexpected changes in regulatory requirements; • the impact of different business cycles and economic instability; • inflation and governmental measures to control inflation; • political instability and civil unrest; • legal and logistical barriers to enforcing** ~~or~~ **our** ~~closed out a portion of~~ **contractual rights, including in perfecting** our ~~outstanding~~ **security** ~~interest~~ **interests** ~~rate hedges~~ , **collecting accounts receivable, foreclosing** ~~we will not be able to rely~~ on **secured assets and protecting our interests as a creditor in bankruptcies in certain geographic regions; • share ownership restrictions on foreign operations; • compliance with U. S. laws affecting operations outside of the United States, including sanctions laws, or anti- bribery laws such as the Foreign Corrupt Practices Act (" FCPA "); and • geographic, time zone, language and cultural differences between personnel in different areas of the world. Each of** these **risks might adversely affect** ~~or~~ **our** ~~similar hedges~~ **performance and impair our ability to make distributions to our stockholders required to qualify and remain qualified** as ~~such~~ a **REIT** ~~source of liquidity~~ . **In addition** ~~Operating our business and maintaining a portfolio of interest rate sensitive loans~~ , ~~securities and other~~ - **there** ~~assets without~~ **is generally less publicly available information about foreign companies** ~~an~~ **and a lack of uniform financial accounting standards** ~~interest rate risk hedging program in place could expose us to losses~~ and ~~liquidity risks,~~ **practices (including the availability of information in accordance with GAAP)** which could ~~be~~ **impair our ability to analyze transactions and receive timely and accurate financial information from our investments necessary to meet our reporting obligations to financial institutions or governmental or regulatory agencies. Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations. These concerns could**

~~material~~ **materially adversely affect the value of our euro- denominated assets** and **obligations. Uncertainty about global or regional economic conditions, and the regulation and availability of financial services, poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news, and declines in income or asset values,** which could ~~negatively impact~~ **adversely affect the availability of financing, our business and** our results of operations ~~and financial condition. There can be no assurance that future market conditions and our financial condition in the future will enable us to re- establish an effective interest rate risk hedging program, even if in the future we believe it would otherwise be appropriate or desirable to do so~~. Risks Related to Our Company and Our Structure We have not established a minimum distribution payment level, and we cannot assure you of our ability to pay distributions in the future. We are generally required to distribute to our stockholders at least 90 % of our REIT taxable income each year for us to qualify as a REIT under the Internal Revenue Code of 1986 (the " Code "). We have not established a minimum distribution payment level, and our ability to make distributions may be materially and adversely affected by a number of factors, including the risk factors described herein. Distributions to our stockholders, if any, will be authorized by our Board of Directors in its sole discretion and declared by us out of funds legally available therefore and will be dependent upon a number of factors, including our targeted distribution rate, access to cash in the capital markets and other financing sources, historical and projected results of operations, cash flows and financial condition, our view of our ability to realize gains in the future through appreciation in the value of our assets, general economic conditions and economic conditions that more specifically impact our business or prospects, our financing covenants, maintenance of our REIT qualification, applicable provisions of the Maryland General Corporation Law (the " MGCL ") and such other factors as our Board of Directors deems relevant. We believe that a change in any one of the following factors could adversely affect our results of operations and cash flows and impair our ability to make distributions to our stockholders: • our ability to make attractive investments; • margin calls or other expenses that reduce our cash flows; • defaults or prepayments in our investment portfolio or decreases in the value of our investment portfolio; and • the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates. No assurance can be given that we will continue to make distributions to our stockholders in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us. In addition, distributions out of our current earnings and profits that we make to our stockholders will generally be taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as (i) " capital gain dividends " to the extent that they are attributable to capital gain income recognized by us, (ii) " qualified dividend income, " or (iii) may constitute a return of capital to the extent that they exceed our current earnings and profits as determined for U. S. federal income tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a stockholder' s investment in our common stock. Certain provisions of Maryland law may limit the ability of a third party to acquire control of us. Certain provisions of the MGCL may have the effect of inhibiting a third party from acquiring our Company or of impeding a change of control under circumstances that otherwise could provide our Company' s stockholders with the opportunity to realize a premium over the then- prevailing market price of our common stock, including: • " business combination " provisions that, subject to limitations, prohibit certain business combinations between an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of our Company' s outstanding shares of voting stock or an affiliate or associate of the corporation who, at any time within the two- year period immediately prior to the date in question, was the beneficial owner of 10 % or more of the voting power of the then- outstanding stock of the corporation) or an affiliate of any interested stockholder and our Company for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter imposes two super- majority stockholder voting requirements on these combinations; and • " control share " provisions that provide that holders of " control shares " of our Company (defined as outstanding voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the acquisition of issued and outstanding " control shares ") have no voting rights except to the extent approved by the affirmative vote of the holders entitled to cast two- thirds of the votes entitled to be cast on the matter, excluding all interested shares. In accordance with Maryland Business Combination Act our Board of Directors has exempted any business combinations between us and any person, provided that any such business combination is first approved by our Board of Directors. Consequently, the five- year prohibition and the super- majority vote requirements will not apply to any future business combinations between us and any of our interested stockholders (or their affiliates) that are first approved by our Board of Directors, including any future business combination with the OP or any current or future affiliates of the OP. Our bylaws contain a provision exempting us from the Maryland Control Share Acquisition Act. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. There can be no assurance that these resolutions or exemptions will not be amended or eliminated at any time in the future. Additionally, Title 3, Subtitle 8 of the MGCL permits our Board of Directors, without stockholder approval and regardless of what currently is provided in our charter and our bylaws, to implement certain takeover defenses, such as a classified board, some of which we do not have. Ownership limitations may delay, defer or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. In order for us to maintain our qualification as a REIT under the Code, not more than 50 % of the value of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. Our charter, with certain exceptions, authorizes our Board of Directors to take the actions that are necessary or appropriate to preserve our qualification as a REIT. Unless exempted by our Board of Directors, no person may actually or constructively own more than 9. 8 % of the aggregate of the outstanding shares of our capital stock (as defined in our charter) by value or 9. 8 % of the aggregate of the outstanding shares of our common stock (as defined in our charter) by value or by number of shares, whichever is more restrictive. Our Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a person from this limitation if it obtains such representations, covenants and undertakings as it deems appropriate to conclude that granting the exemption will not cause us to lose our status as a REIT. These ownership limitations in our charter are standard in REIT charters and are intended to provide added assurance of compliance with the tax law requirements, and to reduce administrative burdens. However, these ownership limits might also delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders or result in the transfer of shares acquired in excess of the ownership limits to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares. Our charter contains provisions that make removal of our directors difficult, which makes it more difficult for our stockholders to effect changes to our management and may prevent a change in control of our Company that is otherwise in the best interests of our stockholders. Our charter provides that a director may be removed only for cause and then only by the affirmative vote of at least two- thirds of the votes entitled to be cast generally in the election of directors. Vacancies on our Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors then in office, even if the remaining directors do not constitute a quorum, and directors elected to fill a vacancy will serve for the full term of the class of directors in which the vacancy occurred. These requirements make it more difficult for our stockholders to effect changes to our management by removing and replacing directors and may prevent a change in control of our company that is otherwise in the best interests of our stockholders. Our charter permits our Board of Directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to stockholders. Our Board of Directors may classify or reclassify any unissued shares of common stock, classify any unissued shares of our preferred stock, as applicable, and reclassify any previously classified but unissued shares of our preferred stock into other classes or series of stock