Risk Factors Comparison 2024-02-12 to 2023-02-13 Form: 10-K

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

The following risk factors and other information included in this Annual Report on Form 10- K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may adversely impact our business. If any of the following risks occur, our business, financial condition, operating results, cash flows and liquidity could be materially adversely affected. The market price of our Class A common stock could decline if one or more of these risks or uncertainties actually occur, causing you to lose all or part of your investment in our Class A common stock. Certain statements in " Risk Factors " are forward- looking statements. See " Cautionary Statement Regarding Forward- Looking Statements " included elsewhere in this Annual Report. Summary of Principal Risk Factors Our business is subject to change, risks, and uncertainties, as described herein. The risks factors that the Company considers material include, but are not limited to, the following: Risks Related to ~~COVID- 19 • The persistence of the COVID- 19 pandemic has had, and may continue to have, an adverse effect on our business, financial condition and results of operations. Risks Related to~~ Our Operations • ~~The~~ **Our** success ~~of our business~~ depends upon ~~the retention of~~ **hiring and retaining** qualified loan originators ~~, the allocation of capital among our business lines,~~ and maintaining strategic business alliances. • **The allocation of capital among our business lines may vary, which may adversely affect our financial performance. •** We operate **using financial models and** according to ~~specific~~ **proprietary** underwriting criteria in a highly competitive market for lending and **other** investment opportunities, ~~both of~~ which may limit our ability to originate or acquire desirable loans and **other** investments in our target assets and / or our ability to yield a certain return on our investments. Market Risks Related to Our Investments • We **cannot predict the effect that government policies, laws, and interventions adopted in response to the current inflationary environment or the impact of future changes in the U. S. political environment, including as a result of 2024 elections, on our business and the markets in which we operate. • We** have a concentration of investments in the real estate sector, **and may have further concentrations from time to time in certain property types, locations, tenants and borrowers,** which may increase our exposure to the risks of certain economic downturns, and the value of which may be **adversely** affected by many factors beyond our control, including **dislocations, illiquidity and volatility in the market for commercial real estate, commercial real estate finance and the broader financial markets, shifts in consumer patterns and advances in communication and information technology, fluctuations in** prevailing interest rates **and credit spreads** , prepayment rates on mortgage loans, ~~increased competition, shifts in consumer patterns and advances in communication and information technology,~~ civil unrest, acts of war and terrorism and outbreaks of communicable diseases, severe weather patterns and climate change. Risks Related to Our Portfolio • The repayment of mortgage loans may be limited by the application of federal, state and local law, including **state,** bankruptcy ~~provisions~~ **, insolvency and other debtor and tenant relief laws** , the non- recourse and potentially illiquid nature of mortgage loans, our ability to evaluate the credit- worthiness of borrowers and to diligence the underlying property, including environmental issues and the property' s ability to generate sufficient ~~cash flow~~ **net income, our ability to manage credit risk and modify or restructure non- performing loans** , the sufficiency of appropriate reserves, subordination, the lack of full control due to a participation or co- lender arrangement, and proper insurance coverage **. • Certain balance sheet investments, such as transitional loans, mezzanine loans, B- Notes and other subordinate positions, participations and preferred equity may be more illiquid and involve a greater risk of loss** . • Provisions for loan losses are difficult to estimate. **Our reserves** ~~If we are required to materially increase our level of allowance~~ for loan losses **may prove inadequate** ~~for any reason, such increase could adversely affect our business, financial condition and results of operations. • We value certain investments quarterly at fair value, a subjective measure. Our results of operations for a given period could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal~~ . • Inflation **has and** may **continue to** stress property performance **and value** and thus mortgage loan performance. • Our participation in the market for mortgage loan securitizations may expose us to risks that could result in losses to us and **our access to the CMBS securitization market and** the timing of our securitization activities and ~~other factors~~ **real estate sales** may greatly affect our quarterly financial results. • ~~The market value of our investments in CMBS and collateralized~~ **We may be subject to risks associated with unfunded conditional** loan **commitments. • Mortgages on facilities** ~~obligation transactions, or CLOs, may fluctuate as a result of various market risks~~ that are ~~out~~ **subject to ground leases risk the collateral reverting to the ground lessor unexpectedly during the term** of ~~our control~~ **the loan due to such borrower' s default under, and the resulting termination of, the ground lease** . • ~~Any investments in~~ **The expense of operating and owning** real **property** ~~-estate related equity or debt securities~~ , including **net leased** ~~, but not limited to, those issued by REITs and~~ real estate ~~companies~~ **assets** , ~~are subject to~~ **may impact our cash flow and our investments in net leased properties could be adversely affected by our reliance on the net leased tenants. • The leases at the properties underlying commercial real estate loans or securities or the properties held by us may not be relet or renewed on favorable terms, or at all. • Current and future venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on venture partners' financial condition and liquidity and disputes between us and our venture partners. • Our investments in CMBS and** ~~the~~ **other** ~~specific risks relating to the particular companies and to the general risks of investing in~~ real estate- related securities **are generally subject to losses** . • Any credit ratings assigned to our investments could be downgraded ~~and we could incur losses from investments in non- conforming and non- investment grade- rated loans or securities~~ , which could have a material impact on our financial condition, liquidity and results of operations. • ~~The expense~~ **Our determinations** of **fair**

value ~~operating and owning real property, including net leased real estate investments,~~ may **have a material** impact **on** our ~~cash flow from~~ **financial condition and results of** operations ~~and our investments in net leased properties and in ventures could be adversely affected by our reliance on the net leased tenants and our venture partners, respectively~~ . Risks Related to Our ~~Liquidity and~~ Indebtedness **• Our business is leveraged, which could lead to greater losses than if we were not as leveraged.** • There can be no assurance that we will be able to **access** ~~obtain or utilize~~ financing arrangements in the future on favorable terms, or at all, and **our compliance** ~~such financing agreements provide lenders~~ with ~~greater rights in~~ **associated restrictive covenants and** the **potential need** ~~event of a lender or~~ **for** ~~borrower bankruptcy, the~~ **additional collateral may limit our** ability to ~~foreclose upon collateral in~~ **fully pursue our business strategies. • Any credit ratings assigned to our debt securities could be downgraded, which could have a material impact on our financial condition, liquidity** ~~an~~ **and** ~~event~~ **results** of ~~default and cross- default provisions~~ **operations. • We are subject** to ~~other financing agreements~~ **counterparty risk associated with our debt obligations and cash balances** . • Our use of leverage may create a mismatch between the duration of financing **,** and the life of **,** the investments made using the proceeds of such financing **, as well as between the index of** ~~. • Our unsecured corporate bonds contain restrictive covenants that may limit our ability to expand or~~ **our investments** ~~fully pursue our business strategies~~ and the **index** ~~unsecured corporate bonds are subordinate to all~~ of our **leverage** ~~secured indebtedness, which may affect our ability to repay the bonds~~ . • We **have financed, and** may **in the future** seek to finance **,** certain of our shorter- term loans via CLOs and such transactions involve significant risks, including that the sponsor of such transactions will receive distributions from the CLO only if the CLO generates enough income to first pay all the investors ~~holding~~ **in** senior tranches and all CLO expenses. • We cannot predict the effects of the transition away from LIBOR on Ladder' s assets and liabilities. Risks Related to Regulatory and Compliance Matters • ~~Actual or perceived environmental, social and governance matters may cause us to incur additional costs or reputational harm, or result in investors ceasing to allocate their capital to us, all of which could adversely affect our business and results of operations. •~~ If our ~~subsidiary that is regulated as a~~ registered investment adviser **subsidiary** is unable to meet ~~the~~ **SEC** requirements ~~of the SEC~~ or ~~fails to~~ comply with certain ~~U. S.~~ federal and state securities laws and regulations, it may face termination of its ~~investment adviser~~ registration, fines or other disciplinary action. • Our ~~subsidiary that operates as a~~ captive insurance ~~company~~ **subsidiary** is subject to insurance laws and its ~~outstanding~~ borrowings are subject to **FHLB** ~~the lending~~ policies ~~of the FHLB. • Maintenance of our exemption from registration under the Investment Company Act imposes significant limits on our operations. The value of our securities, including our Class A common stock, may be adversely affected if we are required to register as an investment company under the Investment Company Act~~ . • Certain of our entities **have and** may **in the future** make loans to other of our entities on other- than- arms'- length terms. • ~~Certain of~~ **Our exemption from registration under the Investment Company Act imposes significant limits on our operations. • Actual** ~~our~~ - **or** ~~officers~~ **perceived environmental, social** and ~~directors~~ **governance matters** may ~~be involved in other~~ **cause additional costs, reputational harm or investors to cease allocating capital to us, all of which could adversely affect our** ~~businesses~~ -- **business** ~~related to the commercial real estate industry~~ and **results** ~~potential conflicts~~ of **operations** ~~interests may arise if we invest in commercial real estate instruments or properties affiliated with such businesses~~ . Risks Related to Hedging • We may ~~enter into hedging transactions that~~ **choose to hedge our risks or not, and both choices** could expose us to **potential losses. • Hedging transactions may** ~~contingent liabilities in the future, adversely impact our financial condition,~~ be subject to mandatory clearing and / or margin requirements and not have a liquid secondary market. Risks Related to Our Class A Common Stock • **The price** ~~Anti- takeover provisions in our charter documents~~ and ~~Delaware law~~ **trading volume of our Class A common stock may be volatile, which** could ~~delay~~ **result in rapid and substantial losses** ~~or~~ **for our shareholders** ~~prevent a change in control~~ . • Our charter contains REIT- related restrictions on the ownership of, and ability to, transfer our Class A common stock. • ~~The market price~~ **Anti- takeover provisions in our charter documents** and ~~trading volume of~~ **Delaware law could delay** ~~our~~ - **or prevent a change in control** ~~Class A common stock may be volatile and current stockholders may be diluted by future equity issuances~~ . Risks Related to Our Taxation as a REIT • If we fail to qualify as a REIT, we ~~will be subject to tax as a regular corporation and~~ could **incur** ~~face a~~ substantial tax liability **. As a REIT** , ~~which would reduce~~ **we and our investors may still face** ~~the~~ **other** ~~amount of cash available for~~ **tax liabilities. • Our REIT qualification depends on meeting asset, income, organizational,** distribution **,** ~~to our shareholders~~ - **shareholder ownership and other** ~~. • Complying with REIT~~ requirements **. Such compliance entails judgment and** may cause us to forgo ~~otherwise attractive opportunities~~ or liquidate ~~otherwise~~ attractive investments. • REIT distribution requirements could adversely affect our ability to execute our business plan ~~and we~~ **. We** cannot **guarantee a minimum** ~~assure you of our ability to pay distributions~~ - **distribution** ~~in~~ **payout level, specify** the ~~future~~ **distribution method, or predict the resulting tax treatment** . • **Changes to U** ~~Qualifying as a REIT involves highly technical and complex provisions of the Code and our qualification as a REIT depends on various interpretations that we make and actions that we take~~ . **S. federal income tax laws could materially and adversely affect us and our shareholders. General Risk Factors** • ~~Even if we qualify as a REIT~~ **Our business model and changes to our investment** , ~~we~~ **asset allocation and financing policies,** may ~~face~~ **not be successful. • Failure to maintain effective internal controls and** ~~other~~ -- **the complexity of accounting and** tax ~~liabilities that reduce~~ **rules, characterized by significant judgment and assumptions, could materially affect the accuracy of our financial statements. • Cybersecurity threats, security breaches and artificial intelligence (" AI ") could cause significant business disruption and possibly compromise sensitive information, damage our reputation, and subject us to regulatory scrutiny. • Litigation and the inability to secure required business authorizations** ~~our~~ - **or** ~~cash flow~~ **licenses may adversely affect our business** . The risks described above should be read together with the text of the full risk factors below, in the section entitled " Risk Factors " in Part II, Item 1A. and the other information set forth in this Annual Report, including the consolidated financial statements and the related notes, as well as in other documents that are filed with the SEC. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not precisely known to us, or that are currently determined to be immaterial, may also materially adversely affect our business, financial condition, results of operations and future growth prospects ~~. The COVID- 19 pandemic and the various responses to it have created significant volatility, uncertainty and economic disruption. The ultimate impact of the COVID- 19 pandemic on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict. Long- term structural changes as a result of the COVID- 19 pandemic may also affect the value of certain businesses and properties. For example, many businesses moved to, and many continue to have, remote work arrangements, which may reduce the demand for certain types of office space and other properties~~ . 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- standing relationships that generate repeat business for us, brokers are free to transact business with other lenders and have done so in the past and will do so in the future. 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 ~~. The allocation of capital among our business lines may vary, which may adversely affect our financial performance~~ . In executing our business plan, we regularly consider the allocation of capital to our various commercial real estate business lines, including commercial mortgage lending, investments in securities secured by first mortgage loans, and investments in selected net leased and diversified commercial real estate properties. The allocation of capital among such business lines may vary due to market conditions, the expected relative return on equity of each activity, the judgment of our management team, the demand in the marketplace for commercial real estate loans and securities and the availability of specific investment opportunities. We also consider the availability and cost of our likely sources of capital. If we fail to appropriately allocate capital and resources across our business lines or fail to optimize our investment and capital raising opportunities, our financial performance may be adversely affected. We may not be able to maintain our strategic business alliances. We often rely on other third- party companies for assistance in origination, warehousing, distribution, servicing, securitization and other finance- related and loan- related activities. There can be no assurance that any of these strategic partners will continue their relationships with us in the future. Our ability to influence our partners may be limited and non- alignment of interests on various strategic decisions may adversely impact our business. Furthermore, strategic alliance partners may: (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our policies or objectives; (iii) undergo a change of control; (iv) experience financial and other difficulties; or (v) be unable or unwilling to fulfill their obligations, which may affect our financial conditions or results of operations. ~~Our~~ **To evaluate our target assets, our** management team uses financial models and underwriting criteria, the effectiveness of which cannot be guaranteed. ~~We operate in a highly competitive market for lending and investment opportunities.~~ Our profitability depends, in large part, on our ability to originate **loans** or acquire target assets at attractive prices **that, in our judgment, meet our criteria according to the results of our modeling. However, we operate in a highly competitive market for lending and other investment opportunities** . In originating or acquiring target assets, we compete with a variety of institutional lenders and investors and many other market participants, including specialty finance companies, REITs, commercial banks and thrift institutions, investment banks, insurance companies, hedge funds and other financial institutions. Many competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. Unlike Ladder, certain of our competitors may not be subject to the **operating constraints associated with REIT tax compliance or** maintenance of an exemption from **registration under** the Investment Company Act. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. Under our credit facilities, the lenders have the right to review the assets which we are seeking to finance and approve the purchase and financing of such assets in their sole discretion. Our underwriting criteria and lender approvals may restrict us from being able to compete with others for commercial mortgage loan origination and acquisition opportunities and these criteria may be stricter than those employed by our competitors. In addition, these underwriting criteria and approvals impose conditions and limitations on our ability to originate certain of our target assets, including, in particular, restrictions on our ability to originate junior mortgage loans, mezzanine loans and preferred equity investments. Furthermore, competition for originations of, and investments in, our target assets may lead to the yield of such assets decreasing, which may further limit our ability to generate desired returns. **The U. S. Government and the Federal Reserve have taken significant actions in response to the inflationary environment in the U. S., creating a great deal of volatility in financial and mortgage markets. For example, the tightening of monetary policy to address inflationary concerns drove a rapid and significant increase in interest rates, which resulted in a decline in commercial real estate transactions and an increased risk of economic distress for commercial property owners. There can be no assurance as to how actions taken by the U. S. Government or the Federal Reserve will affect the long- term efficiency, liquidity and stability of the financial and mortgage markets or whether they will be successful in reducing inflation to acceptable levels without creating an economic recession. Moreover, uncertainty with respect to the actions discussed above combined with uncertainty surrounding legislation, regulation and government policy at the federal, state and local levels, including as a result of 2024 elections, have introduced new and difficult- to- quantify macroeconomic and geopolitical risks with potentially far- reaching implications. There has been a corresponding increase in uncertainty with respect to interest rates, inflation, foreign exchange rates, trade volumes and trade, fiscal and monetary policy. New legislative, regulatory or policy changes could significantly impact our business and the markets in which we operate. To the extent changes in the**

political environment have a negative impact on the financial and mortgage markets, our business, results of operations, financial condition and ability to make distributions to our shareholders could be materially and adversely impacted. Any further downgrade, or perceived potential downgrade, of the credit ratings of the U. S. and the failure to resolve issues related to U. S. fiscal and debt policies may materially adversely affect our business, liquidity, financial condition and results of operations. In August 2023, Fitch Ratings lowered its long- term sovereign credit rating of the U. S. from " AAA " to " AA " due to concerns regarding the level and trajectory of federal debt and the erosion of governance, including on fiscal and debt matters and in November 2023, Moody' s Investors Service lowered its outlook on the U. S. government' s debt to " negative " from " stable " due to concerns regarding rising interest rates and political polarization in Congress. The impact of any further downgrades to the U. S. Government' s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions and would likely impact the credit risk associated with some of the assets in our portfolio or those we may seek to acquire, including U. S. Treasury securities. A downgrade of the U. S. Government' s credit rating or a default by the U. S. Government to satisfy its debt obligations likely would create broader financial turmoil and uncertainty, which would weigh heavily on the global banking system and these developments could cause interest rates and borrowing costs to rise and a reduction in the availability of credit, which may negatively impact the value of the assets in our portfolio, our net income, liquidity and our ability to finance our assets on favorable terms. We have a concentration of investments in the real estate sector and may have **further** concentrations from time to time in certain property types, locations, tenants and borrowers, which may increase our exposure to the risks of certain economic downturns. We and our borrowers operate in the commercial real estate sector. Such concentration in one economic sector may increase the volatility of our returns and may also expose us to the risk of economic downturns in this sector to a greater extent than if our portfolio also included other sectors of the economy. Declining real estate values may reduce the level of new mortgage and other real estate- related loan originations since borrowers often use appreciation in the value of their existing properties to support the purchase of or investment in additional properties. Borrowers may also be less able to pay principal and interest on our loans if the value of real estate weakens and / or the interest rates at which loans can be profitably made increases. Further, declining real estate values significantly increase the likelihood that we will incur losses on our loans in the event of default because the value of our collateral may be insufficient to cover our ~~cost on~~ **basis in** the **related** loan. Any sustained period of increased payment delinquencies, forbearance, foreclosures or losses could adversely affect both our net interest income from loans in our portfolio as well as our ability to originate / acquire / sell loans, which would materially and adversely affect our results of operations, financial condition, liquidity and business. In addition, we are not required to observe specific diversification criteria relating to property types, locations, tenants or borrowers. A limited degree of diversification increases risk because the aggregate **investment** return of our business may be adversely affected by the unfavorable performance of a single property type, single tenant, single market or even a single investment. To the extent that our portfolio is concentrated in any one region or type of asset, downturns or weather events relating generally to such region or type of asset may result in defaults on a number of our assets within a short time period. Additionally, borrower concentration, in which a particular borrower is, or a group of related borrowers are, associated with multiple real properties securing mortgage loans or securities held by us, magnifies the risks presented by the possible poor performance of such borrower (s). Moreover, borrowers may be concentrated in individual asset classes that could impact their liquidity. The value of our investments may be adversely affected by many factors that are beyond our control **, including dislocations, illiquidity and volatility in the market for commercial real estate, commercial real estate finance and the broader financial markets** . Income from, and the value of, our investments may be adversely affected by many factors that are beyond our control, including: • volatility and adverse changes in international, national and local economic and market conditions, including contractions in market liquidity for mortgage loans and mortgage- related assets and tenant bankruptcies; • changes in interest rates, inflation, credit spreads, prepayment rates and in the availability, costs and terms of financing; • changes in rates of default or recovery rates; • changes in generally accepted accounting principles; • changes in governmental laws and regulations, fiscal policies and zoning and other ordinances and costs of compliance with laws and regulations; • downturns in the markets for mortgage- backed securities and other asset- backed and structured products, and commercial real estate; • **the broader impacts of the Ukraine- Russia and Hamas- Israel conflicts; •** civil unrest, terrorism, acts of war, outbreaks of communicable diseases, nuclear or radiological disasters and natural disasters, including earthquakes, hurricanes, tornadoes, tsunamis, floods, and other extreme weather and permanent climate changes, which may result in uninsured and underinsured losses; and • in addition to the physical risks of climate change, transition risks such as changes in consumer preferences or additional legislative or regulatory requirements, including those associated with the transition to a low- carbon economy. **Any significant dislocations, illiquidity or volatility in the real estate and securitization markets, including the markets for CMBS and CLOs, as well as global financial markets and the economy generally, could adversely affect our business and financial results. We cannot assure you that dislocations in the commercial mortgage loan market will not occur in the future. Challenging economic conditions affect the financial strength of many commercial, multifamily and other tenants and result in increased rent delinquencies and decreased occupancy. Economic challenges have in the past and may in the future lead to decreased occupancy, decreased rents or other declines in income from, or the value of, commercial, multifamily and manufactured housing community real estate. Declining commercial real estate values, coupled with tighter underwriting standards for commercial real estate loans, may prevent commercial borrowers from refinancing their mortgages, which may result in increased delinquencies and defaults on commercial, multifamily and other mortgage loans. Declines in commercial real estate values also tend to result in reduced borrower equity, further hindering borrowers' ability to refinance in an environment of increasingly restrictive lending standards and giving them less incentive to cure delinquencies and avoid foreclosure. The lack of refinancing opportunities has impacted and could impact in the future, in particular, mortgage**

loans that do not fully amortize and on which there is a substantial balloon payment due at maturity, because borrowers generally expect to refinance these types of loans on or prior to their maturity date. Finally, declining commercial real estate values would result in lower recoveries on foreclosure and an increase in losses above those that would have been realized had commercial property values remained the same or increased. Continuing defaults, delinquencies and losses would further decrease property values, thereby resulting in additional defaults by commercial mortgage borrowers, further credit constraints and further declines in property values. We have only a limited ability to change our portfolio promptly in response to economic or other conditions. Certain significant expenditures, such as our debt service costs, real estate taxes, and operating and maintenance costs, are generally not reduced in unfavorable market conditions. These factors 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. Shifts in consumer patterns **, remote work policies** and advances in communication and information technology that affect the 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 ~~and accelerated by the COVID- 19 pandemic~~ , sales by online retailers ~~such as Amazon~~ have increased, and many retailers operating brick and mortar stores have made online sales a vital piece of their ~~businesses~~ -- **business** . Some of our debt and equity investments involve exposure to the ongoing operations of brick- and- mortar retailers. Although many of the retailers operating in the properties underlying our debt and / or equity investments include pharmacies and / or sell groceries and other necessity- based soft goods or provide services, including entertainment and dining options, the shift to online shopping may cause declines in brick- and- mortar sales generated by certain of tenants at these properties and / or may cause certain of our tenants to reduce the size or number of their retail locations in the future. Technology ~~has also~~ **and remote work policies, including hybrid schedules, have and will continue to** ~~impacted~~ -- **impact** the use of office space ~~and the adaption of such technology has also been accelerated by the structural changes as a result of 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, videoconferencing and ~~, prior to the pandemic,~~ renting shared workspaces ~~through platforms such as WeWork~~ . These trends have led to more efficient workspace layouts and **higher percentages of employees working remotely at least part of the week and, therefore,** a decrease in ~~square feet~~ leased ~~per employee~~ **office space** . The continuing impact of technology **and remote work policies** could result in tenants utilizing less office space **(including downsizing upon renewal)** , or in tenants seeking office space outside of the typical central business district ~~(“ CBD ”)~~ . These trends could continue to cause an increase in vacancy rates and a decrease in demand for new supply ~~and could~~ **, negatively** ~~impact~~ **impacting** the value of our debt and equity investments. ~~Technology~~ **Vacation rental** 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 rates and pricing at more traditional hotels. As a result of the foregoing, the value of **certain of** our debt and equity investments, and results of operations could be adversely affected. Our earnings may decrease because of ~~changes~~ **fluctuations** in prevailing interest rates ~~or~~ **and credit spreads and** associated borrowing costs **. During 2022 and 2023, the U. S. Federal Reserve raised its benchmark interest rates at the fastest pace since the 1980s** . Our primary interest rate exposures relate to the yield on our **floating rate** assets and the financing cost of our **floating rate** debt, as well as the **Treasury futures** ~~interest rate swaps~~ that we utilize for hedging purposes. Interest rates are highly sensitive to many factors beyond our control, including but not limited to, governmental monetary and tax policies, and domestic and international economic and political considerations. ~~The U. S. Federal Reserve has raised its benchmark interest rates at the fastest paces since the 1980s.~~ Interest rate fluctuations present a variety of risks ~~, including the~~ **and may adversely affect our income or generate losses. Such** ~~risk~~ **risks** ~~of~~ **include** a mismatch between asset yields and borrowing rates ~~,~~ **and** variances in the yield curve and ~~fluctuating~~ prepayment rates ~~,~~ **. Increased interest rates also impact borrowers’ ability to refinance their loans at maturity** and ~~such fluctuations may adversely affect~~ **while the interest payable on the existing fixed rate debt on** our ~~income~~ **real estate portfolio** and **corporate bonds becomes relatively cheaper with higher market interest rates, we** may ~~generate losses~~ **have to refinance this debt at higher rates at maturity** . Demand for mortgages has been negatively impacted by rising interest rates and increases in the level of interest rates ~~may~~ : (i) increase the credit risk of our assets by negatively impacting the ability of our borrowers to pay debt service on our floating rate loan assets or our ability to refinance our assets upon maturity ~~and~~ **;** (ii) negatively impact the value of the real estate supporting our investments (or that we own directly) through the impact such increases can have on property valuation capitalization rates ~~.~~ **; and /** ~~For~~ - **or (iii) cause** ~~the risks regarding the transition away from LIBOR on~~ our **targeted** assets **that were issued, originated or acquired prior to** ~~and~~ - **an** ~~liabilities, refer~~ **interest rate increase** to **experience a decline in** ~~“ Risks Related to Our Indebtedness — We cannot predict the~~ **their fair value or provide yields that are** ~~effect of the transition away from LIBOR on Ladder’ s assets and liabilities, ”~~ below **prevailing market interest rates** . Prepayment rates on mortgage loans cannot be predicted with certainty and prepayments may result in losses to the value of our assets **. Prepayment rates on mortgage 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, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic, legal and other factors beyond our control** . The frequency at which prepayments (including voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) occur on our investments can adversely impact our business, and prepayment rates cannot be predicted with certainty, making it impossible to completely insulate us from prepayment or other such risks. Any adverse effects of prepayments may impact our portfolio in those particular investments, which may experience outright losses in an environment of faster actual or anticipated prepayments, may underperform relative to hedges that the management team may have constructed for such investments (resulting in a loss to our overall portfolio). Additionally, in the event of declining interest rates, borrowers are more likely to prepay, thereby exposing us to the risk that the prepayment proceeds may be reinvested only at a lower interest rate than that borne by the prepaid obligation. **In periods of increasing interest rates and / or credit spreads, prepayment rates on loans will generally decrease, which could impact our liquidity, or increase our potential exposure to loan non- performance.** We are exposed to the risk of increased prepayments or defaults by any mortgage or security that we own at a premium. Any principal paydown diminishes the amount outstanding in these securities and reduces the yield to us **. 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 from declining interest rates less than other fixed income securities. Because our portfolio is comprised of both discount assets and premium assets, our portfolio may be adversely affected by changes in prepayments in any interest rate environment** . Before purchasing a security, we judge the likelihood of prepayment based on certain prepayment and default parameters and our own experience. Different estimates, judgments and assumptions reasonably could be used that would have a material effect on our judgment and, accordingly, result in losses to our business. **Difficulty in redeploying the proceeds from repayments of our existing loans and securities investments may also cause our financial performance and returns to investors to suffer. As our loans and securities investments are repaid, we will have to redeploy the proceeds we receive into new loans and investments, repay borrowings under our credit facilities, pay dividends to our shareholders or repurchase outstanding shares of our class A common stock. It is possible that we will fail to identify reinvestment options that would provide returns or a risk profile that is comparable to the asset that was repaid. If we fail to redeploy the proceeds we receive from repayment of a loan or security in equivalent or better alternatives, our financial performance and returns to investors could suffer.** The vast majority of the mortgage loans that we originate or purchase, and those underlying the CMBS in which we invest, are non- recourse loans and **our credit management and** the assets securing the loans may not be sufficient to protect us from a partial or complete loss if the borrower defaults on the loan **. Despite our efforts to manage credit risk, there are many aspects of credit risk that we cannot control. Our credit policies and procedures may not be successful in limiting future delinquencies, defaults, foreclosures or losses, particularly in relation to declining economic conditions or significant market disruptions, or they may not be cost effective. Our underwriting process, due diligence efforts or hedging strategies, if any, may not be effective or sufficient. Loan servicing companies or our operating partners may not cooperate with our loss mitigation efforts, or those efforts may be ineffective. Service providers to securitizations, such as trustees, loan servicers, bond insurance providers, and custodians, as well as our operating partners and their property managers, may not perform in a manner that promotes our interests. Delay of foreclosures could delay resolution and increase ultimate loss severities, as a result** . Except for customary non- recourse carve- outs for certain actions and environmental liability, most commercial mortgage loans, including those underlying the CMBS in which we invest, are effectively non- recourse obligations of the sponsor and borrower, meaning that there is no recourse against the assets of the borrower or sponsor other than the underlying collateral. In the event of any default under a 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 and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow from operations. Even if a mortgage loan is recourse to the borrower (or if a non- recourse carve- out to the borrower applies), in many cases, the borrower' s assets are limited primarily to its interest in the related mortgaged property. Further, although a mortgage loan may provide for limited recourse to a principal or affiliate of the related borrower **(e. g., a specific guaranty relating to completion, carry, interest rate caps, reserve replenishments or payment)** , there is no assurance ~~of~~ **that** any recovery from such principal or affiliate will be made or 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 is 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. The commercial **real estate** mortgages and other commercial real estate- related loans **we provide** , the commercial mortgage loans underlying the CMBS in which we may invest, and the real estate that we own are subject to the ability of the commercial property to generate net income ~~(and not the independent income or assets of the borrower in the case of mortgage loans). The volatility of real property could have a material adverse effect on our business, financial position and results of operations~~ . The commercial **real estate** mortgage loans and other commercial real estate- related loans **we provide** , the commercial mortgage loans underlying the securities in which we may invest, and the real estate that we own are subject to the ability of the commercial property to generate net income (and not the independent income or assets of the borrower in the case of mortgage loans). Any reductions in net operating income (" NOI ") increase the risks of delinquency, foreclosure and default, which could result in losses to us. NOI of an income- producing property can be affected by many factors, including, but not limited to: • the ongoing need for capital improvements, particularly in older structures; • changes in operating expenses; • changes in general or local market conditions; • changes in tenant mix and performance, the occupancy or rental rates of the property or, for a property that requires new leasing activity, a failure to lease the property in accordance with the projected leasing schedule; • competition from comparable property types or properties; • unskilled or inexperienced property management; • limited availability of mortgage funds or fluctuations in interest rates which may render the sale and refinancing of a property difficult; • development projects that experience cost overruns or otherwise fail to perform as projected including, without limitation, failure to complete planned renovations, repairs, or construction; • unanticipated increases in real estate taxes and other operating expenses; • challenges to the borrower' s claim of title to the real property; • environmental considerations, including liability for testing, monitoring and remediation; • changes in zoning laws, rent control laws and other similar legal restrictions on property ownership and operation; • other governmental rules and policies including those associated with a transition to a low- carbon economy; • community health issues, including, without limitation, epidemics and pandemics; • unanticipated structural defects or costliness of maintaining the property; • uninsured **or underinsured** losses, such as possible acts of theft, terrorism, social unrest or civil disturbances; • a decline in the operational performance of a facility on the real property (such facilities may include multifamily rental facilities, office properties, retail facilities, hospitality facilities, healthcare- related facilities, industrial facilities, warehouse facilities, restaurants, mobile home facilities, recreational or resort facilities, arenas or stadiums, religious facilities, parking lot facilities or other facilities); and • large- scale fire, earthquake or severe weather- related damage to, or the effect of climate change on, the property and / or its operations. Additional risks may be presented by the type and use of a particular commercial property, including specialized use as a nursing home or hospitality property. **The ability of** ~~In instances where the borrower is acting as~~ a ~~landlord on the underlying~~ property **owner** , ~~as we do~~ **whether one of our borrowers** ~~for~~ - **or ourselves with respect to** ~~our selected net leased and other~~ commercial ~~real estate assets~~ **properties we own** , ~~the ability of such borrower~~ **and our own financial performance with respect** to ~~satisfy the debt obligation~~ **commercial properties we own,** will depend on the performance and financial health of the underlying tenants, which may be difficult to assess or predict. In addition, as the number of tenants with respect to a commercial property decreases or as tenant spaces on a property must be relet, the nonperformance risk of the loan related to such commercial property may increase. Any one or more of the preceding factors could materially impair our ability to recover principal in a foreclosure on the related loan as lender and repay the principal as borrower. A substantial portion of our portfolio may be committed to the origination or purchasing of commercial **real estate** loans to small and medium- sized, privately owned businesses. Compared to larger, publicly owned firms, such companies generally have limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. The above financial challenges may make it difficult for such borrowers to make scheduled payments of interest or principal on their loans. Accordingly, advances made to such types of borrowers entail higher risks than advances made to companies who are able to access traditional credit sources. A portion of our portfolio also may be committed to the origination or purchasing of commercial **real estate** loans where the borrower **has** ~~is a business with~~ a history of poor operating performance, based on our belief that we can realize value from a loan on the property despite such borrower' s performance history. However, if such borrower were to continue to perform poorly after the origination or purchase of such loan, including due to the above financial challenges, we could be adversely affected. Consumer demand, combined with tight labor markets and supply chain imbalances have created inflationary pressure on the economy. ~~While Ladder' s ownership of commercial real estate and floating rate loans can act as effective hedges against inflation and the relative cost of our existing fixed rate debt decreases, increased~~ **Increased operating** costs could stress property performance and thus mortgage loan performance. Consumer demand, combined with tight labor markets **, increased government spending** and supply chain imbalances have created inflationary pressure on the U. S. economy. **Inflation, along with governmental measures to control** ~~Ladder' s ownership of commercial real estate can act as effective hedge against~~ inflation, **including significant** ~~since in an inflationary environment,~~ increases ~~in the cost of construction and higher mortgage rates are likely~~ to ~~make new supply more expensive, leading to a limited supply of buildings, which in turn increases both rental rates and property values. Certain assets with longer duration leases, such as our net leased properties, often include contractual rent escalators to mitigate inflationary risks. Further, the Federal Reserve has raised, and may continue to raise,~~ interest rates ~~in an effort to combat inflation~~ , ~~and so the interest payable~~ **coupled with public speculation about possible future governmental measures to be adopted, has had significant negative effects** on **national** ~~our existing fixed rate debt on our real estate portfolio and corporate bonds becomes relatively cheaper~~ , **regional** ~~and the rates on our floating rate loans and financing adjust accordingly. On the other hand~~ - **and** ~~,~~ **local economies.** ~~increased~~ **Increased** costs, such as increased energy costs and wages, ~~could~~ stress property performance and thus mortgage loan performance. In addition, investments with long- term leases that have flat rental rates or longer- term loans, such as existing conduit loans, with a fixed coupon may decrease in relative value. ~~Ladder uses interest rate hedges to mitigate the effect of inflation on its fixed rate loans and securities.