and set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of any such stock. Thus, our Board of Directors could authorize the issuance of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock. Additionally, our Board of Directors may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of any class or series of stock without stockholder approval. Failure to obtain, maintain or renew required licenses and authorizations necessary to operate our mortgage- related activities may have a material adverse effect on us. We are required to obtain, maintain or renew certain licenses and authorizations (including " doing business " authorizations and licenses to act as a commercial mortgage lender) from U. S. federal or state governmental authorities, government sponsored entities or similar bodies in connection with some or all of our mortgage- related activities. There is no assurance that we will be able to obtain, maintain or renew any or all of the licenses and authorizations that we require or that we will avoid experiencing significant delays in connection therewith. Our failure to obtain, maintain or renew licenses will restrict our options and ability to engage in desired activities, and could subject us to fines, suspensions, terminations and various other adverse actions if it is determined that we have engaged without the requisite licenses or authorizations in activities that required a license or authorization, which could have a material adverse effect on us. We are highly dependent on information systems and third- parties, and system failures or cybersecurity incidents incurred by us or the third- parties that we rely on could significantly disrupt our ability to operate our business. Computer malware, viruses, computer hacking and phishing attacks have become more prevalent in our industry and ~~while we have not experienced any such attacks since our inception,~~ we may be subject to such attempted attacks from time to time. We rely heavily on financial, accounting and other data processing systems maintained by us and by third parties with whom we contract for information technology, network, data storage and other related services. ~~Although we have not detected a material cybersecurity breach to date, financial services institutions and lenders have reported material breaches of their systems, some of which have been significant.~~ Even with appropriate security measures and procedures in place, not every breach can be prevented or detected. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. An externally caused information security incident or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations **, interfere with our ability to comply with financial reporting requirements** or cause disclosure or modification of sensitive or confidential information and could result in material financial loss, loss of competitive position, regulatory actions, breach of contracts, reputational harm or legal liability. While we maintain cybersecurity specific insurance for both first- party losses (breach response, ransomware, data loss, business interruption, contingent business interruption, social engineering coverage, system failure and hardware replacement) and third- party losses (breach demands, regulatory penalties, media liability), such insurance may not be sufficient to address any such losses. Risks Related to Our Business and Our Investments The real estate...... of operations. Risks Related to Our Financing Strategy Our indebtedness may subject us to increased risk of loss and could adversely affect our results of operations and financial condition. We use a variety of structures to finance the origination and acquisition of our investments, including our credit facilities, securitization financing transactions and other term borrowings, including repurchase agreements. Subject to market conditions and availability, we may incur a significant amount of debt through bank credit facilities (including term loans and revolving facilities), warehouse facilities and structured financing arrangements, public and private debt issuances and derivative instruments, in addition to transaction or asset- specific funding arrangements and additional repurchase agreements. We may also issue debt or equity securities to fund our growth. The type and percentage of leverage we employ will vary depending on our available capital, our ability to obtain and access financing arrangements with lenders, the type of asset we are funding, whether the financing is recourse or nonrecourse, debt restrictions contained in those financing arrangements and the lenders' and rating agencies' estimate of the stability of our investment portfolio' s cash flow. We may significantly increase the amount of leverage we utilize at any time without approval of our Board of Directors. In addition, we may leverage individual assets at substantially higher levels. We may be unable to obtain necessary additional financing on favorable terms or, with respect to our investments, on terms that parallel the maturities of the debt originated or acquired, if we are able to obtain additional financing at all. If our strategy is not viable, we will have to find alternative forms of long- term financing for our assets, as secured revolving credit facilities and repurchase agreements may not accommodate long- term financing. Because repurchase agreements are short- term commitments of capital, lenders may respond to market conditions making it more difficult for us to renew or replace on a continuous basis our maturing short- term borrowings and have and may continue to impose more onerous conditions when rolling such financings. If we are not able to renew our existing facilities or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under our financing facilities or if we are required to post more collateral or face larger haircuts, we may have to curtail our asset acquisition activities and / or dispose of assets. If we do obtain additional debt or financing, the substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that: • our cash flow from operations may be insufficient to make required payments of principal of and interest on our debt or we may fail to comply with covenants contained in our debt agreements, which is likely to result in (1) acceleration of such debt (and any other debt containing a cross- default or cross- acceleration provision), which we then may be unable to repay from internal funds or to refinance on favorable terms, or at all, (2) our inability to borrow undrawn amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements, which would result in a decrease in our liquidity, and / or (3) the loss of some or all of our collateral assets to foreclosure or sale; • our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that investment yields will increase in an amount sufficient to offset the higher financing costs; • we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, stockholder distributions or other purposes; • we may not be able to refinance any debt that matures prior to the maturity (or realization) of an underlying investment it was used to finance on favorable terms or at all; and • we will have increased exposure to risks if the counterparties of our debt obligations are impacted by credit market turmoil or exposure to financial or other pressures. There can be no assurance that a leveraging strategy will be successful and may subject us to increased risk of loss, harm our liquidity and could adversely affect our results of operations and financial condition. Our master repurchase agreements impose, and additional lending facilities may impose, restrictive covenants, which would restrict our flexibility to determine our operating policies and investment strategy and to conduct our business. We borrow funds under master repurchase agreements with various counterparties. The documents that govern these master repurchase agreements and the related guarantees contain, and additional lending facilities may contain, customary affirmative and negative covenants, including financial covenants applicable to us that may restrict our ability to further incur borrowings, restrict our distributions to stockholders prohibit us from discontinuing insurance coverage and restrict our flexibility to determine our operating policies and investment strategy. In particular, our master repurchase agreements require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would otherwise choose, which could reduce our return on assets. If we fail to meet or satisfy any of these covenants, we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. We may also be subject to cross- default and acceleration rights in our other debt facilities. Further, this could also make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U. S. federal income tax purposes or to maintain our exclusion from registration under the Investment Company Act. In addition, in the event that the lender files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to bank credit facilities and increase our cost of capital. Our master repurchase agreements also grant certain consent rights to the lenders thereunder, which give them the right to consent to certain modifications to the pledged collateral. This could limit our ability to manage a pledged investment in a way that we think would provide the best outcome for our stockholders. These types of financing arrangements also involve the risk that the market value of the assets pledged or sold by us to the provider of the financing may decline in value, in which case the lender or counterparty may require us to provide additional collateral or lead to margin calls that may require us to repay all or a portion of the funds advanced. Typically, repurchase agreements grant the lender the absolute right to reevaluate the fair market value of the assets that cover outstanding borrowings at any time. These valuations may be different than the values that we ascribe to these assets and may be influenced by recent asset sales and distressed levels by forced sellers. In these circumstances, we may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources including by selling assets at a time when we might not otherwise choose to do so, which we may not be able to achieve on favorable terms or at all. Posting additional collateral would reduce our cash available to make other, higher yielding investments (thereby decreasing our return on equity). If we cannot meet these requirements, the lender or counterparty could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from it, which could materially and adversely affect our financial condition and ability to implement our investment strategy. In the case of repurchase transactions, if the value of the underlying security has declined as of the end of that term, or if we default on our obligations under the repurchase agreement, we will likely incur a loss on our repurchase transactions. Significant margin calls could have a material adverse effect on our results of operations, financial condition, business, liquidity and ability to make distributions to our stockholders, and could cause the value of our common stock to decline. In addition, we experienced an increase in haircuts on financings we have rolled. As haircuts are increased, we will be required to post additional collateral. We may also be forced to sell assets at significantly depressed prices to meet such margin calls and to maintain adequate liquidity.

As a result of the ongoing COVID- 19 pandemic, we experienced and may in the future experience margins calls well beyond historical norms. Margin calls may also be the result of CRE asset volatility and downward pressures on CRE valuations caused by rising interest rates, inflation and / or recessionary factors. These trends, if continued, will have a negative adverse impact on our assets or liquidity. Interest rate fluctuations could reduce our ability to generate income on our investments and may cause losses. Our financial performance is influenced by changes in interest rates, in particular, as such changes may affect our CRE securities, floating- rate borrowings and CRE debt to the extent such debt does not float as a result of floors or otherwise. Changes in interest rates affect our net interest income, which is the difference between the interest income we earn on our interest- earning investments and the interest expense we incur in financing these investments. Changes in the level of interest rates also may affect our ability to originate and acquire assets, the value of our assets and our ability to realize gains from the disposition of assets. Changes in interest rates may also affect **our** ~~borrower~~ **borrowers '** default rates **and their ability to refinance loans** . In a period of rising interest rates, our interest expense could increase, while the interest we earn on our fixed- rate debt investments would not change, adversely affecting our profitability **. A period of lower interest rates may result in generating less income on our loans and may impact our ability to redeploy funds in a timely manner, or to supplement earnings loss** . Our operating results depend in large part on differences between the income from our assets, net of credit losses, and our financing costs. We anticipate that for any period during which our assets are not match- funded (when we match maturities and interest rates of our liabilities with our assets to manage risks of being forced to refinance), the income from such assets will respond more slowly to interest rate fluctuations than the cost of our borrowings. We may fail to appropriately employ a match- funded structure on favorable terms or at all. Consequently, changes in interest rates particularly short term interest rates may significantly influence our net income. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions and other factors beyond our control. Interest rate fluctuations resulting in our interest expense exceeding interest income would result in operating losses for us. Hedging against interest rate and currency exposure, and conversely, closing out of such hedges, may adversely affect our earnings, limit our gains or result in losses, which could adversely affect cash available for distribution to our stockholders. We may enter into swap, cap or floor agreements or pursue other interest rate or currency hedging strategies. Our hedging activity will vary in scope based on interest rate levels, currency exposure, the type of investments held and other changing market conditions. Interest rate and / or currency hedging may fail to protect or could adversely affect us because, among other things: • interest rate and / or currency hedging can be expensive, particularly during periods of rising and volatile interest rates; • available interest rate and / or currency hedging may not correspond directly with the interest rate risk for which protection is sought; • the duration of the hedge may not match the duration of the related liability or asset; • our hedging opportunities may be limited by the treatment of income from hedging transactions under the rules determining REIT qualification; • the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; • the counterparties with which we trade may cease making markets and quoting prices in such instruments, which may render us unable to enter into an offsetting transaction with respect to an open position; • the party owing money in the hedging transaction may default on its obligation to pay; • we may purchase a hedge that turns out not to be necessary (i. e., a hedge that is out of the money); and • we may enter into hedging arrangements that would require us to fund cash payments in certain circumstances (such as the early termination of the hedging instrument caused by an event of default or other early termination event, or the decision by a counterparty to request margin securities it is contractually owed under the terms of the hedging instrument). Any hedging activity we engage in may adversely affect our earnings, which could adversely affect cash available for distribution to stockholders. Therefore, while we may enter into such transactions to seek to reduce interest rate and / or currency risks, unanticipated changes in interest rates or exchange rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not be able to establish a perfect correlation between hedging instruments and the investments being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. We may also be exposed to liquidity issues as a result of margin calls or settlement of derivative hedges. Our hedging activities, if not undertaken in compliance with certain U. S. federal income tax requirements, could also adversely affect our ability to qualify for taxation as a REIT. In addition, hedging instruments involve risk since they often are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any U. S. or foreign governmental authorities. Consequently, there are no regulatory or statutory requirements with respect to record keeping, financial responsibility or segregation of customer funds and positions. Furthermore, the enforceability of agreements underlying derivative transactions may depend on compliance with applicable statutory, commodity and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. Conversely, we may decide from time to time to close out, or terminate a portion of, our outstanding hedges upon the determination that they are no longer effective, which may result in incurring realized losses and increased exposure to interest rate and currency risks, which may have an adverse effect on the value of our loans, securities, long- term debt obligations and other assets we own that are sensitive to changes in benchmark interest and currency rates. We use short- term borrowings to finance our investments, and we may need to use such borrowings for extended periods of time to the extent we are unable to access long- term financing. This may expose us to increased risks associated with decreases in the fair value of the underlying collateral, which could have an adverse impact on our results of operations. While we have and may continue to seek non- recourse, non- mark- to- market, matched- term, long- term financing through securitization financing transactions or other structures, such financing may be unavailable to us on favorable terms or at all. Consequently, we may be dependent on short- term financing arrangements that are not matched in duration to our financial assets. Short- term borrowing through repurchase arrangements, credit facilities and other types of borrowings may put our assets and financial condition at risk. Repurchase agreements economically resemble short- term, floating rate financing and usually require the maintenance of specific loan- to- collateral value ratios. Posting additional collateral to support our financing arrangements could significantly reduce our liquidity and limit our ability to leverage our assets. Furthermore, the cost of borrowings may increase substantially if lenders view us as having increased credit risk during periods of market distress. Any such short- term financing may also be recourse to us, which will increase the risk of our investments. In addition, the value of assets underlying any such short- term financing may be marked- to- market periodically by the lender, including on a daily basis. To the extent these financing arrangements contain mark- to- market provisions, if the market value of the investments pledged by us declines due to credit quality deterioration, we may be required by our lenders to provide additional collateral or pay down a portion of our borrowings. In a weakening economic environment, we would generally expect credit quality and the value of the investment that serves as collateral for our financing arrangements to decline, and in such a scenario, it is likely that the terms of our financing arrangements would require partial repayment from us, which could be substantial. These facilities may also be restricted to financing certain types of assets, such as first mortgage loans, which could impact our asset allocation. In addition, such short- term borrowing facilities may limit the length of time that any given asset may be used as eligible collateral. As a result, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on assets. Further, such borrowings may require us to maintain a certain amount of cash reserves or to set aside unleveraged assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. In the event that we are unable to meet the collateral obligations for our short- term borrowings, our financial condition could deteriorate rapidly. We are subject to risks associated with obtaining mortgage financing on our real estate, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders. As of December 31, ~~2022~~ **2023** , our portfolio had $ ~~629~~ **617. 4** million of total mortgage financing. We are subject to risks normally associated with financing, including the risks that our cash flow is insufficient to make timely payments of interest or principal, that we may be unable to refinance existing borrowings or support collateral obligations and that the terms of refinancing may not be as favorable as the terms of existing borrowing. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions or the sale of the underlying property, our cash flow may not be sufficient in all years to make distributions to stockholders and to repay all maturing borrowings. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to that refinanced borrowing would increase, which could reduce our profitability, result in losses and negatively impact the amount of distributions we are able to pay to stockholders. Moreover, additional financing increases the amount of our leverage, which could negatively affect our ability to obtain additional financing in the future or make us more vulnerable in a downturn in our results of operations or the economy generally. Any warehouse facilities that we may obtain in the future may limit our ability to acquire assets, and we may incur losses if the collateral is liquidated. In the event that securitization financings become available, we may utilize, if available, warehouse facilities pursuant to which we would accumulate mortgage loans in anticipation of a securitization financing, which assets would be pledged as collateral for such facilities until the securitization transaction is consummated. In order to borrow funds to acquire assets under any future warehouse facilities, we expect that our lenders thereunder would have the right to review the potential assets for which we are seeking financing. We may be unable to obtain the consent of a lender to acquire assets that we believe would be beneficial to us, and we may be unable to obtain alternate financing for such assets. In addition, no assurance can be given that a securitization structure would be consummated with respect to the assets being warehoused. If the securitization is not consummated, the lender could liquidate the warehoused collateral and we would then have to pay any amount by which the original purchase price of the collateral assets exceeds its sale price, subject to negotiated caps, if any, on our exposure. In addition, regardless of whether the securitization is consummated, if any of the warehoused collateral is sold before the consummation, we would have to bear any resulting loss on the sale. Currently, we have no warehouse facilities in place, and no assurance can be given that we will be able to obtain one or more. Risks Related to Regulatory Matters The loss of our Investment Company Act exclusion could require us to register as an investment company or substantially change the way we conduct our business, either of which may have an adverse effect on us and the value of our common stock. On August 31, 2011, the SEC published a concept release (Release No. 29778, File No. S7- 34- 11, Companies Engaged in the Business of Acquiring Mortgages and Mortgage Related Instruments), pursuant to which it is reviewing whether certain companies that invest in MBSs and rely on the exclusion from registration under Section 3 (c) (5) (C) of the Investment Company Act, such as us, should continue to be allowed to rely on such an exclusion from registration. If the SEC or its staff takes action with respect to this exclusion, these changes could mean that certain of our subsidiaries could no longer rely on the Section 3 (c) (5) (C) exclusion, and would have to rely on Section 3 (c) (1) or 3 (c) (7), which would mean that our investment in those subsidiaries would be investment securities. This could result in our failure to maintain our exclusion from registration as an investment company. If we fail to maintain an exclusion from registration as an investment company, either because of SEC interpretational changes or otherwise, we could, among other things, be required either: (i) to substantially change the manner in which we conduct our operations to avoid being required to register as an investment company; or (ii) to register as an investment company, either of which could have an adverse effect on us and the value of our common stock. If we are required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration and other matters. We, through our subsidiary, are subject to extensive regulation, including as an investment adviser in the United States, which could adversely affect our ability to manage our business. Our subsidiary, BrightSpire Capital Advisors, LLC (“ BrightSpire Advisors ”) is subject to regulation as an investment adviser by various regulatory authorities. Instances of criminal activity and fraud by participants in the investment management industry and disclosures of trading and other abuses by participants in the financial services industry have led the U. S. government and regulators in foreign jurisdictions to consider increasing the rules and regulations governing, and oversight of, the financial system. This activity is expected to result in continued changes to the laws and regulations governing the investment management industry and more aggressive enforcement of the existing laws and regulations. BrightSpire Advisors could be subject to civil liability, criminal liability, or sanction, including revocation of its registration as an investment adviser in the United States, revocation of the licenses of its employees, censures, fines or temporary suspension or permanent bar from conducting business if it is found to have violated any of these laws or regulations. Any such liability or sanction could adversely affect our business. Risks Related to Taxation We may pay taxable dividends in our common stock and cash, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock. We generally must distribute annually at least 90 % of our REIT taxable income (subject to certain adjustments and excluding any net capital gain), in order to qualify as a REIT, and any REIT taxable income that we do not distribute will be subject to U. S. corporate income tax at regular rates. The Board of Directors will evaluate dividends in future periods based upon customary consideration, such as our cash balances, and cash flows and market conditions and could consider paying future dividends in shares of common stock, cash, or a combination of shares of common stock and cash. However, no assurance can be given that we will be able to make distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time. On August 11, 2017, the IRS issued Revenue Procedure 2017- 45, authorizing elective stock dividends to be made by public REITs. Pursuant to this revenue procedure, effective for distributions declared on or after August 11, 2017, the IRS will treat the distribution of stock pursuant to an elective stock dividend as a distribution of property under Section 301 of the Code (i. e., as a dividend to the extent of our earnings and profits), as long as at least 20 % of the total dividend is available in cash and certain other requirements outlined in the revenue procedure are met. If we make a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U. S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U. S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we may be required to withhold U. S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we make a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. Our qualification as a REIT involves complying with highly technical and complex provisions of the Code. We elected to be taxed as a REIT under the U. S. federal income tax laws commencing with our taxable year ended December 31, 2018. Our qualification as a REIT involves the application of highly technical and complex provisions of the Code for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. New legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Our qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis: • With respect to the gross income and asset tests, our compliance depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Moreover, we invest in certain assets with respect to which the rules applicable to REITs are particularly difficult to interpret or to apply, including, but not limited to, the rules applicable to financing arrangements that are structured as sale and repurchase agreements; mezzanine loans; CRE securities; and investments in real estate mortgage loans that are acquired at a discount, subject to work- outs or modifications, or reasonably expected to be in default at the time of acquisition. If the IRS challenged our treatment of these assets as real estate assets for purposes of the REIT asset tests, and if such a challenge were sustained, we could fail to meet the asset tests applicable to REITs and thus fail to qualify as a REIT. • The fact that we own direct or indirect interests in a number of entities that have elected to be taxed as REITs under the U. S. federal income tax laws (each, a " Subsidiary REIT "), further complicates the application of the REIT requirements for us. Each Subsidiary REIT is subject to the various REIT qualification requirements that are applicable to us. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to regular U. S. federal corporate income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the REIT asset tests, and (iii) it is possible that we would fail certain of the REIT asset tests, in which event we also would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. • Our ability to satisfy the distribution and other requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own limited partner or non- managing member interests in partnerships and limited liability companies that are joint ventures or funds. If we were to fail to qualify as a REIT in any taxable year, we would be subject to U. S. federal income tax on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income. Additionally, for tax years beginning after December 31, 2022, we would possibly also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non- REIT corporations, including the nondeductible one percent excise tax on certain stock repurchases. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of our common stock. In addition, we would no longer be required to make distributions to stockholders. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year in which we failed to qualify as a REIT. We may incur adverse tax consequences if NorthStar I or NorthStar II were to have failed to qualify as a REIT for U. S. federal income tax purposes prior to the Mergers. In connection with the closing of the Mergers, we received an opinion of counsel to each of NorthStar I and NorthStar II to the effect that it qualified as a REIT for U. S. federal income tax purposes under the Code through the time of the Mergers. Neither NorthStar I nor NorthStar II, however, requested a ruling from the IRS that it qualified as a REIT. If, notwithstanding these opinions, NorthStar I' s or NorthStar II' s REIT status for periods prior to the Mergers were successfully challenged, we would face serious adverse tax consequences that would substantially reduce our core funds from operations, and cash available for distribution, including cash available to pay dividends to our stockholders, because: • NorthStar I or NorthStar II, as applicable, would be subject to U. S. federal, state and local income tax on its net income at regular corporate rates for the years it did not qualify as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income) and we would succeed to the liability for such taxes; • if we were considered to be a " successor " of such entity, we would not be eligible to elect REIT status until the fifth taxable year following the year during which such entity was disqualified, unless it were entitled to relief under applicable statutory provisions; • even if we were eligible to elect REIT status, we would be subject to tax (at the highest corporate rate in effect at the date of the sale) on the built- in gain on each asset of NorthStar I or NorthStar II, as applicable, existing at the time of the Mergers if we were to dispose of such asset for up to five years following the Mergers; and • we would succeed to any earnings and profits accumulated by NorthStar I or NorthStar II, as applicable, for tax periods that such entity did not qualify as a REIT and we would have to pay a special dividend and / or employ applicable deficiency dividend procedures (including interest payments to the IRS) to eliminate such earnings and profits to maintain our REIT qualification. As a result of these factors, NorthStar I' s or NorthStar II' s failure to qualify as a REIT prior to the Mergers could impair our ability to expand our business and raise capital and could materially adversely affect the value of our common stock. In addition, even if they qualified as REITs for the entirety of their existence, if there is an adjustment to NorthStar I' s or NorthStar II' s taxable income or dividends- paid deductions for periods prior to the Mergers, we could be required to elect to use the deficiency dividend procedure to maintain NorthStar I' s or NorthStar II' s, as applicable, REIT status for periods prior to the Mergers. That deficiency dividend procedure could require us to make significant distributions to our stockholders and to pay significant interest to the IRS. Dividends payable by REITs do not qualify for the preferential tax rates available for some dividends. The maximum rate applicable to " qualified dividend income " paid by non- REIT " C " corporations to U. S. stockholders that are individuals, trusts and estates generally is 20 %. Dividends payable by REITs to those U. S. stockholders, however, generally are not eligible for the current reduced rate, except to the extent that certain holding requirements have been met and a REIT' s dividends are attributable to dividends received by a REIT from taxable corporations (such as a taxable REIT subsidiary (" TRS ")), to income that was subject to tax at the REIT / corporate level, or to dividends properly designated by the REIT as " capital gains dividends. " Effective for taxable years before January 1, 2026, those U. S. stockholders may deduct 20 % of their dividends from REITs (excluding qualified dividend income and capital gains dividends). For those U. S. stockholders in the top marginal tax bracket of 37 %, the deduction for REIT dividends yields an effective income tax rate of 29. 6 % on REIT dividends, which is higher than the 20 % tax rate on qualified dividend income paid by non- REIT " C " corporations, but still lower than the effective rate that applied prior to 2018, which is the first year that this special deduction for REIT dividends is available. Although the reduced rates applicable to dividend income from non- REIT " C " corporations do not adversely affect the taxation of REITs or dividends payable by REITs, it could cause investors who are non- corporate taxpayers to perceive investments in REITs to be relatively less attractive than investments in the shares of non- REIT " C " corporations that pay dividends, which could adversely affect the value of our common stock. REIT distribution requirements could adversely affect our ability to execute our business plan. We generally must distribute annually at least 90 % of our REIT taxable income (subject to certain adjustments and excluding any net capital gain), in order to qualify as a REIT, and any REIT taxable income that we do not distribute will be subject to U. S. corporate income tax at regular rates. In addition, from time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with U. S. GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, • we may be required to accrue income from mortgage loans, MBSs, and other types of debt securities or interests in debt securities before we receive any payments of interest or principal on such assets; • we may acquire distressed debt investments that are subsequently modified by agreement with the borrower, which could cause us to have to recognize gain in certain circumstances; • we may recognize substantial amounts of " cancellation of debt " income for U. S. federal income tax purposes (but not for U. S. GAAP purposes) due to discount repurchases of our liabilities, which could cause our REIT taxable income to exceed our U. S. GAAP income; • we or our TRSs may recognize taxable " phantom income " as a result of modifications, pursuant to agreements with borrowers, of debt instruments that we acquire if the amendments to the outstanding debt are " significant modifications " under the applicable Treasury regulations. In addition, our TRSs may be treated as a " dealer " for U. S. federal income tax purposes, in which case the TRS would be required to mark- to- market its assets at the end of each taxable year and recognize taxable gain or loss on those assets even though there has been no actual sale of those assets; • we may deduct our capital losses only to the extent of our capital gains and not against our ordinary income, in computing our REIT taxable income for a given taxable year; • certain of our assets and liabilities are marked- to- market for U. S. GAAP purposes but not for tax purposes, which could result in losses for U. S. GAAP purposes that are not recognized in computing our REIT taxable income; and • under the Tax Cut and Jobs Act of 2017, we generally must accrue income for U. S. federal income tax purposes no later than when such income is taken into account as revenue in our financial statements, which could create additional differences between REIT taxable income and the receipt of cash attributable to such income. As a result of both the requirement to distribute 90 % of our REIT taxable income each year (and to pay tax on any income that we do not distribute) and the fact that our taxable income may well exceed our cash income due to the factors mentioned above as well as other factors, we may find it difficult to meet the REIT distribution requirements in certain circumstances while also having adequate cash resources to execute our business plan. In particular, where we experience differences in timing between the recognition of taxable income and the actual receipt of cash, the requirement to distribute a substantial portion of our taxable income could cause us to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt or (iv) make a taxable distribution of our shares of common stock as part of a distribution in which stockholders may elect to receive shares of common stock or (subject to a limit measured as a percentage of the total distribution) cash, in order to comply with REIT requirements. These alternatives could increase our costs, reduce our equity, and / or result in stockholders being taxed on distributions of shares of stock without receiving cash sufficient to pay the resulting taxes. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our common stock. Even if we continue to qualify as a REIT, we may face other tax liabilities that reduce our cash available for distribution to stockholders. Even if we qualify for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes, such as mortgage recording taxes. We also are subject to U. S. federal and state income tax (and any applicable non- U. S. taxes) on the net income earned by our TRSs. In addition, we have substantial operations and assets outside of the U. S. that are subject to tax in those countries. Those taxes, unless incurred by a TRS, are not likely to generate an offsetting credit for taxes in the U. S. In addition, if we have net income from “ prohibited transactions, ” that income will be subject to a 100 % tax. In general, “ prohibited transactions ” are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we were to dispose of, modify or securitize loans in a manner that was treated as a sale or deemed exchange of the loans for U. S. federal income tax purposes that is subject to the prohibited transactions tax. In order to avoid the prohibited transactions tax, we may choose not to engage in certain sales or modifications of loans at the REIT- level, and may limit the structures we utilize for our securitization transactions, even though such sales or structures might otherwise be beneficial to us. Finally, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Any of these taxes would decrease cash available for distribution to our stockholders. Complying with REIT requirements may force us to forgo and / or liquidate otherwise attractive investment opportunities. To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that at the end of each calendar quarter, at least 75 % of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of MBS. The remainder of our investment in securities (other than qualified 75 % asset test assets) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets (other than qualified 75 % asset test assets) can consist of the securities of any one issuer, and no more than 20 % of the value of our total assets can be represented by stock or securities of one or more TRSs. Debt instruments issued by “ publicly offered REITs, ” to the extent not secured by real property or interests in real property, qualify for the 75 % asset test but the value of such debt instruments cannot exceed 25 % of the value of our total assets. The compliance with these limitations, particularly given the nature of some of our investments, may hinder our ability to make, and, in certain cases, maintain ownership of certain attractive investments that might not qualify for the 75 % asset test. If we fail to comply with the REIT asset tests requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments in order to maintain our qualification as a REIT. These actions could have the effect of reducing our income, increasing our income tax liability, and reducing amounts available for distribution to our stockholders. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments (or, in some cases, forego the sale of such investments) that would be otherwise advantageous to us in order to satisfy the source- of- income or asset- diversification requirements for qualifying as a REIT. The “ taxable mortgage pool ” rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations. Securitizations by us or our subsidiaries could result in the creation of taxable mortgage pools for U. S. federal income tax purposes. As a result, we could have “ excess inclusion income. ” In general, dividend income that a tax- exempt entity receives from us should not constitute unrelated business taxable income (“ UBTI ”), as defined in Section 512 of the Code. If, however, we realize excess inclusion income and allocate it to stockholders, then this income would be fully taxable as UBTI to a tax- exempt entity under Section 512 of the Code. A foreign stockholder would generally be subject to U. S. federal income tax withholding on this excess inclusion income without reduction pursuant to any otherwise applicable income tax treaty. U. S. stockholders would not be able to offset such income with their net operating losses. Although the law is not entirely clear, the IRS has taken the position that we are subject to tax at the highest corporate rate on the portion of our excess inclusion income equal to the percentage of our stock held in record name by “ disqualified organizations ” (generally tax- exempt investors, such as certain state pension plans and charitable remainder trusts, that are not subject to the tax on unrelated business taxable income). To the extent that our stock owned by “ disqualified organizations ” is held in street name by a broker- dealer or other nominee, the broker- dealer or nominee would be liable for a tax at the highest corporate rate on the portion of our excess inclusion income allocable to the stock held on behalf of the “ disqualified organizations. ” A regulated investment company or other pass- through entity owning our stock may also be subject to tax at the highest corporate tax rate on any excess inclusion income allocated to their record name owners that are “ disqualified organizations. ” Excess inclusion income could result if a REIT held a residual interest in a real estate mortgage investment conduit (“ REMIC ”). In addition, excess inclusion income also may be generated if a REIT issues debt with two or more maturities and the terms of the payments of those debt instruments bear a relationship to the payments that the REIT received on mortgage loans or MBSs securing those liabilities. If any portion of our dividends is attributable to excess inclusion income, then the tax liability of tax- exempt stockholders, non- U. S. stockholders, stockholders with net operating losses, regulated investment companies and other pass- through entities whose record name owners are disqualified organizations and brokers- dealers and other nominees who hold stock on behalf of disqualified organizations will very likely increase. Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. The REIT provisions of the Code limit our ability to hedge certain of our liabilities. Under these provisions, any income from a hedging transaction that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets, or to manage the risk of certain currency fluctuations, and that is properly identified under applicable Treasury Regulations, does not constitute " gross income " for purposes of the 75 % or 95 % gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non- qualifying income for purposes of the REIT gross income tests. As a result of these rules, we intend to limit our use of advantageous hedging techniques that do not qualify for the exclusion from the REIT gross income tests or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS. There is a risk of changes in the tax law applicable to REITs. The IRS, the United States Treasury Department and Congress frequently review U. S. federal income tax legislation, regulations and other guidance. We cannot predict whether, when or to what extent new U. S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect our taxation or our stockholders. We urge you to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares. Although REITs generally receive certain tax advantages compared to entities taxed as C corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U. S. federal income tax purposes as a C corporation. Our ownership of assets and conduct of operations through our TRSs is limited and involves certain risks for us. We use our TRSs to hold assets and earn income that would not be qualifying assets or income if held or earned directly by us. Apart from the fact that income from those TRSs may be subject to U. S. federal, foreign, state and local income tax on their taxable income and only their after- tax net income is available for distribution to us, our use of the TRS for this purpose is subject to certain costs, risks and limitations: • No more than 20 % of the value of our gross assets may consist of stock or securities of one or more TRSs. • The TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. • We treat income that we earn from certain foreign TRSs, including issuers in CDO transactions, as qualifying dividend income for purposes of the REIT income tests, based on several private letter rulings that the IRS has issued to other taxpayers (which technically may be relied upon only by those taxpayers), but there can be no assurance that the IRS might not successfully challenge our treatment of such income as qualifying income, in which event we might not satisfy the REIT 95 % gross income test, and we either could be subject to a penalty tax with respect to some or all of that income we could fail to continue to qualify as a REIT. • We generally structure our foreign TRSs with the intent that their income and operations will not be subject to U. S. federal, state and local income tax. If the IRS successfully challenged that tax treatment, it would reduce the amount that those foreign TRSs would have available to pay to their creditors and to distribute to us. We are mindful of all of these limitations and analyze and structure the income and operations of our TRSs to mitigate these costs and risks to us to the extent practicable, but we may not always be successful in all cases. to meet liquidity,net worth,and leverage covenants under such facilities or have a material adverse effect on the value of investments we hold.In addition,the insolvency of one or more of our counterparties could reduce the amount of financing available to us,which would make it more difficult for us to leverage the value of our assets and obtain substitute financing on attractive terms or at all.We have experienced declines in the value of our target assets,as well as adverse developments with respect to the terms and cost of financing available to us,and have previously received margin calls,default notices and deficiency letters from certain of our financing counterparties,which have been resolved.Any or all of these impacts could result in reduced net investment income and cash flow,as well as an impairment of our investments,which reductions and impairments could be material.Additionally,the economic impacts of the pandemic may continue to impact the financial stability of certain loans and loan borrowers underlying the residential and commercial securities and loans that we own,leading to loan delinquencies and / or defaults,or requests for concessions or forbearance.Elevated levels of delinquency or default would have an adverse impact on our income and the value of our assets and may require us to repay amounts under our master repurchase facilities or other financing arrangements and we can provide no assurance that we will have funds available to make such payments.Any forced sales of loans,securities or other assets that secure our repurchase and other financing arrangements in the current environment would likely be on terms less favorable to us than might otherwise be available in a regularly functioning market and could result in deficiency judgments and other claims against us.In response to the pandemic,the U.S.government has taken various actions to support the economy and the continued functioning of the financial markets.There can be no assurance as to how,in the long term,such actions by the U.S.government will affect the efficiency,liquidity and stability of the financial and mortgage markets.To the extent the financial or mortgage markets do not respond favorably to any of these actions,or such actions do not function as intended,our business,results of operations and financial condition may continue to be materially adversely affected.Moreover,certain actions taken by U.S.or other governmental authorities,including the Federal Reserve,that are intended to ameliorate the macroeconomic effects of COVID- 19 ~~or other pandemic events~~ may harm our business.Changes in short- term interest rates may have a negative impact on our investments (including underlying collateral and associated business plans) and therefore our results,as we have certain assets and liabilities which are sensitive to changes in interest rates.Specifically,rising and higher interest rates may adversely impact the value of our fixed- rate and variable- rate investments,result in higher interest expense on our variable rate debt and in disruptions to our borrowers' and tenants' ability to finance their activities,on whom we depend for a substantial portion of our revenue.These market interest rate increases may impact commercial real estate transaction volumes and negatively affect our results of operations.The rapid development and fluidity of the circumstances resulting from this pandemic preclude any prediction as to the ultimate adverse impact of COVID- 19 on our business.Nevertheless, **COVID- 19 and** the current financial,economic and capital markets environment,and future developments in these and other areas present material uncertainty and risk with respect to our performance,financial condition,results of operations and cash flows.Our inability to access funding or the terms on which such funding is available could have a material adverse effect on our financial condition,particularly in light of ongoing market dislocations resulting from the COVID- 19 pandemic ~~or other pandemics~~ .Issues related to financing are exacerbated in times of significant dislocation in the financial markets,such as those being experienced now and unforeseen related to the COVID- 19 pandemic.It is possible our lenders will become **unwilling or unable** General Risk Factors Stockholders have limited control over changes in our policies and operations, which increases the uncertainty and risks they face as stockholders. Our Board of Directors determines our major policies, including our policies regarding corporate governance, investment objectives, REIT qualification and distributions. Our Board of Directors may amend or revise these and other policies without a vote of the stockholders. We may change our investment policies without stockholder notice or consent, which could result in investments that are riskier or different than our current investments. Our Board of Directors' broad discretion in setting policies and stockholders' inability to exert control over those policies increases the uncertainty and risks stockholders face. If we are unable to implement and maintain effective internal controls over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. The process of designing, implementing and testing