~~ Finally ~~, while Ladder' s diverse, granular portfolio may serve to mitigate the effects of inflation on any particular location or property type~~ , certain assets or markets may be more negatively affected by inflation. For example, when inflation increases, consumers may cut back on expenses, including travel, which may impact markets driven by tourism, and also non- essential goods and services, which may impact the retail sector. **Loan modifications** ~~Our access to the CMBS securitization market and the timing of our~~ - **or restructurings** ~~securitization activities and other factors may greatly affect our quarterly financial results. We have historically expected to distribute certain~~ of ~~the first mortgage loans that we originate through securitizations and, in many circumstances, upon completion of a securitization, we will recognize certain~~ non- **performing** ~~interest revenues which will be included in total other income (loss) on our consolidated statements of income and cease to earn net interest income on the securitized~~ loans ~~. Our quarterly revenue, operating results and profitability have varied substantially from quarter to quarter based on the frequency, pricing, volume and timing of our securitizations. Our securitization activities will be affected by a number of factors, including our loan origination volumes, changes in loan values, quality and performance during the period such loans are on our books and conditions in the securitization and credit markets generally and at the time we seek to launch and complete our securitizations. Although due to changes resulting from the risk retention rules required by the Dodd- Frank Act described elsewhere in this Annual Report, Ladder~~ may ~~potentially~~ be **unsuccessful** ~~required to defer income over the life of the securitization, thereby reducing such volatility in earnings, as a result of these quarterly variations, quarter- to- quarter comparisons of our operating results may not provide an accurate comparison of our current period results of operations~~ . **The process** ~~If securities analysts or~~ **for collecting** ~~investors focus on such comparative quarter- to- quarter performance, our~~ - **or foreclosing** ~~stock price performance may be more volatile than if such persons compared a wider period of results of operations. Certain balance sheet loans may be more illiquid and involve a greater risk of loss than long- term~~ mortgage **liens** ~~loans. We originate and acquire balance sheet loans that provide interim financing to borrowers seeking short- term capital for~~ - **or equity pledges may be expensive** ~~the acquisition or transition (for example~~ , **lengthy** ~~lease up and / or rehabilitation) of commercial real estate. Such a borrower under an~~ **and** interim loan often has identified a transitional...... to collect upon mortgage loans may be limited by the application of state **, bankruptcy, insolvency and other debtor and tenant relief** laws **. Loans may be or become non- performing for a variety of reasons, including, without limitation, because the underlying property is too highly leveraged or the borrower falls upon financial distress, in either case, resulting in the borrower being unable to meet its debt service obligations. Such loans may require anything from minor modifications to a substantial amount of workout negotiations and / or restructuring, which may divert attention from other activities and may entail, among other things, a substantial reduction in the interest rate and a substantial write- down of the principal of the loan. Moreover, the ability to implement a successful modification or restructuring entails a high degree of uncertainty, and we may not be able to implement any such modification or restructuring on favorable terms or at all. The financial or operating difficulties relating to the distressed or non- performing loan may never be overcome** . Each of our mortgage loans permits us to accelerate the debt upon default by the borrower. The courts of all states will enforce acceleration clauses in the event of a material payment default, subject in some cases to a right of the court to revoke such acceleration and reinstate the mortgage loan if a payment default is cured. The ~~equity~~ courts of any state, however, may **exercise equitable powers and** refuse to allow the foreclosure of a mortgage, deed of trust, or other security instrument or to permit the acceleration of the indebtedness ~~if the exercise of those remedies would be inequitable or unjust or if the circumstances would render the acceleration unconscionable. Thus, a court may refuse to permit foreclosure or acceleration~~ if a default is deemed immaterial or the exercise of those remedies would be unjust or unconscionable or if a material default is cured ~~. Further, our ability to collect the debt may be limited by bankruptcy, insolvency or other debtor relief laws, as described below. The ability to collect upon mortgage loans may be limited by the application of U. S. federal and state laws~~ . Several states (including California) have laws that prohibit more than one " judicial action " to enforce a ~~mortgage~~ **payment** obligation. Some courts have construed the term " judicial action " broadly. Jurisdictions with " one action, " " security first **,** " and / or " **anti-** ~~antideficiency~~ ---- **deficiency "** rules ~~"~~ may limit our ability or the ability of a special servicer of a CMBS issuance to foreclose on a real property or to realize on obligations secured by a real property. Further, payments on one or more of our loans, particularly a loan to a borrower in which **, through an affiliate,** we also hold equity interests, may be subject to claims of equitable subordination that **, if successful,** would place our entitlement to repayment of the loan on an equal basis with holders of the borrower' s common equity only after all of the borrower' s obligations relating to its other debt and preferred securities has been satisfied. ~~The borrowers~~ **Borrowers** ~~under~~ **or junior lenders may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against us, including, without limitation, lender liability claims and defenses, even when** the **assertions may have no basis in fact or law, in an effort to prolong the foreclosure action and seek to force the lender into a modification of the** ~~loans~~ - **loan** ~~underlying our~~ - **or a discounted buy** ~~investments may be unable to repay their remaining principal balances on their stated maturity dates, which could negatively impact our business results. Our mortgage loans may be non~~ - **out** ~~amortizing or partially amortizing balloon loans that provide for substantial payments~~ of ~~principal due at their~~ -- **the** ~~stated maturities. Balloon loans involve a greater risk to the lender than amortizing loans because a~~ borrower' s **or lender' s position in the loan. Foreclosure of a loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed loan. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value, and also may subject us to environmental and other liabilities associated with owning real estate, adversely affecting our** ability to ~~repay~~ **sell the property and potentially causing us to incur substantial remediation costs. Even if we are successful in foreclosing on** a ~~balloon mortgage~~ loan **, the liquidation proceeds** ~~on its stated maturity date typically will depend~~ upon **sale of** ~~its ability either to refinance~~ the ~~mortgage~~ **underlying real estate may not be sufficient to recover our cost basis in the** loan ~~(although some~~ **, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of the** ~~loans~~ - **loan or a liquidation of the underlying property would further reduce the net sale proceeds and, therefore, increase any** such ~~as~~ **losses to us. At any time prior to or during** ~~those~~ -- **the foreclosure proceedings** ~~on condominium projects~~ , **the borrower** may **file** ~~be at least partially self- liquidating) or~~ **for** ~~to sell~~ **bankruptcy, which would further delay** the ~~mortgaged property at~~ **foreclosure process, and could potentially result in** a **reduction or discharge of a** ~~price sufficient to permit repayment. A~~ borrower' s ability to effect a refinancing or sale...... by bankruptcy, insolvency and other debtor -- **debt** ~~and tenant relief laws, which may create potential for risk of loss to us~~ . Although commercial real estate lenders typically seek to reduce the risk of **, or disincentivize,** borrower bankruptcy through such items as non- recourse carveouts for bankruptcy and special purpose entity / separateness covenants and / or non- consolidation opinions for borrowing entities, the ~~owners of, borrowers~~ - **borrower** ~~on, and tenants occupying, the properties which secure our investments~~ may still seek the protection afforded by bankruptcy, insolvency and other debtor **and tenant** relief laws **. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower would 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). The lien securing the mortgage loan would be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession to the extent the lien is unenforceable under state law** . One of the protections offered in such proceedings to each of these parties is a stay of legal proceedings, and a stay of enforcement proceedings against collateral for such loans or underlying such securities (including the properties and cash collateral). A stay of foreclosure proceedings could adversely affect our ability to realize on our loan collateral and could adversely affect the value of those assets. Other ~~protections in~~ **results of** such proceedings ~~to borrowers, owners and tenants~~ include the restructuring or forgiveness of debt, the ability to create super priority liens in favor of certain creditors of the debtor, the potential loss of cash collateral held by the lender if the lender is over- collateralized, and certain well **-** defined claims procedures. Additionally, the numerous risks inherent in the bankruptcy process create a potential risk of loss of our entire investment in any particular investment **ability** ~~.The due diligence process that we undertake in regard~~ to ~~investment opportunities may~~ **effect a refinancing or sale will be affected by a number of factors.We are** not **obligated to refinance** ~~reveal all facts and risks that may be relevant in connection with an~~ **any of** ~~investment and if we incorrectly evaluate~~

~~the~~ **these** ~~risks~~ **mortgage loans.We may be required to make determinations** of **a borrower' s creditworthiness based on incomplete information or information that we cannot verify,which may cause us to purchase or originate loans that we otherwise would not have purchased or originated and,as a result,may negatively impact** our **business or reputation** ~~investments,we may experience losses~~ .The commercial real estate lending business depends on the creditworthiness ~~and skills~~ of borrowers and **,to some extent,** the sponsors thereof,which we must judge.In making such judgment,we will depend on information obtained from non- public sources and the borrowers in making many decisions related to our portfolio,and such information may be difficult to obtain or may be inaccurate.As a result,we may be required to make decisions based on incomplete information or information that is impossible or impracticable to verify.A determination as to the creditworthiness of a prospective borrower is based on a wide range of information.Even if we are provided with full and accurate disclosure of all material information concerning a borrower,we may misinterpret or incorrectly analyze this information,which may cause us to **purchase or** originate ~~or purchase~~ loans that we otherwise would not have **purchased or** originated ~~or purchased~~ and,as a result,may negatively impact our business or the borrower could still defraud us after origination leading to a loss and negative publicity. ~~Further,third~~ **Third** - party diligence reports on mortgaged properties and the properties we own are made as of a point in time and are therefore limited in scope.Appraisals and engineering and environmental reports,as well as a variety of other third- party reports,are generally obtained with respect to each of the properties we acquire and the mortgaged properties underlying our investments at or about the time of origination. **Appraisals** ~~These 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.The ~~success~~ **owners** of **,borrowers on,and tenants occupying,the properties which secure** our ~~origination or acquisition of~~ investments **may seek** ~~significantly depends on~~ the **protection afforded by bankruptcy** ~~financial stability of the borrowers and tenants underlying such investments.Before making a loan to a borrower~~ , **insolvency** ~~we assess the strength and skills of that entity' s management~~ and other **debtor** ~~factors that we believe are material to the performance of the investment.In making the assessment and otherwise conducting customary due~~ . Insurance on the real estate underlying our loans and investments may not cover all losses, and this shortfall could result in both loss of cash flow from and a decrease in the asset value of the affected property. The borrower, or we as property owner and / or originating lender, ~~as the case may be,~~ might not purchase enough or the proper types of insurance coverage to cover all losses. ~~Further~~ **In addition** , there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, pandemics, terrorism or acts of war or civil unrest that may be uninsurable or not economically insurable. **A carrier can determine they will no longer take on these risks and not offer them at renewal or on new policies. Furthermore,** ~~Inflation~~ **inflation , frequency and intensity of natural catastrophes, changes in the reinsurance market** , changes in building codes and ordinances ~~, environmental considerations~~ and other factors ~~, including terrorism~~ **are impacting the availability and cost of insurance. Certain locations (especially those in specialty hazard areas) are seeing changes in availability of coverages or limited availability** ~~or~~ **for** ~~acts of war~~ **stated limits (e. g.** , **named storm, flood and other specialty coverages) and shifts to higher premiums and deductibles on all coverages, especially special form coverages like earthquake and named storm. If insurance required by our loan documents is or becomes commercially unavailable or only available at prohibitive rates prior to origination or at any point during the term of a loan or investment, Ladder may issue a waiver, force- place coverage (even at our cost) or seek to mitigate the risk of loss by obtaining recourse, but these actions may not eliminate all losses. In addition, servicers responsible for monitoring insurance coverage may** also **fail to notify us promptly if a borrower fails to maintain adequate coverage, resulting in a loss and limiting our remedies. The factors outlined above** might make ~~the~~ insurance proceeds insufficient to repair or replace a **given** property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore our economic position with respect to the affected real property. Any uninsured **or underinsured** loss could result in both loss of cash flow from and a decrease in the asset value of the affected property **. Additionally, higher insurance costs will reduce the net operating income of the properties underling our debt and equity investments, increasing the risks of delinquency, foreclosure and default, which could adversely affect our return on investment and result in losses to us** . Provisions for loan losses are difficult to estimate. Our reserves for loan losses may prove inadequate, which could have a material adverse effect on us. We maintain and regularly evaluate financial reserves to protect against potential future losses. Our reserves reflect management' s judgment of the probability and severity of losses. We cannot be certain that our judgment will prove to be correct and that reserves will be adequate over time to protect against potential future losses because of unanticipated adverse changes in the economy or events adversely affecting specific assets, borrowers, industries in which our borrowers operate or markets in which our borrowers or their properties are located. We must evaluate existing conditions on our debt investments to make determinations to record loan loss reserves on these specific investments. If our reserves for credit losses prove inadequate, we could suffer losses which would have a material adverse effect on our financial performance. **The Company estimates its current expected credit losses** ~~In June 2016, the Financial Accounting Standards Board~~ (" ~~FASB~~ **CECL** ") **using U. S. GAAP** ~~issued Accounting Standards Update (" ASU ") 2016- 13 Financial Instruments- Credit Losses- Measurement of Credit Losses on Financial Instruments (Topic 326) (" ASU 2016- 13 ") and in April 2019, the FASB issued ASU 2019- 04 Codification Improvements to Topic 326, Financial Instruments- Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (" ASU 2019- 04 ")~~ (collectively, the " CECL Standard "). ~~These updates change how entities measure potential~~ **Under the CECL model, we are required to provide allowances for** credit losses ~~for most~~ **on certain** financial assets **carried** ~~and certain other instruments that are not measured at fair value. The CECL Standard replaces the " incurred loss " approach under existing guidance with an " expected loss " model~~

~~for instruments measured~~ at amortized cost **,** ~~. The net carrying value of an asset under the CECL Standard is intended to represent the amount expected to be collected on~~ such **as loans held-** ~~asset and requires entities to deduct allowances~~ for **-** ~~potential losses on mortgage loan receivables held for~~ investment, ~~net and~~ held- to- maturity debt securities **, and available for sale debt securities, including related future funding commitments** . ~~All~~ **This measurement also takes place at the time the financial** ~~assets~~ - **asset** ~~subject~~ **is first added** to **the balance sheet and updated quarterly thereafter. While** the CECL Standard ~~, with few exceptions, are subject to these allowances rather than only those assets where a loss is deemed probable under the other- than- temporary impairment model. Accordingly, the adoption of the CECL Standard materially affected how we determine our allowance for credit losses and required us to increase our allowance and recognize provisions for loan losses earlier in the lending cycle. While ASU 2016- 13~~ does not require any particular method for determining the CECL allowance, it does specify **that** the allowance should be based on relevant information about past events, including historical loss experience, current portfolio and market conditions, and reasonable and supportable forecasts for the duration of each respective loan. Because our methodology for determining CECL allowances may differ from the methodologies employed by other companies, our CECL allowances may not be comparable with the CECL allowances reported by other companies. ~~We continue to record asset- specific reserves consistent with our existing accounting policy. Our provision for asset- specific reserves is evaluated on a quarterly basis. The determination of our provision for asset- specific reserves requires us to make certain estimates and judgments, which may be difficult to determine. Our estimates and judgments are based on a number of factors, including: (i) whether cash from operations is sufficient to cover the debt service requirements currently and into the future, (ii) the ability of the borrower to refinance the loan, and (iii) the property' s liquidation value, all of which remain uncertain and are subjective. In addition, we record a general reserve in accordance with the CECL Standard on the remainder of the loan portfolio (" CECL Reserve ").~~ The CECL Standard may create more volatility in the level of our allowance for credit losses. If we are required to materially increase our level of allowance for credit losses ~~for any reason~~ , such increase could adversely affect our business, financial condition and results of operations. **interim** loan often has identified a transitional asset that has been under- managed,is located in a recovering market and / or requires rehabilitation or capital improvements in order to improve the value of the asset.If the market in which the asset is located fails to recover according to the borrower' s projections,or if the borrower fails to improve the quality of the asset' s management and / or the value of the asset or fails to execute its business plan,the borrower may not receive a sufficient return on the asset to satisfy the interim loan,and we bear the risk that we may not recover some or all of our ~~investment~~ **initial expenditure** .In addition,borrowers often use the proceeds of a long- term mortgage loan to repay an interim loan.We may,therefore,be dependent on a borrower' s ability to obtain permanent financing to repay our interim loan,which could depend on the borrower' s ability to execute its business plan, ~~the sponsor' s financial wherewithal,~~ market conditions and other factors. ~~Properties undergoing rehabilitation or capital improvements are subject to the additional risks of unanticipated delays,cost over- runs,contractor non- performance or borrower disputes with contractors resulting in mechanic' s or materialmen' s liens on the property,and the failure of borrower' s sponsors to contribute sufficient equity funds in order to keep the loan " in balance."~~ Further,interim loans may be relatively less liquid than loans against stabilized properties due to their short life,their potential unsuitability for securitization,any ~~un- stabilized~~ **unstabilized** nature of the underlying real estate and the difficulty of recovery in the event of a borrower' s default.This lack of liquidity may significantly impede our ability to respond to adverse changes in the performance of our interim loan portfolio and may adversely affect the value of the portfolio.Such " liquidity risk " may be difficult or impossible to hedge against and may also make it difficult to **effect a sale of such assets as we may need or desire.As a result,if we are required to liquidate all or a portion of our interim loan portfolio quickly,we may realize significantly less than the value at which such investments were previously recorded,which may fail to maximize the value of the investments or result in a loss.Our ability to collect upon mortgage loans may be** Our investments in subordinate loans, subordinate participation interests in loans **, preferred equity** and subordinate CMBS rank junior to other senior debt and we may be unable to recover our investment in these interests. We may originate or acquire subordinate loans (including mezzanine loans), subordinate participation interests in loans and subordinate rated and / or unrated CMBS (including, without limitation, certain " risk retention " interests required to be retained by certain participants in securitization transactions ~~under rules which took effect in December 2016~~). In the event a borrower defaults on a loan and lacks sufficient assets to satisfy our loan, we may suffer a loss of principal or interest. In the event a borrower declares bankruptcy, we may not have full recourse to the assets of the borrower or a non- recourse carve- out guarantor, or the assets of the borrower or non- recourse carve- out guarantors may not be sufficient to satisfy the loan and our legal costs. In addition, certain of our loans may be subordinate to other debt of the borrower. If a borrower defaults on a subordinate loan from us or on debt senior to our loan, or in the event of a borrower bankruptcy, our loan ~~will~~ **would** be satisfied only after the senior debt is paid in full. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend loan documents, assign our loans, accept prepayments, exercise remedies and control decisions made in bankruptcy proceedings relating to borrowers. If a borrower defaults on our mezzanine loan, subordinate loan or debt senior to any loan, or in the event of a borrower bankruptcy, our **mezzanine** loan ~~will~~ **or preferred equity investment would** be satisfied only after the senior debt **, in the case of a mezzanine loan, or all senior and subordinated debt, in the case of a preferred equity investment,** is paid in full. As a result, we may not recover some or all of our initial expenditure. In addition, mezzanine and subordinate loans may have higher loan- to- value ratios than first mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. Significant losses related to our mezzanine loans or subordinate loans would result in operating losses for us. In general, losses on a mortgaged property securing a mortgage loan included in a securitization ~~will~~ **would** 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 in some cases by the holder of a risk retention interest) and then by the holder of a higher- rated security. Even when we purchase very senior interests in loans and / or securitizations, 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 may invest, we may not be able to recover all of our investment in the debt instruments or securities we purchased. In addition, if the underlying mortgage portfolio has been overvalued by the ~~originator~~ **originating lender** , or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related mortgage- backed securities, the securities in which we may invest may effectively become the " first loss " position behind the more senior securities, which may result in significant losses to us. 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. A projection of an economic downturn, for example, could cause a decline in the price of lower credit quality securities because the ability of obligors of mortgage loans underlying the mortgage- backed securities to make principal and interest payments may be impaired. In such event, existing credit support in the securitization structure may be insufficient to protect us against loss of our principal in these securities. **Finally, subordinated interests are also generally not actively traded and may not provide holders thereof with a liquid investment, particularly during periods of market disruption.** Our participation in the market for mortgage loan securitizations may expose us to risks that could result in losses to us. We have generally participated in the market for mortgage loan securitizations by contributing loans to securitizations led by various large financial institutions ~~and by leading single- asset securitizations on single mortgage loans we originated. We have completed one multi- asset CMBS securitization where a Ladder affiliate served as issuer~~ . To date, when we have primarily acted as a mortgage loan seller into, and occasionally as an issuer of, securitizations, we have been obligated to assume certain customary liabilities. Specifically, in connection with any particular securitization, we: (i) make certain representations and warranties regarding ourselves and the characteristics of, and origination process for, the mortgage loans that we contribute to the securitization; (ii) undertake to cure a defect of, repurchase or replace any mortgage loan that we contribute to the securitization that is affected by a material breach of any such representation or warranty or a material loan document deficiency; (iii) assume, either directly or through the indemnification of third- parties, potential securities law liabilities for disclosure to investors regarding ourselves and the mortgage loans that we contribute to the securitization; and (iv) may, depending upon our role in the securitization, (a) retain some or all of the risk retention interests in the securitization and / or (b) retain responsibility for ensuring compliance with risk retention rules (and may be required to indemnify other participants in the securitization for any violation of such rules, including in circumstances where some or all of the risk retention interests are retained by and / or sold to other parties). When we lead a single- asset or multi- asset securitization as an issuer, we assume, either directly or through indemnification agreements, additional potential securities law liabilities and third- party liabilities beyond the liabilities we would assume when we act only as a mortgage loan seller into a securitization. **If loans that we sell or securitize do not comply with representations and warranties that we make about the loans, the borrowers, or the underlying properties, we may be required to repurchase such loans (including from a trust vehicle used to facilitate a structured financing of the assets through a securitization) or replace them with substitute loans. Repurchased loans typically would require a significant allocation of working capital to be carried on our books, and our ability to borrow against such assets may be limited. Any significant repurchases could adversely affect our business and reputation.** When we participate in a public securitization, certain Risk Retention Rules apply. The Risk Retention Rules generally require that either: (i) a securitization' s sponsor retain, until the unpaid balance of the bonds or the loans is reduced by a certain amount, a 5 % vertical interest in each class of securities issued ~~,~~ **;** (ii) the sponsor or certain Third Party Purchasers retain, until the unpaid balance of the bonds or the loans is reduced by a certain amount (or for Third Party Purchasers, for at least five years), securities in an amount equal to 5 % of the credit risk associated with the issued securities in the form of one or more subordinate tranches **,** or (iii) a combination of (i) and (ii). The risk (with respect to CMBS) must be retained by the sponsor, certain mortgage loan originators and / or, upon satisfaction of certain requirements, a Third- Party Purchaser. Significant restrictions exist, and additional restrictions may be added in the future, regarding who may hold risk retention interests, the structure of the entities that hold risk retention interests and when and how such risk retention interests may be transferred or financed. Therefore, such risk retention interests ~~will~~ **would** be generally illiquid and may not be easily financed. As a result of the Risk Retention Rules, we may be required to purchase and retain certain interests in a securitization into which we sell mortgage loans and / or when we act as issuer, may be required to sell certain interests in a securitization at prices below levels that such interests have historically yielded and / or may be required to enter into certain arrangements related to risk retention that we have not historically been required to enter into and, accordingly, the Risk Retention Rules may increase our potential liabilities and / or reduce our potential profits in connection with securitization of mortgage loans. ~~In addition, for public securitizations, there are requirements that the CEO of an issuer file with the SEC an individual certificate attesting to certain matters. The requirement that the CEO of an issuer of public securities file an individual certificate with the SEC may introduce additional potential liabilities whether we serve as issuer in a securitization or solely as a loan seller or loan originator. The CEO certification includes statements as to the absence of any untrue or omitted material information relating to the mortgage loans and the ability of the mortgage loans to support the payments required to be made under the bonds issued in connection with the securitization in accordance with their terms. The full extent of liability that the CEO may have to the SEC and / or investors on account of the certified statements is difficult to determine at this time. If we serve as issuer in a securitization, we would likely be obligated to indemnify the CEO of our issuer entity against any liabilities that such individual may incur in connection with such certification. In addition, in securitization transactions in which we serve as only loan seller or an originator that sells loans to a loan seller (and not as an issuer), we would likely be obligated to provide a back- up officer' s certificate from a senior officer as to our mortgage loans as support for the issuer' s CEO certification, and similarly be obligated to indemnify that senior officer against any liabilities that individual may incur in connection with his / her back- up officer' s certification.~~ The Risk Retention Rules ~~, CEO certification~~ and other rules and regulations that have been adopted or may be adopted in the future may alter the structure of securitizations and could pose additional risks to or reduce or eliminate the economic benefits of our participation in the securitization market. **Our access** ~~We may be subject~~ to ~~repurchases~~ **the CMBS securitization market and the timing** of ~~loans or~~ **our securitization** ~~indemnification on loans~~ and real estate ~~that we~~ **sale activities may greatly affect our quarterly financial results. We** have ~~sold if~~ **historically expected to distribute** certain **of** ~~representations or warranties in those~~ -- **the first mortgage** ~~sales are breached. If~~ loans that we ~~sell~~ **originate through securitizations and, in many circumstances, upon completion of a securitization, we recognize certain non- interest revenues which is included in total other income (loss) on** ~~or~~ **our consolidated statements of income and cease to earn net interest income on the** ~~securitize~~ **securitized** ~~do not comply with representations and warranties that we make about the~~ loans **. Our quarterly revenue** , **operating results and profitability have varied and may in** the ~~borrowers~~ **future vary substantially from quarter to quarter based on the frequency** , **pricing, volume and timing of** ~~or~~ **our** ~~the underlying properties~~ **securitizations and real estate sales. Our securitization activities are affected by a number of factors** , ~~we may be required to repurchase~~ **including our loan origination volumes, changes in loan values, quality and performance during the period** such loans ~~(including~~ **are on our books and conditions in the securitization and credit markets generally and at the time we seek to launch and complete our securitizations. Although due to changes resulting** from ~~a trust vehicle used to facilitate a structured financing of~~ the ~~assets through a~~ **Risk Retention Rules required by the Dodd- Frank Act described elsewhere in this Annual Report, Ladder may potentially be required to defer income over the life of the** securitization ~~)~~ **, thereby reducing such volatility in earnings, as a result of these quarterly variations, quarter- to- quarter comparisons of** ~~or~~ **our** ~~replace them~~ **operating results may not provide an accurate comparison of our current period results of operations. If securities analysts or investors focus on such comparative quarter- to- quarter performance, our stock price performance may be more volatile than if such persons compared a wider period of results of operations. We may be subject to risks associated** with ~~substitute~~ **unfunded conditional** ~~loans~~ - **loan commitments or** ~~. Additionally, in the~~ **other** ~~case of loans and~~ **future advances, such as declining** real estate **values and operating performance. Our mortgage loan investments may require us to advance additional loan funds in the future. We may also need to fund capital expenditures and other significant expenses for our real estate property investments. The majority of additional funds to loan borrowers require the occurrence of certain " good news " events, such as the owner executing a lease agreement or completing a major component of their business plan. Future funding commitments are subject to our loan borrowers' satisfaction of certain conditions and may or may not be funded depending on a variety of circumstances including timing, credit metric hurdles, leasing parameters and other nonfinancial events occurring. The Company carefully monitors the progress of work at properties** that ~~we have sold~~ **serve as collateral underlying its commercial mortgage loans** , ~~we may be~~ **including the progress of capital expenditures, construction, leasing and business plans in light of current market conditions. However, future funding obligations subject us to significant risks, such as a decline in value of the property, cost overruns and** required ~~to indemnify persons~~ **reserve re- balancings and the borrower** ~~for~~ - **or** ~~losses~~ **tenant being unable to generate enough cash flow and execute its business plan,** or ~~expenses incurred~~ **sell or refinance the property, in order to repay its obligations to us. Where a borrower** ~~as~~ **has** ~~a~~ **failed to meet its obligations, we could determine that we need to modify the loan or advance funds to protect the collateral, which could** result **in** ~~of a breach of a representation or~~ **our** ~~warranty. Repurchased loans typically~~ **funding 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** ~~a significant allocation of working capital~~ to ~~be carried~~ **maintain higher liquidity than we might otherwise maintain and this could reduce the overall return** on our **investments** ~~books, and our ability to borrow against such assets may be limited~~ . **We** ~~Any significant repurchases or indemnification payments~~ could ~~adversely affect our business and reputation~~ **also find ourselves in a position with insufficient liquidity to fund future obligations** . If we purchase or originate loans secured by liens on facilities that are subject to a ground lease and such ground lease is terminated unexpectedly, our interests could be adversely affected. A ground lease is a lease of land, usually on a long- term basis, that does not include buildings or other improvements on the land. Normally any real property improvements made by the lessee during the term of the lease ~~will~~ revert to the owner at the end of the lease term. We may purchase or originate loans secured by liens on facilities that are subject to a ground lease, and, if the ground lease were to terminate unexpectedly, due to the borrower' s default on such ground lease or otherwise, our business could be adversely affected. We ~~are subject to additional risks associated with loan participations. Some of our loans may be participation interests or co- lender arrangements in which we share the rights, obligations and benefits of the loan with other lenders. We may need the consent of these parties to exercise our rights under such loans, including rights with respect to amendment of loan documentation, enforcement proceedings in the event of default and the institution of, and control over, foreclosure proceedings. Similarly, a majority of the participants may be able to take actions to which we object but will be bound if our participation interest represents a minority interest. We may be adversely affected by such actions. We~~ have acquired and, in the future, may acquire net leased real estate assets, or make loans to owners of net leased real estate assets (including ourselves), which carry particular risks of loss that may have a material impact on our financial condition, liquidity and results of operations. A substantial portion of our real estate investments ~~we own~~ are subject to net leases. A net lease requires the tenant to pay, in addition to the fixed rent, some or all of the property expenses that normally would be paid by the property owner. These properties subject to net leases will generally 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 **(or, sometimes, its parent entity)** and the ability of the applicable tenant to meet its obligations to maintain the property under the terms of the net lease. A default of any such tenant on its lease payments would cause a loss the revenue from the property and force the owner, whether it be us or the borrower, to find an alternative source of revenue to meet any mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, the owner may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment and re- letting the property. If a lease is terminated, the owner 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. Under many net leases 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, as the owner, or the borrower, were to fail to meet these obligations, the applicable tenant could abate rent or terminate the applicable lease, which may result in a loss of capital invested in, and anticipated profits from, the property. In addition, we, as the owner, or the borrower, may find it difficult to lease certain property to new tenants if that property had been suited to the particular needs of a former tenant. In addition, net leases typically have longer lease terms and, thus, there is an increased risk that contractual rental increases in future years will fail to result in fair market rental rates during those years. The **leases at the** ~~expense of operating and owning real property~~ **properties underlying commercial** ~~may impact our cash flow from operations. We have in the past, and may in the future, purchase or acquire via foreclosure real property. Costs associated with~~ real estate **loans or securities or the properties held by us may** ~~, such as real estate taxes, insurance and maintenance costs, generally are~~ not **be relet** ~~reduced even when a property is not fully occupied, rental rates decrease or other circumstances cause a reduction in income from the property. Cash flow from the operations of our~~ - **or renewed** ~~properties may be reduced if a tenant does not pay its rent or we are unable to rent out properties~~ 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 shareholders** . ~~Under~~ **Our investments in real estate may be pressured when economic conditions and rental markets are challenging. For instance, upon expiration or early termination of leases for space located at our properties,** ~~those~~ -- **the space may** ~~circumstances, we might~~ not be **relet** ~~able to enforce our~~ - **or** ~~rights as landlord without delays and may incur substantial legal~~ **, if relet, the terms of the renewal or reletting (including the** ~~costs~~ - **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 would 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 where there is a significant decline in revenues or no revenues generated by a property** . Additionally, ~~new properties~~ **to the extent** that **market rental rates are reduced** ~~we may acquire or redevelop may not produce significant revenue immediately~~ , ~~and the~~ **property- level** cash flow ~~from~~ **would likely be negatively affected as** existing ~~operations may be insufficient~~ **leases renew at lower rates. If we are unable** to ~~pay~~ **relet or renew leases for all or substantially all of the space at** ~~the~~ **these properties, if the rental rates upon** ~~operating expenses and principal and interest on debt associated with~~ such ~~properties until they~~ **renewal or reletting** are **significantly lower than expected,** ~~fully leased. Current and future venture investments could be adversely affected by our~~ - **or** ~~lack of sole decision- making authority~~ **if our reserves for these purposes prove inadequate** , **we may experience a reduction in net income and may be required to reduce** ~~our~~ - **or eliminate cash distributions to shareholders** ~~reliance on venture partners' financial condition and liquidity and disputes between us and our venture partners~~ . We have made, and may in the future make, investments through ventures **with another party or parties** . Such venture investments may involve risks not otherwise present when we originate or acquire investments without partners, including the following: • we may not have exclusive control over the investment or the venture, which may prevent us from taking actions that are in our best interest; • **fraud or other misconduct by our venture partners; •** venture agreements often restrict the transfer of a partner' s interest or may otherwise restrict our ability to sell the interest when we desire and / or on advantageous terms **; • we may rely upon our venture partners to manage the day- to- day operations of the venture and underlying loans or assets, as well as to prepare financial information for the venture and any failure to perform these obligations may have a negative impact our performance and results of operations; • our venture partner may experience a change of control, which could result in new management of our venture partner with less experience or conflicting interests to ours and be disruptive to our business** ; • any future venture agreements may contain buy- sell provisions pursuant to which one partner may initiate procedures requiring the other partner to choose between buying the other partner' s interest or selling its interest to that partner; • we may not be in a position to exercise sole decision- making authority regarding the investment or venture, which could create the potential risk of creating impasses on decisions, such as with respect to acquisitions or dispositions; • a partner may, at any time, have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals; • a partner may be in a position to take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT and our ~~exclusion~~ **exemption** from registration under the Investment Company Act; • a partner may fail to fund its share of required capital contributions or may become bankrupt, which may mean that we and any other remaining partners generally would remain liable for the venture' s liabilities; • our relationships with our partners are contractual in nature and may be terminated or dissolved under the terms of the applicable venture agreements and, in such event, we may not continue to own or operate the interests or investments underlying such relationship or may need to purchase such interests or investments at a premium to the market price to continue ownership; • disputes between us and a partner may result in litigation or arbitration that could increase our expenses and prevent our officers and directors from focusing their time and efforts on our business and could result in subjecting the investments owned by the venture to additional risk; or • we may, in certain circumstances, be liable for the actions of a partner, and the activities of a partner could adversely affect our ability to continue to qualify as a REIT or maintain our ~~exclusion~~ **exemption** from registration under the Investment Company Act, even though we do not control the venture. Any of the above may subject us to liabilities in excess of those contemplated and adversely affect the value of our future venture investments. ~~The market value of our investments in CMBS could fluctuate materially as a result of various risks that are out of our control and may result in significant losses.~~ We currently invest in, and may continue to invest in, CMBS, a specific type of structured finance security. CMBS **, including CLOs,** are securities backed by obligations (including certificates of participation in obligations) that are principally secured by commercial mortgage loans or interests therein having a multi-family or commercial use, such as retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. Accordingly, investments in CMBS are subject to the various risks described herein which relate to the pool of underlying assets in which the CMBS represents an interest. The exercise of remedies and successful realization of liquidation proceeds relating to commercial mortgage loans underlying CMBS may be highly dependent on the performance of the servicer or special servicer. ~~There may be a limited number of special servicers available, particularly those which do not have conflicts of interest.~~ We will bear the risk of loss on any CMBS we purchase ~~. Further, the insurance coverage for various types of losses is limited in amount and we would bear losses in excess of the applicable limitations~~ . We may attempt to underwrite our investments on a " loss- adjusted " basis, which projects a certain level of performance. However, there can be no assurance that this underwriting will accurately predict the timing or magnitude of such losses. To the extent that this underwriting has incorrectly anticipated the timing or magnitude of losses, our business may be adversely affected. Some mortgage loans underlying CMBS may default. Under such circumstances, cash flows of CMBS investments held by us may be adversely affected as any reduction in the mortgage payments or principal losses on liquidation of any mortgage loan may be applied to the class of CMBS relating to such defaulted loans that we hold. The market value of our CMBS investments could fluctuate materially over time as the result of changes in mortgage spreads, treasury bond interest rates, capital market supply and demand factors, and many other factors that affect high- yield fixed income products. These factors are out of our control and could influence our ability to obtain short- term financing on the CMBS. ~~The CMBS in which we may invest may have no, or only a limited, trading market.~~ In addition, we may invest in CMBS investments **that would experience the first loss in the event of a borrower default, including CMBS** that are not rated **or rated non- investment grade** by any credit rating agency ~~,~~ and ~~such investments may be less liquid than CMBS that are rated, and we may sponsor or purchase~~ junior tranches of CMBS issuances or of a mortgage loan **. Moreover** , ~~either of~~ **the CMBS in** which ~~would experience the first loss in the event of~~ **we may invest may have no, or only** a ~~borrower default~~ **limited, trading market** . The financial markets in the past have experienced and could in the future experience a period of volatility and reduced liquidity which may reoccur or continue and reduce the market value of CMBS. Some or all of the CMBS that we hold may be subject to restrictions on transfer and may be considered illiquid. **Subject** ~~Any credit ratings assigned~~ to ~~our~~ **certain limits, we may also make** investments **in real estate-related equity** ~~could be downgraded, which could have a material impact on our~~ - **or debt securities, including, but not limited to, those issued by REITs and real estate companies. These investments involve special risks relating to the particular company, including its** financial condition, liquidity ~~and~~ **,** results of operations **, financial obligations, business and prospects** . Some of our investments may be rated by one or more of Moody' s, Fitch, Standard & Poor' s, Realpoint, Dominion Bond Rating Service, Morningstar Credit Ratings, Kroll Bond Ratings or other credit rating agencies. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot be assured that any such ratings will not be changed or withdrawn by a credit rating agency in the future if, in its judgment, circumstances warrant. If credit rating agencies assign a lower- than- expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value of these investments could significantly decline, which would adversely affect the value of our portfolio and could result in losses upon disposition ~~or the failure of borrowers to satisfy their debt service obligations to us. We could incur losses from investments in non- conforming and non- investment grade- rated loans or securities, which could have a material impact on our financial condition, liquidity and results of operations. Some of our investments may not conform to conventional loan standards applied by traditional lenders and either may not be rated or may be rated as non- investment grade by the credit rating agencies. The non- investment grade ratings for these assets typically result from the overall leverage of the underlying loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. As a result, these investments will have a higher risk of default and loss than investment grade- rated assets. Any loss that we incur may be significant. There may be no limits on the percentage of unrated or non- investment grade rated assets that we may hold in our portfolio. Any investments in real- estate related equity or debt securities, including, but not limited to, those issued by REITs and real estate companies, are subject to the specific risks relating to the particular companies and to the general risks of investing in real estate- related securities, which may result in significant losses. Subject to certain limits, we may make investments in real estate- related equity or debt securities, including, but not limited to, those issued by REITs and real estate companies. These investments involve special risks relating to the particular company, including its financial condition, liquidity, results of operations, financial obligations, business and prospects~~ . Some of our portfolio investments **are** ~~will be~~ recorded at fair value and there is uncertainty as to the value of these investments. Furthermore, our determinations of fair value may have a material impact on our financial condition and results of operations. The value of some of our investments may not be readily determinable or may be unreliable. We will value these investments quarterly at fair value **under U. S. GAAP** ~~, as determined in accordance with Financial Accounting Standards Board (" FASB ") Accounting Standards Codification (Topic 820): Fair Value Measurement, or ASC 820~~ . Because such valuations are subjective, the fair value of certain of our assets may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these assets existed. Our determinations of fair value may have a material impact on our earnings, in the case of impaired loans and other assets, trading securities and available- for- sale securities that are subject to ~~other~~ -- **the** ~~than temporary~~ **CECL Standard or** impairment **review** ~~(" OTTI ")~~ , or our accumulated other comprehensive income / (loss) in our shareholders' equity, in the case of available- for- sale securities that are subject only to temporary impairments. We utilize an internal model as our primary pricing source to develop prices for our CMBS and U. S. Agency securities. To confirm our own valuations, we request prices for each of our CMBS and U. S. Agency securities investments from third- party dealers and pricing services ~~. Third parties~~ that ~~provide pricing services develop estimates of fair value for CMBS and U. S. Agency securities~~ employ various techniques, including discussion with their internal trading desks and the use of proprietary models and matrix pricing. **The Company has** ~~We do not have~~ access ~~to, and are therefore not able~~ to review in detail, the inputs used by these third parties in developing their fair value estimates **. On a monthly basis as part of our closing process, the Company evaluates the fair value information provided by the pricing services by comparing this information for reasonableness against its direct observations of market activity for similar securities and anecdotal information obtained from market participants that, in its assessment, is relevant to the determination of fair value** . Furthermore, in general, dealers and pricing services heavily disclaim their valuations. Dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and illiquidity of an asset, valuations of the same asset can vary substantially from one dealer or pricing service to another. Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal. ~~Our business is leveraged, which could lead to greater losses than if we were not as leveraged.~~ We do and, in the future, intend to use financial leverage in executing our business plan. Such borrowings may take the form of unsecured corporate debt, ~~" financing facilities " such as~~ bank credit facilities, **repurchase agreements and warehouse lines of credit, CLO issuances we sponsor and** credit facilities from government agencies (including the FHLB) ~~, repurchase agreements~~ **. We may also issue debt or equity securities to fund our growth. The type** and **percentage** ~~warehouse lines~~ of ~~credit~~ **leverage we employ varies depending on our available capital** , ~~which~~ **our ability to obtain and access financing arrangements with lenders, the type of asset we** are **funding, whether** ~~secured revolving lines of credit that we utilize to warehouse conduit loans until we exit them~~ - **the financing is** ~~through securitization. Such agreements may include a~~ recourse **or non** ~~component. We do and, in the future, intend to enter into securitizations and long~~ - ~~term~~ **recourse, debt restrictions contained in those** financing **arrangements and** ~~transactions, such as CLO issuances we sponsor, to use the proceeds from such transactions to reduce the outstanding balances under these~~ -- **the lenders' and rating agencies' estimates of the stability of** ~~financing facilities. Further, any financing facilities that we currently have or~~ **our investment portfolio' s cash flow** ~~may use in the future to finance our assets may require us to provide additional collateral or pay down debt if the market value of our assets pledged or sold to the provider of the credit facility or the repurchase agreement counterparty decline in value~~ . In addition, a significant portion of our borrowings are based on floating interest rates, the fluctuation of which could adversely affect our business and results of operations. Our use of leverage in a market that moves adversely to our business interests could result in a substantial loss to us, which would be greater than if we were not leveraged. Incurring debt subjects 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, and interest on the debt or we may fail to comply with all of the other covenants contained in the debt, which is likely to result in: (i) acceleration of such debt (and any other debt containing a cross- default or cross- acceleration provision) that we may be unable to repay from internal funds or to refinance on favorable terms, or at all ~~,~~ **;** (ii) our inability to borrow unused amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements ~~,~~ **;** and / or (iii) the loss of some or all of our assets to foreclosure or sale; • our debt may increase our vulnerability to adverse economic and industry conditions, and investment yields may not increase with higher financing costs **, including as a result of higher interest rates** ; • 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~~ **shareholder** distributions or other purposes; **• limit our flexibility in planning for, or reacting to, changes in our business** and **the industry in which we operate; • restrict us from capitalizing on business opportunities; • place us at a competitive disadvantage compared to our competitors that have less debt;** • we may not be able to refinance debt that matures prior to the investment it was used to finance on favorable terms, or at all **; • make it more difficult to satisfy our financial obligations; • limit our ability to borrow additional funds for working capital, acquisitions, debt service requirements, execution of our business strategy or other general partnership purposes; • if we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with REIT requirements regarding the composition of our assets and our sources of income, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100 % tax on any resultant gain if we sell assets that are treated as dealer property or inventory; 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, regulatory or other pressures** . We may ~~incur~~ **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** ~~substantial~~ **substantially higher levels** ~~additional indebtedness in the future~~ . Although the agreements governing our indebtedness do limit our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we incur substantial additional indebtedness in the future, the risks associated with our substantial leverage described herein, including our inability to meet all of our debt service obligations, would be exacerbated. **The repurchase agreements that we use to finance our investments may require us to provide additional collateral, which could reduce our liquidity and harm our financial condition. Our master repurchase agreements with various counterparties, our FHLB debt, and any other financing we may enter into in the future, 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. We may not have the funds available to repay our debt at that time, which could force us to sell assets at significantly depressed prices to meet such margin calls and to maintain adequate liquidity or to otherwise reduce the amount of leverage we use to finance our business, which could cause significant losses. If we cannot meet these margin calls, 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 would likely incur a loss on our repurchase transactions. There can be no assurance that we will be able to ~~utilize~~ **access** financing arrangements in the future on favorable terms, or at all ~~. There is no assurance that we will be able to obtain~~ , ~~maintain or renew our financing facilities on terms or advance rates favorable to us or at all. In order to borrow funds under a repurchase or warehouse agreement or other financing arrangement, the lender has the right to review the potential assets for which we are seeking financing and approve such asset in its sole discretion. Accordingly, we may be unable to obtain the consent of a lender or meet managed CLO reinvestment requirements to finance an~~ **and our compliance with associated** ~~investment and alternate sources of financing for such asset may not exist, especially during times of distress. In addition, even if we are able to obtain financing, any such borrowings may limit the length of time during which any given asset may be used as eligible collateral. Furthermore, any financing facility that we enter into will be subject to conditions and~~ restrictive covenants ~~relating to our operations, which~~ may ~~inhibit~~ **limit** our ability to ~~grow our business and increase revenues. To the extent we breach a covenant or cannot satisfy a condition, such facility may not be available to us, or may be required to be repaid in full~~ **fully** ~~or in part, which could limit our ability to~~ pursue our business strategies ~~. Further, lender consent may be required for the modification or restructuring of our loan collateral, which, if not obtained, may require us to repay our associated borrowing. Additionally, if we are unable to securitize our loans, replenish a warehouse line of credit, or enter into CLO transactions, we may be required to seek other forms of potentially less attractive financing or otherwise to liquidate our assets. Furthermore, some of our warehouse lines of credit contain cross- default provisions. If a default occurs under one of these warehouse lines of credit and the lenders terminate one or more of these agreements, we may need to enter into replacement agreements with different lenders. There can be no assurance that we will be successful in entering into such replacement agreements on the same terms as the terminated warehouse line of credit. We may issue more unsecured corporate bonds in the future depending on the financing requirements of our business and market conditions. Our failure to maintain the credit ratings on our debt securities could negatively affect our ability to access capital and could increase our interest expense. The credit rating agencies periodically review our capital structure and the quality and stability of our earnings. Deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of the credit ratings on our Notes and other debt securities. Any negative ratings actions could constrain the capital available to us and could limit our access to funding for our operations~~ . We are dependent upon our ability to access capital at rates and on terms we determine to be attractive. If our ability to access capital becomes constrained, our interest costs could increase, which could have material adverse effect on our results of operations, financial condition and cash flows. ~~The~~ **There is no assurance** ~~effective subordination of our Notes, or other similar debt securities~~ that we ~~may issue in the future~~ **will be able to obtain** , ~~may~~ **maintain or renew our financing on terms or advance rates favorable to us or at all. If we are** ~~limit~~ **limited in** our ability to **leverage** ~~meet all of~~ our ~~debt service obligations~~ **assets to the extent we currently anticipate, the returns on these assets may be negatively impacted** . Our **access to additional sources** ~~Notes are unsecured and unsubordinated obligations and rank equally in right~~ of **financing depends upon a number** ~~payment with each other and with all~~ of **factors, over which we have little** ~~our~~ - **or** ~~unsecured and unsubordinated indebtedness. However, our Notes are effectively subordinated in right of payment to all of our secured indebtedness to the extent of the value of the collateral securing such indebtedness. As of December 31, 2022, we had $ 2. 6 billion of secured consolidated indebtedness outstanding. While the indentures governing our Notes limit our ability to incur secured indebtedness in the future, they do not~~ - **no control** ~~prohibit us from incurring such indebtedness if we and our subsidiaries are in compliance with certain financial ratios and other requirements at the time of incurrence. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral that secures such indebtedness. Therefore, the collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness~~ , including **: • general market conditions; •** ~~our Notes or similar debt securities that we may issue in~~ the **market** ~~future, until such secured indebtedness is satisfied in full. Our Notes are also effectively subordinated to all liabilities, whether secured or unsecured. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to any of our subsidiaries, we (as a common equity owner of such subsidiary), and therefore holders of our debt (including our Notes or similar debt securities that we may issue in the future), will be subject to the prior claims of such subsidiary~~ ' s **view of the** ~~creditors, including trade creditors and preferred equity~~ - **quality** ~~holders. As~~ of ~~December 31, 2022,~~ **our assets; • the market' s perception of our growth potential; • our current and potential future earnings and cash distributions; and • the market price of the shares of our Class A common stock. A dislocation and /** ~~our~~ - **or** ~~subsidiaries had approximately $ 4. 2 billion~~ **weakness in the capital and credit markets could adversely affect one or more lenders and could cause one or more** of ~~indebtedness~~ **our lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. In addition, if regulatory capital requirements imposed on our lenders change, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at** ~~and~~ - **an inopportune time or price. In order to borrow funds under a repurchase or warehouse agreement or** other ~~liabilities outstanding~~ **financing arrangement, the lender has the right to review the potential assets for which we are seeking financing and approve such asset in its sole discretion. Accordingly, we may be unable to obtain the consent of a lender to finance** ~~and~~ - **an investment and alternate sources of financing for such asset may** ~~no~~ **not** ~~preferred equity~~ **exist, especially during times of distress** . ~~The indentures governing~~ **Further, lender consent may be required for the modification** ~~our~~ - **or** ~~Notes contain~~ **restructuring of our loan collateral, which, if not obtained, may require us to repay our associated borrowing. Additionally, if we are unable to securitize our loans, replenish a warehouse line of credit, enter into or meet the managed reinvestment requirements of CLO transactions, we may be**

required to seek other forms of potentially less attractive financing or otherwise to liquidate our assets. Furthermore, any financing facility that we enter into or bonds we issue may be subject to conditions and restrictive ~~covenants that may limit our ability to expand or fully pursue our business strategies. The indentures governing our Notes contain~~ financial and operating covenants ~~that~~ **, which** may limit our ability to take specific actions, even if we believe them to be in our best interest ~~and require~~ **. For example, the indentures governing our unsecured bonds subject** us to, among other things, ~~maintain at all times~~ a ~~specified~~ **maximum** ratio of indebtedness to equity and a ~~certain~~ **minimum** level of unencumbered assets. ~~These covenants may restrict our ability to expand or fully pursue our business strategies.