the internal controls over financial reporting required to comply with this obligation is time consuming, costly and complicated. If we identify material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes- Oxley Act in a timely manner or to assert that our internal controls over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock could be negatively affected. We could also become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources. Accounting standards prescribe a model to measure expected credit losses (" CECL ") that may require us to increase our level of allowance for loan losses, which may affect our business, financial condition and results of operations. Accounting Standards Update No. 2016- 13, Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments requires us to present certain financial assets carried at amortized cost, such as loans held for investment, at the net amount expected to be collected. The measurement of CECL is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This measurement takes place at the time the financial asset is first added to the balance sheet and updated quarterly thereafter. Accordingly, the CECL model requires us to increase our allowance and recognize provisions for loan losses earlier in the lending cycle. Moreover, the CECL model creates volatility in the level of our allowance for loan losses. If we are required to increase our level of allowance for loan losses for any reason, such increase may affect our business, financial condition and results of operations. Environmental compliance costs and other potential environmental liabilities associated with our current or former properties or our CRE debt or real estate- related investments could materially impair the value of our investments and expose us to material liability. Under various federal, state and local environmental laws, statutes, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real property, such as us, our borrowers and our tenants, may be liable in certain circumstances for the costs of investigation, removal or remediation of contamination, or related to hazardous or toxic substances, materials or wastes, including petroleum and materials containing asbestos or, mold, present or released at, under, on, or from such property. In addition, we also may be liable for costs of remediating contamination at off- site disposal or treatment facilities where we arranged for disposal or treatment of hazardous substances at such facilities. Potential liabilities relating to the forgoing also include government fines and penalties, natural resource damages, and damages for injuries to persons and property. In addition, some environmental laws can create a lien on the contaminated site in favor of the government for damages and the costs it incurs in connection with the contamination. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence, release or disposal of such substances, may be joint and several, and may be imposed on the current or former owner or operator of a property in connection with the activities of a tenant or a prior owner or operator at the property. The presence of contamination or the failure to remediate contamination may adversely affect our or our tenants' ability to sell, develop, operate or lease real estate, or to borrow using the real estate as collateral, which, in turn, could reduce our revenues. As an owner or operator of a site, including if we take ownership through foreclosure, we also can be liable under common law to third parties for damages and injuries resulting from environmental contamination at or emanating from the site (e. g., for cleanup costs, natural resource damages, bodily injury or property damage). Some of our properties are or have been used for commercial or industrial purposes involving the use or presence of hazardous substances, materials or waste, which could have resulted in environmental impacts at or from these properties, including contamination of which we are not presently aware. We are also subject to federal, state and local environmental, health and safety laws and regulations and zoning requirements, including those regarding the handling of regulated substances and wastes, emissions to the environment and fire codes. If we, or our tenants or borrowers, fail to comply with these various laws and requirements, we might incur costs and liabilities, including governmental fines and penalties. Moreover, we do not know whether existing laws and requirements will change or, if they do, whether future laws and requirements will require us to make significant unanticipated expenditures that could have a material adverse effect on our business. Our tenants are subject to the same environmental, health and safety and zoning laws and also may be liable for cleanup or remediation of contamination. Such liability could affect a tenant' s ability to make rental payments to us. Some of our properties may contain, or may have contained, asbestos- containing building materials. Environmental, health and safety laws require that owners or operators of or employers in buildings with ACM properly manage and maintain these materials, adequately inform or train those who may come into contact with ACM and undertake special precautions, including removal or other abatement, in the event that ACM is disturbed during building maintenance, renovation or demolition. These laws may impose fines and penalties on employers, building owners or operators for failure to comply with these requirements. In addition, third parties may seek recovery from employers, owners or operators for personal injury associated with exposure to asbestos. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues also can stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants and others if property damage or personal injury occurs. These costs and liabilities, including for any required investigation, remediation, removal, fines, penalties, costs to comply with environmental law or personal or property injury or damages and our or our tenants' or borrowers' liability could significantly exceed the value of the property without any limits. The scope of any indemnification our tenants or borrowers have agreed to provide us for environmental liabilities may be limited. For instance, some of our agreements with our tenants or borrowers do not require them to indemnify us for environmental liabilities arising before such tenant or borrower took possession of the premises. Further, we cannot assure stockholders that any such tenant or borrower would be able to fulfill its indemnification obligations. If we were deemed liable for any such environmental liabilities and were unable to seek recovery against our tenant or borrower, our business, financial condition and results of operations could be materially and adversely affected. Furthermore, we may invest in real estate, or CRE debt secured by real estate or subordinate interests, with environmental impacts or issues that materially impair the value of the real estate. Even as a lender, if we participate in management or take title to collateral with environmental problems or if other circumstances arise, we could be subject to environmental liability. There are substantial risks associated with such an investment. Laws, regulations **, corporate responsibility and / or environmental, social and governance (" ESG ") initiatives** or other issues related to climate change could have a material adverse effect on us. If we, our borrowers or other companies with which we do business, particularly utilities that provide our facilities with electricity, become subject to laws or regulations related to climate change, it could have a material adverse effect on us. The United States may enact new laws, regulations and interpretations relating to climate change **, corporate responsibility and / or ESG initiatives** , including potential cap- and- trade systems, carbon taxes and other requirements relating to reduction of carbon footprints and / or greenhouse gas emissions. Other countries have enacted climate change laws and regulations, and the United States has been involved in discussions and agreements regarding international climate change treaties. The federal government and some of the states and localities in which we operate have enacted certain climate change laws and regulations and / or have begun regulating carbon footprints and greenhouse gas emissions. Localities may enact laws that require mortgaged properties to comply with certain green building certification programs (e. g., LEED and EnergyStar) and other laws which may impact commercial real estate as a result of efforts to mitigate the factors contributing to climate change. Although these laws and regulations have not had any known material adverse effect on us to date, they could limit our ability to **operate our business, maintain our investments or to** develop properties or result in substantial costs, including compliance costs, retrofit costs and construction costs, monitoring and reporting costs and capital expenditures for environmental control facilities and other new equipment. In addition, these laws and regulations could lead to increased costs for the electricity that our tenants require to conduct operations. Furthermore, our reputation could be damaged if we violate climate change laws or regulations **at the corporate and / or investment level** . We cannot predict how future laws and regulations, or future interpretations of current laws and regulations, related to climate change **, corporate responsibility and / or ESG initiatives** will affect our business, results of operations, liquidity and financial condition **. These matters may also subject us to regulator and reporting obligations that could impact the price of our common stock, cause us to incur added costs or expose us to new risks, such as the risk of scrutiny and criticism by ESG detractors for the scope or nature of any ESG- related initiatives or goals we may establish, which could have a material adverse effect on our reputation** . Lastly, the potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These potential impacts may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures, any of which could increase our or our borrowers' operating costs. Any of these matters could have a material adverse effect on us. **We cannot predict the effects** ~~The phase- out, replacement, or unavailability~~ of **the transition away from** LIBOR ~~, and the transition~~ to the Secured Overnight Financing Rate (" SOFR ") **on** ~~, is likely to affect~~ our existing floating rate debt and hedging arrangements ~~, and there can be no assurance as to how the SOFR rate may differ from LIBOR or from any other replacement rate~~ . Certain of our floating- rate debt and hedging arrangements ~~determine~~ **determined** the applicable interest rate or payment amount by reference to LIBOR ~~and / or~~ **, which we have fully transitioned to** SOFR **in connection with LIBOR' s discontinuation. Although the transition was intended to maintain the economic terms of the existing arrangements** , **there can be no assurance that the methodologies and adjustments will not result in mismatches in hedging, or that SOFR will be similar to or produce the**