~~ Our ability to comply with ~~these~~ **restrictive covenants** and other provisions of our debt agreements may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments, or other events **. To the extent we breach a covenant or cannot satisfy a condition, such financing may not be available to us, or may be required to be repaid in full or in part, which could limit our ability to pursue our business strategies. We may also be subject to cross-default and acceleration rights and, with respect to collateralized debt, the posting of additional collateral and foreclosure rights upon default. Further, any default could also make it difficult for us to satisfy the distribution requirements necessary to maintain our qualification as a REIT for U. S. federal income tax purposes or to maintain our exemption from registration under the Investment Company Act. We may issue more unsecured corporate bonds in the future depending on the financing requirements of our business and market conditions. Our failure to maintain the credit ratings on our debt securities could negatively affect our ability to access capital and could increase our interest expense. The credit rating agencies periodically review our capital structure and the quality and stability of our earnings. Deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of the credit ratings on our Notes and other debt securities. Any negative ratings actions could constrain the capital available to us and could limit our access to funding for our operations. Our use of leverage may create a mismatch between the duration of financing and the life of the investments made using the proceeds of such financing, as well as between the index of our investments and the index of our leverage** . We generally intend to structure our leverage such that we minimize the differences between the term of our investments and the leverage we use to finance such investments. However, under certain circumstances, we may determine not to do so or we may be unable to do so. In the event that our leverage is for a shorter term than the financed investment, we may not be able to extend or find appropriate replacement leverage, which would have an adverse impact on our liquidity and our returns. In the event that our leverage is for a longer term than the financed investment, we may not be able to repay such leverage or replace the financed investment with an optimal substitute or at all, which would negatively impact our desired leveraged returns. We generally attempt to structure our leverage such that we minimize the differences between the index of our investments and the index of our leverage (i. e., financing floating rate investments with floating rate leverage and fixed rate investments with fixed rate leverage). If such a product is not available to us from our lenders on reasonable terms, we may use hedging instruments to effectively create such a match. For example, in the case of future fixed rate investments, we may finance such an investment with floating rate leverage, but effectively convert all or a portion of the attendant leverage to fixed rate using hedging strategies. Our attempts to mitigate such risk are subject to factors outside our control, such as the availability of favorable financing and hedging options, which is subject to a variety of factors, of which duration and term- matching are only two. The risks of a duration mismatch are magnified by the potential for the extension of loans in order to maximize the likelihood and magnitude of their recovery value in the event the loans experience credit or performance challenges. Employment of this asset management practice would effectively extend the duration of our investments, while our liabilities have set maturity dates. Our **counterparties for critical financial relationships, such as our lenders and depository institutions, include both domestic and international financial institutions that could experience financial or other pressures. If any of our counterparties were to limit or cease operation or fail to perform under our agreements, it could lead to financial losses for** ~~use~~ - **us** ~~of~~ **. For example, when we finance assets in a** repurchase ~~agreements to finance our~~ **transaction, we sell** securities and / or loans **to** ~~may give our lenders greater rights in the event that either we or~~ a lender ~~files~~ **in return** for ~~bankruptcy, including the right to repudiate our repurchase agreements, which could limit or delay our claims. In the event of our insolvency or bankruptcy, certain repurchase agreements may qualify for special treatment under the U. S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender under the applicable repurchase agreement to avoid the automatic stay provisions of the U. S. Bankruptcy Code, to foreclose on the collateral agreement without delay and to pursue claims for recourse against us. In the event of the insolvency or bankruptcy of~~ a **cash advance** ~~lender during the term of a repurchase agreement, the lender may be permitted under applicable insolvency laws to repudiate the contract, and our claim against the lender for damages may be treated simply as an unsecured claim~~ . **The** ~~In addition, if the~~ lender is **obligated** ~~a broker or dealer subject~~ to **resell** ~~the Securities Investor Protection Act of 1970, or an insured depository institution subject to the Federal Deposit Insurance Act, our ability to exercise our rights to recover our securities under a repurchase agreement or to be compensated for any damages resulting from the lender' s insolvency may be further limited by~~ those **same** ~~statutes. These claims would be subject to significant delay and, if and when received, may be substantially less than the damages we actually incur. Therefore, our use of repurchase agreements to finance our portfolio~~ assets **back** ~~exposes our pledged assets to risk in the event of a bankruptcy filing by either a lender or ourselves. If a counterparty to our repurchase transactions defaults on its obligation to resell the underlying security and / or loans~~ to us at the end of the ~~transaction~~ term ~~, or if the value of the underlying security and / or loans has declined as of the end of that term, or if we default on our obligations under the repurchase agreement, we will lose money on our repurchase transactions. When we engage in repurchase transactions, we generally sell securities and / or loans to lenders (i. e., repurchase agreement counterparties) in return~~ for ~~cash from the lenders. The lenders then~~ - **the advance amount** ~~are obligated to resell the same securities and / or loans to us at the end of the term of the transaction. In a repurchase agreement, the cash we receive from a lender when we initially sell the securities and / or loans to such lender is less than the value of the securities and / or loans~~

~~sold~~. If the lender defaults on its obligation ~~to resell the same securities and / or loans to us under the terms of a repurchase agreement~~, we will incur a loss on the transaction equal to the difference between the value of the **assets** ~~securities and / or loans~~ sold and the cash we received from the lender (assuming there was no change in the value of the securities and / or loans). **In addition,** ~~We also would lose money on a repurchase transaction~~ if **a lender** ~~the value of the underlying securities and /~~ or **counterparty files** ~~loans has declined as of the end of the transaction term, as we would have to repurchase the securities and / or loans~~ for **bankruptcy** ~~their initial value but would receive securities and / or loans worth less than that amount. Further, if we default on one of our~~ - **or** ~~obligations~~ **becomes insolvent, our borrowings** under **financing** ~~a repurchase transaction, the lender will be able to terminate the transaction and cease entering into any other repurchase transactions with us. Our repurchase agreements generally contain cross- default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements also could declare a default. If a default occurs under any of our repurchase agreements and the lenders terminate one or more of their repurchase agreements, we may need to enter into replacement repurchase~~ agreements with ~~different~~ **them 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 financing and increase our cost of capital. Under applicable insolvency laws, the** ~~lenders~~ - **lender** ~~. There~~ **may also be permitted to repudiate the contract, and our claim against the lender for damages may be treated simply as** ~~can~~ - **an** ~~be no assurance~~ **unsecured claim. We, and certain of our vendors may, maintain cash in accounts with banking institutions** that ~~we will be successful in entering into~~ **exceed the Federal Deposit Insurance Corporation (" FDIC ") insurance limits. If** such ~~replacement repurchase agreements~~ **banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. In addition, even if account holders are ultimately made whole with respect to a future bank failure, account holders' access to their accounts and assets held in their accounts may be substantially delayed. Any material loss that we may experience in the future or inability for a material time period to access our cash could have an adverse effect** on ~~the same terms as the repurchase agreements that were terminated or~~ **our** ~~at all. Any~~ **liquidity, which could cause significant** losses ~~that we incur on our repurchase transactions could adversely affect our earnings~~. We have financed, and may in the future seek to, finance certain of our shorter- term loans via CLOs, and such transactions involve significant risks, including that the sponsor of such transactions will receive distributions from the CLO only if the CLO generates enough income to first pay all the investors holding senior tranches and all CLO expenses. We have financed certain of our shorter- term loans by contributing them into CLO transactions in which we retained securities rated below- investment grade. In CLOs, investors purchase specific tranches, or slices, of debt instruments that are secured or backed by a pool of loans. The CLO debt classes have a specific seniority structure and priority of payments. The most junior securities of a CLO are generally retained by the sponsor of the CLO and are usually entitled to all of the income generated by the pool of loans after the payment of debt service on all the more senior classes of debt and the payment of all expenses. Defaults on the pool of loans therefore first affect the most junior tranches. The subordinate tranches of CLO debt may also experience a lower recovery and greater risk of loss, including risk of deferral or non- payment of interest than more senior tranches of the CLO debt **,** because they bear the bulk of defaults from the loans held in the CLO and serve to protect the other, more senior tranches from default in all but the most severe circumstances. Often CLOs contain loans that are more transitional than loans contributed to conduit securitizations. Despite the protection provided by the subordinate tranches, even more senior CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, decline in market value due to market anticipation of defaults and aversion to CLO securities as a class. Further, the transaction documents relating to the issuance of CLO securities may impose eligibility criteria on the assets of the CLO, restrict the ability of the CLO' s sponsor to trade investments and impose certain portfolio- wide asset quality requirements. For example, reinvestment of loans into a CLO is subject to pre- approval by certain rating agencies. Finally, the Risk Retention Rule imposes a retention requirement of 5 % of the issued debt classes by the sponsor of the CLO (as described above). These criteria, restrictions and requirements may limit the ability of the CLO' s sponsor (or collateral manager) to maximize returns on the CLO securities. **Market demand may limit our ability to issue CLOs and access their associated financing capacity.** In addition, CLOs may not be actively traded, are relatively illiquid investments, and volatility in CLO trading market may cause the value of these investments to decline. The market value of CLO securities may be affected by, among other things, changes in the market value of the underlying loans held by the CLO, changes in the distributions on the underlying loans, defaults and recoveries on the underlying loans, capital gains and losses on the underlying losses (or foreclosure assets), prepayments on underlying loan and the availability, prices and interest rate of underlying loans. Furthermore, the leveraged nature of each subordinated tranche may magnify the adverse impact on such class of changes in the value of the loans, changes in the distributions on the loans, defaults and recoveries on the loans, capital gains and losses on the loans (or foreclosure assets), prepayment on loans and availability, price and interest rates of the loans. ~~Because~~ **As a result** of the requirements of the Risk Retention Rule, if we purchase a horizontal subordinate strip of a CLO to satisfy the Risk Retention Rule, we would not be able to dispose of those subordinate interests during the required risk retention period, which may increase our risk of loss. A CLO may include certain interest coverage tests, overcollateralization coverage tests or other tests that, if not met, may result in a change in the priority of distributions, which may result in the reduction or elimination of distributions to the subordinate debt and equity tranches until the tests have been met or certain senior classes of securities have been paid in full. **For example, even if no loan in the pool experiences a default, an appraisal reduction of a loan in the pool may cause the pool of loans in the applicable CLO not to meet certain of these tests.** Accordingly, if ~~we hold subordinate debt interests in a CLO that contains such tests and~~ such tests are not satisfied, we **, as holders of the subordinate debt and equity interests in the applicable CLO,** may experience a significant reduction in our cash flow from those interests. Furthermore, if any CLO that we sponsor or **in which we** hold interests ~~in~~ fails to meet certain tests relevant to the most senior debt issued and outstanding by the CLO issuer, an event of default may occur under that CLO. If that occurs, (i) if we were serving as manager of the CLO, our ability to manage the CLO may be terminated and (ii) our ability to attempt to cure any defaults in the CLO may be limited, which would increase the likelihood of a reduction or elimination of cash flow and returns to us in the CLOs for an indefinite time. We cannot predict the effects of the transition away from **the London Interbank Offered Rate ("** LIBOR **")** on **our** ~~Ladder' s~~ assets, liabilities and results of operations. **We had both assets** ~~On July 29, 2021, the Alternative Reference Rates Committee formally announced~~ and ~~recommended Term~~ **liabilities affected by the transition from LIBOR to** SOFR (Secured Overnight Financing Rate) ~~as an alternative reference rate to LIBOR~~. **During** ~~The most commonly used tenors of U. S. dollar LIBOR (overnight and one, three~~ - **the** ~~, six and 12 months) will either cease to be published by any benchmark administrator or no longer be representative immediately after June 30, 2023. We have both assets and liabilities that are affected by this~~ transition ~~. As of December 31~~ , ~~2022, our loan portfolio included $ 3. 4 billion of floating rate loans, 68 % or $ 2. 3 billion of which have interest rates tied to LIBOR and 32 % or $ 1. 1 billion of which have interest rates tied to Term SOFR. Since early 2022,~~ we **took steps** ~~have originated new floating rate loans with interest rates tied to Term SOFR. We have implemented fallback language for our LIBOR- based mortgage loans including, in most cases, adjustments as applicable~~ to maintain the anticipated economic terms of the existing contracts. **However,** ~~We expect to complete the~~ **there** ~~process of converting~~ **can be no guarantee that our provisions for this transition included adequate methodologies for adjustments** ~~our~~ - **or that SOFR will be similar to or produce the economic equivalent of, or be more or less favorable than,** LIBOR ~~- based loans~~ **, particularly during times of economic stress. As such, the effect of the transition** to ~~Term~~ SOFR **may adversely impact** ~~during the second quarter of 2023 in advance of the June 30, 2023 phase- out date for LIBOR. As of December 31, 2022, our securities portfolio included $ 513. 0 million of floating rate securities, 84 % or~~ **our cost** ~~$ 430. 1 million~~ of **capital and net investment income,** which **could ultimately adversely impact** ~~have interest rates tied to LIBOR and 16 % or~~ **our results** ~~$ 82. 9 million~~ of **operations, cash flows and** ~~which have interest rates tied to Term SOFR. The indentures governing these~~ - **the** ~~securities generally provide the issuers~~ **market value and liquidity of** ~~or~~ **our** ~~trustees some discretion as to the selection of a replacement benchmark and timing of the benchmark transition. We also use derivative instruments~~ - **investments** ~~that reference LIBOR~~. **In addition** ~~As of December 31~~ , ~~2022,~~ we **cannot predict potential** ~~had $ 2. 2 billion of floating rate indebtedness, 59 % or $ 1. 3 billion of which have interest rates tied to LIBOR and 41 % or $ 0. 9 billion of which have interest rates tied to Term SOFR. Our remaining LIBOR- based indebtedness consists of (i) bilateral repurchase facilities which have previously implemented LIBOR fallback language, (ii) FHLB debt, for which the replacement index and timing of transition will be determined in the sole discretion of the lender, and (iii) CLO debt which will transition to a new benchmark index pursuant to the terms of its indentures. We expect all of our indebtedness to transition to a new benchmark index prior to the June 30, 2023 phase- out date for LIBOR. While our loan documents generally allow us, and our debt arrangements generally allow our lenders, to substitute a new index if the current index is no longer available and there~~ - **other unforeseen impacts** ~~has been considerable guidance on the recommended timing and form~~ of the transition away from LIBOR **. SOFR** ~~from regulators, agencies and industry working groups, there are additional risks from uncertainty as~~ **has** ~~to such transition~~ **a limited history** , ~~including: • the~~ **having been first published in April 2018. The future** performance of ~~LIBOR during any phase~~ **SOFR, and SOFR** - **based** ~~out period; • the nature of, and methodology for administering, any replacement reference rate; • whether we will be able to modify all existing documentation before the discontinuation of LIBOR; • whether the documentation for our products will allow those products to qualify for the legal protection against litigation and statutory solutions contained in certain legislation related to the LIBOR transition; • the potential need to amend existing documentation and modify systems, controls, procedures and models; • whether our lenders may instead choose alternative replacement~~ reference rates ~~that~~ **, cannot be predicted based on SOFR' s history or otherwise. Future levels of SOFR** may **bear little or no relation to historical levels of SOFR, LIBOR or other rates. SOFR- based rates will** differ from LIBOR ~~in ways similar to Term~~ **, and the differences may be material.** SOFR ~~or in~~ **is intended to be a broad measure of** ~~other~~ - **the cost** ~~ways; and • other unforeseen impacts~~ of ~~the~~ **borrowing funds overnight in** ~~transition~~ **transactions** ~~away~~ **that are collateralized by U. S. Treasury securities, which differs fundamentally** from LIBOR. ~~Additionally, there~~ **LIBOR was intended to be** ~~can~~ - **an unsecured rate** ~~be no guarantee~~ that ~~existing or new provisions~~ **represented interbank funding costs** for ~~alternative reference~~ **different short- term tenors. It was a forward- looking rate reflecting expectations regarding interest** rates ~~in our products will include adequate methodologies~~ for ~~adjustments~~ **those tenors. Thus, LIBOR was intended to be sensitive to bank credit risk and to short- term interest rate risk. In contrast, SOFR is intended to be insensitive to credit risk and to risks related to interest rates other than overnight rates. 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. Like LIBOR, some SOFR- based rates are forward- looking term rates; other SOFR- based rates are intended to resemble rates** ~~or~~ **for** ~~that~~ **term structures through** ~~the~~ **their** ~~alternative reference~~ **use of averaging mechanisms applied to rates from overnight transactions, as in the case of " simple average " or " compounded average " SOFR. Different kinds of SOFR- based** rates will **result in different** ~~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 potential effect of any such event on our cost of capital and net investment income cannot yet be determined and any changes to benchmark~~ interest rates **. Mismatches between SOFR- based rates** ~~could increase our financing costs or reduce our interest income~~ , ~~which could impact our results of operations, cash flows~~ and **between SOFR- based rates and** ~~the~~ **other rates, may cause economic inefficiencies, particularly if** market ~~value and liquidity~~ **participants seek to hedge one kind** of **SOFR- based rate by entering into hedge** ~~our investments. There could be a mismatch between the timing of the transition~~ **transactions based on another SOFR- based rate or another rate. For these reasons, among others, there is no assurance that SOFR, or rates derived** from **SOFR, will perform in the same or a similar way as** LIBOR ~~to a replacement~~ **would have performed at any time, and there is no assurance that SOFR- based** ~~rate~~ **rates will be a suitable substitute** ~~between our investments and our financing, or~~ **for** ~~a mismatch between the replacement rate used by our investments and our financing. Furthermore, the transition away from~~ LIBOR ~~may adversely impact our ability to manage and hedge exposures to changes in~~

~~interest rates using derivative instruments~~ . ~~Changes~~ **If** ~~or~~ **our subsidiary that is regulated** ~~uncertainty resulting from the transition from LIBOR to a replacement rate, including any market dislocations and disruptions~~ as a ~~result thereof, could adversely affect~~ **registered investment adviser is unable to meet the requirements of the SEC** ~~our~~ - **or** ~~business,~~ **fails to comply with certain U. S. federal and state securities laws and** ~~reputation~~ **regulations** , ~~increase the risk~~ **it may face termination** of ~~litigation~~ **its investment adviser registration, fines** or other **disciplinary action** ~~disputes, and increase transition- related expenses, among other adverse consequences~~ . **Our subsidiary** ~~While we continue to monitor developments regarding the transition away from LIBOR and are working with borrowers~~ , **Ladder Capital Asset Management LLC** ~~lenders, advisors and working groups to minimize the impact of such transition on our results of operations, cash flows and the market value and liquidity of our investments, we can provide no assurances in connection with any such impact. There has been increasing scrutiny on companies from investors, regulators and other stakeholders related to environmental, social and governance~~ (" ~~ESG~~ **LCAM** ") matters. A variety of organizations,...... stock price. Our subsidiary, LCAM , is regulated by the SEC as a registered investment adviser. Registered investment advisers are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to advisory clients, maintaining an effective compliance program, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an advisor and advisory clients and general anti- fraud prohibitions. LCAM currently provides investment advisory services solely to Ladder- sponsored CLO Issuers. The CLO Issuers invest primarily in first mortgage loans secured by commercial real estate originated or acquired by Ladder and in participation interests in such loans. Non- compliance with the Advisers Act or other U. S. federal and state securities laws and regulations could result in investigations, sanctions, disgorgement, fines and reputational damage. ~~We maintain~~ **Our subsidiary that operates as** a captive insurance company **is subject to insurance laws and its outstanding borrowings are subject to the lending policies of the FHLB. We have organized a captive insurance company** , Tuebor **(the " captive ")** , to provide coverage previously self- insured by us, including nuclear, biological or chemical coverage, excess property coverage and excess errors and omissions coverage. The captive is regulated by the State of Michigan and is subject to regulations that cover all aspects of its business, including a requirement to maintain a certain minimum net capital. Violation of these regulations can result in revocation of its authorization to do business as a captive insurer or result in censures or fines. The captive could also be found to be in violation of the insurance laws of states other than Michigan (i. e., states where insureds are located), in which case, fines and penalties could apply from those states. Under certain circumstances, regulatory actions (such as new rulemakings) impacting the captive could result in limitations on the ability of the captive to borrow from the FHLB and thereby impact the FHLB' s availability as a source of financing for our operations. Effective February 19, 2021, the captive is no longer permitted to initiate any new funding advances pursuant to the Federal Housing Finance Agency' s (" FHFA ") January 20, 2016 final rule amending its regulation of FHLB membership. Existing advances that mature after February 19, 2021 are permitted to remain in place until maturity of such advances. **The** ~~As a member, the~~ captive is required to continue to hold shares of FHLB stock based on the amount of funds borrowed until its outstanding debt is repaid. Like any other investment, the captive' s participation in the FHLB involves some risk of loss and / or access to assets of the captive, both with respect to the shares of FHLB stock and the assets provided by the captive as collateral for its borrowings. Tuebor' s outstanding advances from the FHLB as of December 31, ~~2022~~ **2023** were $ ~~213~~ **115** million. FHLB advances amounted to ~~5~~ **3** . 0 % of the Company' s outstanding debt obligations as of December 31, ~~2022~~ **2023** . **Certain of our entities have** ~~Our officers and directors may be involved~~ in **the past and may in the future make loans to** other ~~businesses related to the commercial real estate industry and potential conflicts~~ of ~~interests may arise if we invest in commercial real estate instruments or~~ **our entities on** ~~properties affiliated with such businesses. Our officers or directors may be involved in~~ other **-** ~~businesses related to the commercial real estate industry, and we may wish to invest in commercial real estate instruments or properties affiliated with such persons. Potential conflicts of interest may exist in such situations, and as a result, the benefits to our business of such investments may be limited. Although we do have a policy governing approval of certain related party transactions by the board of directors, we do not expressly prohibit our directors, officers, security holders or affiliates from having a direct or indirect pecuniary interest in any transaction in which we have an interest or engaging for their own account in business activities of the types that~~ **than** ~~we conduct~~ **- arms'- length terms** . Certain of our entities have in the past and may in the future make loans to other of our entities. Such loans may be made on other- than- arms'- length terms, and as a result, we could be deemed to be subject to an inherent conflict of interest in the event that the interest rates and related fees of such loans differ from those rates and fees then available in the marketplace. We expect that such loans will not give rise to a conflict of interest because such loans generally will be made at rates, and subject to fees, lower than those available in the marketplace; however, we will attempt to resolve any conflicts of interest that arise in a fair and equitable manner. ~~Risks Related to Our~~ **Maintenance of our exemption from registration under the** Investment Company Act ~~Exemption~~ **imposes significant limits on our operations. The value of our securities, including our Class A common stock, may be adversely affected if we are required to register as an investment company under the Investment Company Act.** We intend to conduct our operations so that neither we nor any of our subsidiaries (including any series thereof) are required to register as an investment company under the Investment Company Act. If we or any of our subsidiaries (including any series thereof) fail to qualify for, and maintain an exemption from, registration under the Investment Company Act, or an exclusion from the definition of an investment company, we could, among other things, be required either to: (i) substantially change the manner in which we conduct our operations to avoid being required to register as an investment company; (ii) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so; or (iii) register as an investment company under the Investment Company Act, any of which could have an adverse effect on us, our financial results, the sustainability of our business model, the value of our securities (including the Notes) or our ability to satisfy our obligations in respect of the Notes. If we or any of our subsidiaries (including any series thereof) were required to register as an investment company under the Investment Company Act, the registered entity would become subject to substantial regulation with respect to capital structure (including the 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, compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change its operations and we would not be able to conduct our business as described herein. For example, because affiliate transactions are generally prohibited under the Investment Company Act, we would not be able to enter into certain transactions with any of our affiliates if we are required to register as an investment company, which could have a material adverse effect on our ability to operate our business. If we were required to register ourselves as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business. We believe we are not an investment company under Section 3 (a) (1) (A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, and do not propose to engage primarily, in the business of investing, reinvesting or trading in securities. However, under Section 3 (a) (1) (C) of the Investment Company Act, because we are a holding company that will conduct its businesses primarily through majority- owned subsidiaries (including any series thereof), the securities issued by these subsidiaries (including any series thereof) that are excepted from the definition of " investment company " under Section 3 (c) (1) or 3 (c) (7) of the Investment Company Act, together with any other investment securities we may own, may not have a combined value in excess of 40 % of the value of ~~our~~ adjusted total assets (exclusive of government securities and cash items) on an unconsolidated basis (the " 40 % test "). This requirement limits the types of businesses in which we may engage through our subsidiaries (including any series thereof). In addition, the assets we and our subsidiaries (including any series thereof) may originate or acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated thereunder, which may adversely affect our business. We expect that certain of our subsidiaries (including any series thereof) may rely on the exclusion from the definition of " investment company " under the Investment Company Act pursuant to Section 3 (c) (5) (C) of the Investment Company Act, which is available for entities " primarily engaged " in the business of " purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. " This exclusion, as interpreted by the staff of the SEC, requires that an entity invest at least 55 % of its assets in qualifying real estate assets and at least 80 % of its assets in qualifying real estate assets and real estate- related assets. We expect each of our subsidiaries (including any series thereof) relying on Section 3 (c) (5) (C) to rely on guidance published by the SEC staff or on our analyses of such guidance to determine which assets are qualifying real estate assets and real estate- related assets. However, the SEC' s guidance was issued in accordance with factual situations that may be substantially different from the factual situations we may face. We have not received, nor have we sought, a no- action letter from the SEC regarding how our investment strategy fits within the exclusions from the definition of an " investment company " under the Investment Company Act that we and our subsidiaries (including any series thereof) are relying on. No assurance can be given that the SEC staff will concur with the classification of each of our subsidiaries' assets. The SEC staff may, in the future, issue further guidance that may require us to re- classify our assets for purposes of qualifying for an exclusion from the definition of an " investment company " under the Investment Company Act. If we are required to re- classify our assets, certain of our subsidiaries (including any series thereof) may no longer be in compliance with the exclusion from the definition of an " investment company " provided by Section 3 (c) (5) (C) of the Investment Company Act, and, in turn, we may not satisfy the requirements to avoid falling within the definition of an " investment company " provided by Section 3 (a) (1) (C). To the extent that the SEC staff publishes new or different guidance or disagrees with our analysis with respect to any assets of our subsidiaries we have determined to be qualifying real estate assets or real estate- related assets, we may be required to adjust our strategy accordingly. In addition, we may be limited in our ability to make certain investments and these limitations could result in a subsidiary holding assets we might wish to sell or selling assets we might wish to hold. Any of the Company or our subsidiaries (including any series thereof) may rely on the exemption provided by Section 3 (c) (6) of the Investment Company Act to the extent that they primarily engage, directly or through majority- owned subsidiaries (including any series thereof), in the businesses described in Sections 3 (c) (3), 3 (c) (4) and 3 (c) (5) of the Investment Company Act. The SEC staff has issued little interpretive guidance with respect to Section 3 (c) (6) and any guidance published by the staff could require us to adjust our strategy accordingly. We determine whether an entity (including any series thereof) is one of our majority- owned subsidiaries. The Investment Company Act defines a majority- owned subsidiary of a person as a company 50 % or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority- owned subsidiary of such person. The Investment Company Act further defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We treat companies in which we own at least a majority of the outstanding voting securities as majority- owned subsidiaries for purposes of the 40 % test. We have not requested **that** the SEC ~~to~~ approve our treatment of any company as a majority- owned subsidiary and the SEC has not done so. If the SEC were to disagree with our treatment of one or more companies as majority- owned subsidiaries, we would need to adjust our strategy and our assets in order to continue to pass the 40 % test. Any such adjustment in our strategy could have a material adverse effect on us. There can be no assurance that the laws and regulations governing the Investment Company Act exemptions and exclusions described above will not change in a manner that adversely affects our operations, including the SEC or its staff providing more specific or different guidance regarding Section 3 (c) (5) (C), including the nature of the assets that qualify for purposes of the exclusion and whether companies that are engaged in the business of acquiring mortgages and mortgage- related instruments should be regulated in a manner similar to investment companies. If we or our subsidiaries (including any series thereof) fail to maintain an exemption from registration under the Investment Company Act, we could, among other things, be required to: (i) change the manner in which we conduct our operations to avoid being required to register as an investment company; (ii) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so; or (iii) register as an investment company, any of which could negatively affect our financial results, the sustainability of our business model, or the value of our securities. In addition, if we or any of our subsidiaries were required to register as an investment company under the Investment Company Act, the registered entity would become subject to substantial regulation with respect to capital structure (including the 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, compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations. **See also " Rapid changes in the values of our assets may make it more difficult for us to maintain our qualification as a REIT or exemption from registration under the Investment Company Act. " Actual or perceived environmental, social and governance matters may cause us to incur additional costs or reputational harm or result in investors ceasing to allocate their capital to us, all of which could adversely affect our business and results of operations. There has been increasing scrutiny and political pushback on companies from investors, regulators and other stakeholders related to environmental, social and governance (" ESG ") matters that has and may continue to result in inconsistent federal and state regulations and enforcement. For example, regulators are focused on companies that do not fulfill their claims of environmental sustainability and a variety of organizations, such as ESG ratings agencies, have developed and published rating systems and other scoring and reporting mechanisms to promote or accommodate the consideration of ESG factors by investors. However, certain state governors, legislatures, and attorneys general have passed laws or otherwise discouraged companies from considering ESG factors when making investment decisions, particularly with respect to public funds. Companies must balance these competing interests in determining how to best address ESG. ESG ratings agencies evaluate and compare our ESG performance with that of others in our industry.** We **do not participate in all such systems and** may ~~enter into hedging transactions~~ not score as well in all of the available ratings systems,as the proliferation of third- party providers of ESG ratings and reports has resulted in varied standards.These ratings systems may,for example,not be correlated to each other,depend on estimates,and continue to evolve.Further,the extent to which such rating agencies accept company feedback and the timing for reflecting such feedback in their reports varies,and scores are often based on a relative ranking,which may cause our scores to deteriorate if peer rankings improve.Still,current shareholders and prospective investors may use these ratings,and / or their own internal ESG benchmarks,to determine whether,and to ~~that~~ **what** ~~could expose~~ **extent, they may choose to invest in our securities, engage with** us to **advocate for improved ESG performance** ~~contingent liabilities in the future and adversely impact our~~ - **or** disclosure,make voting decisions as shareholders,or take other actions to hold us and our board of directors accountable with respect to ESG matters.Regardless of the industry,investors' increased focus related to ESG and similar matters may hinder access to capital,as investors may decide to reallocate capital or to not commit capital as a result of a company' s ESG practices or ratings.If we do not adapt to or comply with ESG rating agency,investor or other stakeholder expectations and standards,which are evolving,or if we are perceived to have not responded appropriately to the growing concern for ESG issues,we may suffer from reputational damage and our business, ~~financial~~ financial condition ~~condition~~ ,and / or stock price could be materially and adversely affected.ESG rating agencies and our stakeholders may look to us to implement more or different ESG **policies,** procedures,standards or goals in order to improve our ratings,continue engaging with us,remain invested in us,or before they make further investments in us.In addition,the standards for tracking and reporting on ESG matters are relatively new,have not been harmonized,and continue to evolve.As a result,our selection of ESG disclosure frameworks and topics may change from time to time,may result in a lack of comparative data from period to period,or differ from the expectations of our shareholders and other stakeholders.To the extent investors focused on ESG ratings or matters are not satisfied with our ESG ratings or progress,we may not be able to raise sufficient capital,which may adversely affect our revenues.Relatedly,collecting,measuring,and reporting ESG information and metrics can be costly,difficult and time consuming,and can present numerous operational,reputational,financial,legal and other risks,any of which could have negative impact on our business,reputation and stock price.Additionally,adverse incidents with respect to ESG activities could impact our reputation or the cost of our operations and relationships with investors,all of which could adversely affect our business and results of operations.If we do not successfully manage expectations across these varied stakeholder interests,it could erode stakeholder trust,impact our reputation,and constrain our investment opportunities.There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition,measurement and disclosure of ESG factors.Any new rules or regulations may result in increased legal,accounting and financial compliance costs,make some activities more difficult,time- consuming and costly,and place strain on our personnel,systems and resources ~~.~~ . Part of our strategy involves entering into hedging transactions that could 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 transfers it is contractually owed under the terms of the hedging agreement). These potential payments ~~will~~ **would** be contingent liabilities and, therefore, may not appear in our financial statements. The amount due would be equal to the unrealized loss of the open positions with the respective counterparty and could also include other fees and charges. These economic losses ~~will~~ **would** be reflected in our results of operations, and our ability to fund these obligations ~~will depend~~ **depends** on the liquidity of our assets and access to capital at the time, and the need to fund these obligations could adversely impact our financial condition. Our hedging activity **varies** ~~will vary~~ in scope based on the level and volatility of interest rates, the type of assets held, compliance with REIT rules, and other changing market conditions. **Hedging against** ~~Interest~~ **interest** rate ~~hedging~~ **, credit and market value changes** may fail to protect or could adversely affect our business because, among other things: • ~~interest rate~~ hedging can be expensive, particularly during periods of rising and volatile interest rates; • available ~~interest rate~~ hedges may not correspond directly with the ~~interest rate~~ risk for which protection is sought; • due to a credit loss or other factors, the duration of the hedge may not match the duration of the related liability; • applicable law may require mandatory margining or clearing of certain ~~interest rate~~ hedges we may wish to use, which may raise costs **; • the counterparties with which we engage in hedging transactions 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 credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign the hedging transaction **; • the hedging counterparty may default on its obligations to us (including payment or delivery obligations)** ; • we may have to limit our use of hedging techniques that might otherwise be advantageous or to implement those hedges through a TRS to comply with REIT requirements, increasing the cost of our hedging activities because our TRSs would be subject to tax on gains and hedging- related losses in our TRSs will generally not provide any tax benefit, except for losses carried forward against future taxable income in the TRSs; and • **we may purchase a hedge that turns out not to be necessary (i. e., a hedge that is out of** the ~~hedging counterparty owing~~ money **)** ~~in the hedging transaction may default on its obligation to pay~~. In addition, we may fail to recalculate, readjust and execute hedges in an efficient manner **. We may also decide not to engage in one or more hedging transactions or refrain from using hedging to mitigate some or all of a specific risk, potentially resulting in losses** . Any hedging activity in which we engage may materially and adversely affect our results of operations and cash flows. Therefore, while we may enter into such transactions seeking to reduce interest rate risks, unanticipated changes in interest 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 or liabilities being hedged may vary materially. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio positions or liabilities being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. **We may also 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 the previously hedged risks.** A liquid secondary market may not exist for certain hedging instruments and they, therefore, may involve risks and costs that could result in material losses **. We cannot assure you that a liquid secondary market exists or will exist for our hedging transactions, and we may be required to maintain a position for a longer period than desired, which could result in misalignment with the risk being hedged and significant losses. Hedging instruments are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any governmental authorities. The use of derivative instruments is, however, subject to an increasing number of potentially applicable laws and regulations. These laws and regulations are complex, compliance with them may be costly and time consuming, and our failure to comply with any of these laws and regulations could subject us to lawsuits or government actions and damage our reputation** . The enforceability of certain rights under agreements underlying certain hedging transactions may depend on compliance with applicable statutory and regulatory requirements under U. S. law and, depending on the identity of the counterparty, applicable international requirements. The business failure of a hedging counterparty will most likely result in its default, potentially resulting in the loss of (or delay in obtaining) unrealized profits and forcing us to cover our commitments, if any, at the then current market price. A liquid secondary market may not exist for these hedging instruments, and we may be required to maintain a position until exercise or expiration, which could result in material losses. We may enter into hedging transactions that are subject to mandatory clearing and / or margin requirements. Part of our strategy will involve entering into hedging transactions that may be ~~subject~~ **required** to ~~mandatory clearing~~ **be cleared** under ~~the Dodd- Frank Act and~~ relevant Commodity Futures Trading Commission (“ CFTC ”) regulations and therefore subject to associated margin requirements imposed by the applicable clearinghouse. The amount of margin we may be required to post on cleared transactions is subject to the rules of the relevant clearinghouse, which may provide the clearinghouse with discretion to increase those requirements. In addition, clearing intermediaries (e. g., futures commission merchants) who clear our trades with a clearinghouse may have contractual rights to increase the margin requirements above clearinghouse minimums. With respect to uncleared swaps that could be needed to execute our hedging strategy, **U. S.** regulations **may require our intermediaries to collect** ~~that have been adopted in the U. S. (under the Dodd- Frank Act) impose mandatory~~ margin ~~requirements~~ **from us** . Similar rules have been adopted in Europe and other jurisdictions where our dealer counterparties may be located. These rules impose obligations on many derivatives market participants to collect and post “ variation margin ” in connection with over- the- counter derivatives and, on a smaller group of market participants, to also collect and post “ initial margin. ” The overall impact on us depends on the impact on prices in the interdealer derivatives market (which may affect the pricing we can obtain from dealers) and whether one or both of these margin requirements apply to our derivatives counterparties when transacting with us. **In general,** ~~Margin rules began to go into effect in various jurisdictions (including the United States) in 2016- 17 and continue to be adopted and implemented. Initial~~ **initial** margin requirements ~~have been phased in over several years and, in general,~~ apply only if both counterparties have derivatives activities over regulatory thresholds. When they apply, the initial margin rules for uncleared derivatives are generally intended to impose higher margin requirements than those applicable for similar cleared derivatives. **We** ~~It is possible that we~~ could be subject to a requirement to post significantly more initial margin on uncleared swaps ~~if relevant initial margin requirements become applicable to us~~ , which could significantly increase the costs of engaging in uncleared swaps as part of our heading strategies. Our ability to fund these obligations will depend on the liquidity of our assets and access to capital at the time ~~,~~ and ~~the need~~ **our failure** to ~~fund~~ **comply with any of** these obligations could adversely ~~impact~~ **affect** our **business,** financial condition **, results of operations, and our ability to make distributions to our shareholders** . In addition, **we** ~~the failure to satisfy a margin call~~ may ~~result~~ **transact** in ~~the liquidation of all~~ **derivative instruments that are neither presently contemplated** ~~or~~ **nor** ~~a portion of~~ **currently available, but which may be developed in** the ~~relevant hedge~~ **future, to the extent such opportunities are both consistent with our investment objectives and legally permissible. Any such** transactions **may expose us to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and / or we determine to make such an investment. For these and other reasons, our hedging activity may materially adversely affect our business, financial condition and results of**