economic equivalent of, or be more or less favorable than, LIBOR, particularly during times of economic stress. As such, the effect of the transition to SOFR could have a material adverse effect on ~~or~~ **our** ~~to another~~ **financing costs, and as a result, on our** financial **condition** ~~metric. On March 5~~ , ~~2021~~ **operating results and cash flows. In addition** , **we cannot predict** ~~the~~ **other** ~~U~~ **potential unforeseen impacts of the transition away from LIBOR** . ~~K~~ **SOFR has a limited history, having first been published in April 2018** . ~~Financial Conduct Authority (" FCA ") announced staggered~~ **The future performance of SOFR, and SOFR- based** ~~dates~~ **rates , cannot be predicted based on SOFR' s history or** by ~~which~~ **historical levels of** LIBOR ~~settings will either cease to be provided by any administrator or no longer be representative. Accordingly, unless our~~ - **or** ~~floating~~ **other** ~~rate~~ **rates** ~~debt and hedge arrangements are modified to provide for a specific replacement benchmark by June 30, 2023, it is unclear what rate would apply to such floating rate debt and hedges. The U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee composed of large U. S. financial institutions, has identified SOFR as the preferred alternative rate to LIBOR~~ . The composition and characteristics of SOFR are not the same as those of LIBOR **and the differences may be material** . SOFR is a secured rate backed by government securities, while LIBOR is an unsecured rate **that** that incorporates bank credit risk, and SOFR is an overnight rate, while LIBOR is a forward- looking rate that represents interbank funding over different maturities. ~~While~~ **SOFR has been more volatile than other benchmark or market rates, including LIBOR, during certain periods. Also, more than one SOFR- based rate is used in the financial markets, such as term SOFR or compounded SOFR, which will result in different interest rates. Mismatches between SOFR- based rates, and between SOFR- based rates and other rates, may cause economic inefficiencies, particularly if** market participants **seek** ~~have proposed certain methods~~ to **hedge one kind of** ~~interpolate and transition between LIBOR and~~ SOFR ~~, there~~ **- based rate by entering into hedge transactions based on another SOFR- based rate or another rate. We** can ~~be~~ **provide** no assurance that SOFR ~~(including a term~~ **, or rates derived from** SOFR **,** ~~or compounded SOFR)~~ will perform in the same **or a similar** way as LIBOR would have **performed** at any time, ~~including, without limitation, as a result of changes in interest~~ and ~~yield~~ **there is no assurance that SOFR- based** rates **will** ~~in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. The discontinuation of USD LIBOR and the transition to SOFR or another alternative reference rate may~~ be ~~disruptive to financial markets, which could have~~ a **suitable substitute** ~~material adverse effect on our financing costs, and as a result, on our financial condition, operating results, and cash flows. Furthermore, differences between LIBOR replacement methodology in loan and hedging markets could result in differences in conversion between our debt arrangements and corresponding hedges. While the loan market may eventually generally adopt the same replacement~~ for LIBOR ~~as the hedging market, there can be no assurance as to the timing of such adoption and any differences in the timing of adoption of LIBOR replacements between the loan and hedge market as well as differences in methodology and valuation can lead to mismatches in hedging, which could result in changes to our risk exposure, adverse tax or accounting effects, increased compliance and legal and operational costs. In addition, any such discontinuation or changes, whether actual or anticipated, could result in market volatility, adverse tax or accounting effects, increased compliance, legal and operational costs, and risks associated with contract negotiations~~ . Changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could require changes to certain of our business practices, negatively impact our operations, cash flow or financial condition, impose additional costs on us, subject us to increased competition or otherwise adversely affect our business. The laws and regulations governing our operations, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. For example, from time to time the market for real estate debt transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. Furthermore, if regulatory capital requirements — whether under the Dodd- Frank Act, Basel III (voluntary minimum requirements for internationally active banks) or other regulatory action — are imposed on private lenders that provide us with funds, or were to be imposed on us, they or we may be required to limit, or increase the cost of, financing they provide to us or that we provide to others. Among other things, this could potentially increase our financing costs, reduce our ability to originate or acquire loans and reduce our liquidity or require us to sell assets at an inopportune time or price. There has been increasing commentary amongst regulators and intergovernmental institutions on the role of nonbank institutions in providing credit and, particularly, so- called " shadow banking, " a term generally referring to credit intermediation involving entities and activities outside the regulated banking system and increased oversight and regulation of such entities. In the United States, the Dodd- Frank Act established the Financial Stability Oversight Council (the " FSOC "), which is comprised of representatives of all the major U. S. financial regulators, to act as the financial system' s systemic risk regulator. The FSOC has the authority to review the activities of non- bank financial companies predominantly engaged in financial activities and designate those companies as " systemically important " for supervision by the Federal Reserve. Although the FSOC has raised the " systemically important financial institution " asset threshold to $ 250 billion in total consolidated assets, compliance with any increased regulation of non- bank credit extension could require changes to certain of our business practices, negatively impact our operations, cash flows or financial condition or impose additional costs on us. The market price of our common stock may fluctuate significantly. The capital and credit markets have from time to time experienced periods of extreme volatility and disruption. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. Some of the factors that could negatively affect the market price of our common stock include: • our actual or projected operating results, financial condition, cash flows and liquidity, or changes in business strategy or prospects; • equity issuances by us, or resales of our shares by our stockholders, or the perception that such issuances or resales may occur; • loss of a major funding source; • actual or anticipated accounting problems; • publication of research reports about us or the real estate industry; • changes in market valuations of similar companies; • adverse market reaction to the level of leverage we employ; • additions to or departures of our key personnel or adverse effects on the business or operations of DigitalBridge; • speculation in the press or investment community; • our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts; • increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock and would result in increased interest expenses on our debt; • a compression of the yield on our investments and an increase in the cost of our liabilities; • failure to operate in a manner consistent with our intention to qualify as a REIT or exclusion from registration under the Investment Company Act; • price and volume fluctuations in the overall stock market from time to time; • general market and economic conditions and trends including inflationary concerns, and the current state of the credit and capital markets; • significant volatility in the market price and trading volume of securities of publicly traded REITs or other companies in our sector, which is not necessarily related to the operating performance of these companies; • changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to REITs; • changes in the value of our portfolio; • any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts; • operating performance of companies comparable to us; • short- selling pressure with respect to shares of our common stock or REITs generally; and • uncertainty surrounding the strength of the U. S. economic recovery, particularly in light of the recent debt ceiling and budget deficit concerns, and other U. S. and international political and economic affairs. Any of the foregoing factors could negatively affect our stock price or result in fluctuations in the price or trading volume of our common stock. Future offerings of debt or equity securities, which would rank senior to our common stock, may adversely affect the market price of our common stock. If we decide to issue debt or equity securities in the future, which would rank senior to our common stock, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us. We may issue additional equity securities, which may dilute your interest in us. Stockholders do not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue a total of 1, 000, 000, 000 shares of capital stock, of which 950, 000, 000 shares are classified as common stock and 50, 000, 000 shares are classified as preferred stock. Our Board of Directors, with the approval of a majority of our entire Board of Directors and without stockholder approval, may amend our charter to increase or decrease the aggregate number of authorized shares of capital stock or the number of shares of capital stock of any class or series that we are authorized to issue. Our Board of Directors may elect to: (i) sell additional shares in one or more future public offerings; (ii) issue equity interests in private offerings; (iii) issue shares of our common stock to sellers of assets we acquire in connection with an exchange of limited partnership interests of our operating company; or (iv) issue shares of our common stock to pay distributions to existing stockholders. If we issue and sell additional shares of our common stock, the ownership interests of our existing stockholders will be diluted to the extent they do not participate in the offering.