operations and our ability to make distributions to our shareholders . The market price and trading volume of our Class A common stock may be volatile, which could result in rapid and substantial losses for our shareholders. The market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our Class A common stock may fluctuate and cause significant price variations to occur. If the market price of our Class A common stock declines significantly, you may be unable to sell your Class A common stock at or above your purchase price, if at all. We cannot assure you that the market price of our Class A common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our Class A common stock or result in fluctuations in the price or trading volume of our Class A common stock include: **• our actual or projected operating results, financial condition, cash flows and liquidity, or changes in business strategy or prospects; •** variations in our quarterly operating results; **• a compression of the yield on our investments and an increase in the cost of our liabilities; • changes in the value of our portfolio; •** failure to meet our earnings estimates; **•** publication of research reports about us or the ~~investment management~~ **commercial real estate** industry or the failure of securities analysts to cover our Class A common stock ~~after the offering~~ ; **•** additions or departures of our executive officers and other key management personnel; **•** adverse market reaction to any indebtedness we may incur or **loss of a major funding source or** securities we may issue in the future; ~~actions~~ **• dilutive equity issuances** by **us** ~~shareholders; changes in market valuations of similar companies; speculation in the press or investment community; changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations~~ , **including** ~~or announcements relating to these matters; adverse publicity; a credit rating downgrade; and general market, economic and world health conditions. In addition~~ **additional shares** ~~, on July 27, 2022, the board~~ of ~~directors authorized the repurchase of $ 50. 0 million of the Company' s~~ Class A common stock ~~from time to time without further approval. This authorization increased the remaining outstanding authorization per the August 4, 2021, authorization from $ 39. 5 million to $ 50. 0 million. Stock repurchases by the Company are generally made for cash in open market transactions at prevailing market prices but may also be made in privately negotiated transactions or otherwise. The timing~~ and **options** ~~amount of purchases are determined based upon prevailing market conditions~~ , **rights** ~~our liquidity requirements~~ , **warrants** ~~contractual restrictions~~ and **appreciation rights relating to** ~~other factors. The existence of this authorization and any repurchases pursuant thereto could affect our stock price and increase stock price volatility and could potentially reduce the market liquidity for our~~ Class A common stock ~~. Additionally~~ **or securities convertible into Class A common stock** , ~~we are permitted~~ **as authorized by our board of directors or pursuant** to ~~, and~~ - **an** ~~could~~ **equity incentive plan** , **or significant share resales by our shareholders, or the perception that such issuances or resales may occur; • issuance of securities at a price less than our then- current book value per share; • the timing, amount, pricing and any potential** ~~discontinue~~ **discontinuance of** Class A common stock repurchases ~~at~~ **by the Company; • the issuance of** any **debt or equity securities that rank senior to** ~~time and any such discontinuation could cause the market price of~~ our Class A common stock ~~to decline. Our~~ **or which may have rights, preferences and privileges more favorable than those of our** Class A common stock ~~price may decline due to~~ **; • actions by shareholders; • changes in market valuations or operating performance of similar companies; • speculation in the press or investment community; • changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of** ~~the~~ **these** ~~large number~~ **laws and regulations, or announcements relating to these matters; • adverse publicity; • actual or anticipated changes in our current or future dividend yield, including as a result** of ~~shares eligible~~ **increases in market interest rates, which may lead investors to demand a higher dividend yield** for **our** ~~future sale and for exchange into~~ Class A common stock ~~,~~ and ~~current stockholders may be diluted by future equity issuances. The~~ **would result in increased interest expenses on our debt that lowers our income available for distribution; • failure to maintain our REIT qualification or exemption from registration under the Investment Company Act; • a credit rating downgrade; • significant volatility in the** market price **and trading volume of securities of publicly traded REITs or other companies in our sector, including us, which is not necessarily related to the operating performance of these companies; • short- selling pressure with respect to shares** of our Class A common stock **or REITs generally; • price and volume fluctuations in the overall stock market from time to time; and • general market, economic, geopolitical and world health conditions or events, and trends including inflationary concerns. In the past, securities class action litigation has often been instituted against companies following periods of volatility in their share price. This type of litigation** could ~~decline as a~~ result ~~of sales of a large number of shares of our Class A common stock, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities~~ in **substantial costs** ~~the future at a time and price that we deem appropriate. Our amended and restated certificate of incorporation authorizes us to issue additional shares of Class A common stock and options, rights, warrants and appreciation rights relating to Class A common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion. Future issuances of Class A common stock, including under our 2014 Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, will dilute existing stockholders. In accordance with the DGCL and the provisions of our certificate of incorporation, we may also issue preferred stock that has designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to shares of Class A common stock. Similarly, the LLLP Agreement permits Series REIT and Series TRS to issue an~~ **and divert** ~~unlimited number of additional Series Units with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Series Units, and which may be exchangeable for shares of~~ our **attention and resources** ~~Class A common stock~~ . Our charter contains REIT- related restrictions on the ownership of, and ability to transfer **,** our Class A common stock. Among other things, our charter provides that, subject to the exceptions and the constructive ownership rules described therein, no person may own, or be deemed to own, in excess of **:** (i) 9. 8 % in value of the outstanding shares of all classes or series of Ladder capital stock **,** or (ii) 9. 8 % in value or number (whichever is more restrictive) of the outstanding shares of any class of Ladder common stock. In addition, the charter prohibits: (i) any person from transferring shares of Ladder Capital stock if such transfer would result in shares of Ladder capital stock being beneficially owned by fewer than 100 persons ~~,~~ **;** and (ii) any person from beneficially or constructively owning shares of Ladder capital stock if such ownership would result in Ladder failing to qualify as a REIT. **There can be no assurance that our board of directors, as permitted in the charter, will increase, or will not decrease, this ownership limitation in the future. Any attempt to own or transfer shares of our Class A common stock in excess of the ownership limitation without the consent of our board of directors would result in either the shares being transferred by operation of our charter to a charitable trust, and the person who attempted to acquire such excess shares not having any rights in such excess shares, or in the transfer being void.** These ownership limitations and transfer restrictions could have the effect of delaying, deferring or preventing a takeover or other transaction in which shareholders might receive a premium for their shares of Ladder Capital stock over the then prevailing market price or which shareholders might believe to be otherwise in their best interest **. Our amended and restated certificate of incorporation and amended and restated by- laws may delay or prevent a merger or acquisition that a shareholder may consider favorable by permitting our board of directors to issue one or more series of preferred stock, requiring advance notice for shareholder proposals and nominations, and placing limitations on convening shareholder meetings. Our charter also contains provisions that make removal of our directors difficult, which makes it more difficult for our shareholders to effect changes to our management and may prevent a change in control of the Company. In addition, we are subject to provisions of the Delaware General Corporate Law (the " DGCL ") that restrict certain business combinations with interested shareholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. If we fail to qualify as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders** . We operate and intend to continue operating in a manner that will allow us to qualify as a REIT for U. S. federal income tax purposes ~~commencing~~ **. Qualification as a REIT involves the application of highly technical and complex Code provisions 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** ~~our~~ **or** ~~taxable year ending December 31, 2015~~ **impossible for us to qualify as a REIT** . Although we have not requested and we do not intend to request a ruling from the IRS as to our REIT qualification, in connection with various corporate initiatives we have received opinions from Skadden, Arps, Slate, Meagher & Flom LLP **(" Skadden ")** and Kirkland & Ellis LLP **(" Kirkland ")** with respect to our qualification as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court ~~. The opinions of Skadden~~ , **are** ~~Arps, Slate, Meagher & Flom LLP and Kirkland & Ellis LLP represent only the view of our counsel~~ based on our counsel' s review and analysis of existing law and on certain representations as to factual matters and covenants made by us, ~~including representations relating to the values of our assets and the sources of our income. The opinions~~ were expressed as of the date issued and ~~does~~ **do** not cover subsequent periods. Skadden ~~, Arps, Slate, Meagher & Flom LLP~~ and Kirkland ~~& Ellis LLP~~ have no obligation to advise us or the holders of our **Class A** common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in applicable law. **Our** ~~Furthermore, both the validity of the opinions of Skadden, Arps, Slate, Meagher & Flom LLP and Kirkland & Ellis LLP, and our~~ qualification as a REIT ~~depend~~ **depends** on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis ~~,~~ **that require** the ~~results~~ **significant use** of **judgment** ~~which are not monitored by Skadden, Arps, Slate, Meagher & Flom LLP and Kirkland & Ellis LLP~~ . Our ability to satisfy the **gross income and** asset tests 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. 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** . Our compliance with the annual REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. ~~Moreover,~~ **Our ability to satisfy** the ~~proper classification~~ **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** an ~~instrument~~ **equity interest in an entity that is classified** as **a partnership** ~~debt or equity~~ for U. S. federal income tax purposes ~~may be~~ **. The Company' s exemption from U. S. federal income tax with respect to** ~~uncertain~~ -- **certain** ~~in some circumstances~~ **assets may be dependent on the accuracy of legal opinions or advice rendered or given or statements by the issuers of assets that the Company acquires** , ~~which could~~ **and the inaccuracy of any such opinions, advice or statements may adversely** affect the ~~application of the~~ **Company' s** REIT qualification **and result in significant corporate- level tax. Our compliance with the annual REIT income and quarterly asset** requirements **also depends upon** ~~as described below. Accordingly, there can be no assurance that the IRS will accept that our interests in subsidiaries or~~ **our** ~~in securities of~~ **ability to successfully manage** ~~other~~ -- **the** ~~issuers have~~ **composition of our income and assets on** ~~and~~ - **an ongoing basis** ~~will not cause a violation of the REIT requirements~~ . If we were to fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be subject to U. S. federal income tax on our taxable income at regular corporate rates, and dividends paid to our shareholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and **we might be required to borrow funds or liquidate some investments in order to pay the applicable tax. The tax** would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of our **Class A** common stock. Unless we were entitled to relief under certain provisions of the Code, 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 **and we would no longer be required to make distributions to shareholders. 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 a corporate alternative minimum tax . Certain of our subsidiaries have also elected to be taxed as REITs under the Code and are, therefore, subject to the same risks in the event that they fail to qualify as REITs in any taxable year. If any of these subsidiaries were to fail to qualify as a REIT, then we might also fail to qualify as a REIT. Our ownership of, and relationship with, TRSs is limited, and a failure to comply with the limits would jeopardize our REIT qualification, and our transactions with our TRSs may result in the application of a 100 % excise tax if such transactions are not conducted on arm' s- length terms. A REIT may own up to 100 % of the stock of one or more TRSs. A TRS may earn income that would not be REIT- qualifying income if earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. Overall, no more than 20 % of the value of a REIT' s assets may consist of stock and securities of one or more TRSs. **The value of our interests in and, therefore, the amount of assets held in a TRS may also be restricted by our need to qualify for an exemption from registration as an investment company under the Investment Company Act.** A domestic TRS will pay U. S. federal, state and local income tax at regular corporate rates on any income that it earns **and 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** . In addition, the TRS rules 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 elected for certain of our subsidiaries to be treated as TRSs. ~~Our TRSs pay U. S. federal, state and local income tax on their~~ **Their** ~~consolidated taxable income, and their~~ after- tax income **is** ~~will be~~ available for distribution to us but ~~will~~ **is** not ~~be~~ required to be distributed to us. We ~~have structured the formation transactions such that the aggregate value of the TRS stock and securities owned by us will be less than 20 % of the value of our total assets (including the TRS stock and securities). Furthermore, we~~ monitor the value of our investments in our TRSs to ensure compliance with the ~~rule that no more than~~ 20 % **rule** ~~of the value of our assets may consist of TRS stock and securities (which is applied~~ at the end of each calendar quarter ~~)~~. In addition, we ~~will~~ scrutinize all of our transactions with TRSs to ensure that they are entered into on arm' s- length terms to avoid incurring the 100 % excise tax described above. There can be no assurance, however, that we will be able to comply with the TRS limitations or to avoid application of the 100 % excise tax ~~discussed above. 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** for U. S. federal corporate income tax not to apply to earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100 % of our **REIT** taxable income, we ~~will~~ **would** be subject to U. S. federal corporate income tax on our undistributed taxable income. In addition, we ~~will~~ **would** be subject to a non- deductible 4 % excise tax if the actual amount distributed to our shareholders in a calendar year is less than a minimum amount specified under U. S. federal tax laws. We intend to make distributions to our shareholders to comply with the REIT qualification requirements of the Code. From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, if we purchase CMBS at a discount, we are generally required to include the discount in taxable income prior to receiving the cash proceeds of the accrued discount at maturity. Additionally, if we incur capital losses in excess of capital gains, such net capital losses are not allowed to reduce our taxable income for purposes of determining our distribution requirement. Such net capital losses may be carried forward for a period of up to five years and applied against future capital gains subject to the limitation of our ability to generate sufficient capital gains, which cannot be assured. **We may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution.** If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell investments at disadvantageous prices **, make a taxable distribution of our shares,** or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to maintain our qualification as a REIT, or avoid corporate income tax and the non- deductible 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our shareholders' equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our **Class A** common stock. We have not established a minimum distribution payment level and we cannot assure you of our ability to pay distributions in the future. To maintain our qualification as a REIT and generally not be subject to U. S. federal income and excise tax, we intend to make regular quarterly cash distributions to our shareholders out of legally available funds therefor. Our ~~intended~~ dividend policy as a REIT ~~will be~~ **generally is** to pay quarterly distributions either in cash or stock **to comply with the REIT distribution requirements** ~~which, on an annual basis, will equal all or substantially all~~ of **the Code** ~~our net taxable income~~ . We have not, however, established a minimum distribution payment level and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors described in this Annual Report. All distributions **are** ~~will be~~ made at the discretion of our board of directors and ~~will~~ depend on our earnings, our financial condition, any debt covenants, maintenance of our REIT qualification, restrictions on making distributions under Delaware law and other factors as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future and our board of directors may change our distribution policy in the future. We believe that a change in any one of the following factors, among others, could adversely affect our results of operations and impair our ability to pay distributions to our shareholders: • the profitability of the assets we hold or acquire; • the allocation of assets between our REIT- qualified and non- REIT- qualified subsidiaries; • **the impact of changes in interest rates on our net interest income; • the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates; •** our ability to make profitable investments and to realize profit therefrom; • margin calls or other expenses that may reduce our cash flow; and • defaults in our asset portfolio or decreases in the value of our portfolio. We cannot assure you that we will achieve results that will allow us to make a specified level of cash distributions or any increase in the level of such distributions in the future **or that the level of any distributions we do make to our shareholders will achieve a market yield or increase or even be maintained over time,**

any of which could materially and adversely affect us . If we were to make a taxable distribution of shares of our stock, shareholders may be required to sell such shares or sell other assets owned by them in order to pay any tax imposed on such distribution. We may distribute taxable dividends that are payable in **cash and** shares of our **Class A** common stock. **Taxable shareholders receiving** ~~If we were to make~~ such ~~a taxable distribution~~ **distributions** ~~of shares of our stock, shareholders~~ would be required to include the full amount of such distribution as income **to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes** . As a result, a shareholder may be required to pay tax with respect to such dividends in excess of cash received. Accordingly, shareholders receiving a distribution of our shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a shareholder sells the shares it receives as a dividend in order to pay such tax, the sale proceeds may be less than the amount included in income with respect to the dividend. Moreover, in the case of a taxable distribution of shares of our stock with respect to which any withholding tax is imposed on a non- U. S. shareholder, we may have to withhold or dispose of part of the shares in such distribution and use such withheld shares or the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our shareholders determine to sell shares of our Class A common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our Class A common stock. Distributions payable by REITs do not qualify for the reduced tax rates available for some dividends. **Distributions out of our current earnings and profits that we make to our shareholders are generally taxable to our shareholders as ordinary income. However, a portion of our distributions may be designated by us as: (i) " capital gain dividends " subject to capital gains tax rates to the extent that they are attributable to capital gain income recognized by us; (ii) " qualified dividend income; " or (iii) to the extent that they exceed our current earnings and profits as determined for U. S. federal income tax purposes, a " return of capital, " which is not taxable, but has the effect of reducing the basis of a shareholder' s investment in our Class** A **common stock. While a** reduced tax rate **of up to 20 %** currently applies to ~~income from~~ " qualified ~~dividends~~ - **dividend income** " ~~payable~~ **paid by non- REIT " C " corporations** to domestic shareholders that are individuals, trusts and estates. Distributions of ordinary income payable by REITs, however, generally are not eligible for these reduced rates. ~~The~~ **However, pursuant to the 2017 Tax Cuts and Jobs Act, such domestic shareholders may generally be allowed to deduct from their taxable income one- fifth of the ordinary dividends payable to them by REITs for taxable years beginning before January 1, 2026. This would amount to a reduction in the effective tax rate on REIT dividends as compared to prior law. Prospective investors should consult their own tax advisors regarding the effect of this rule on their effective tax rate with respect to REIT dividends. Still, the** more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay qualified dividends, which could adversely affect the value of the stock of REITs, including our **Class A** common stock **. Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flow** . 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, taxes on income from some activities conducted as a result of a foreclosure, excise taxes, state or local income, property and transfer taxes, ~~such as~~ mortgage recording taxes, and other taxes. In addition, in order to meet the REIT qualification requirements, prevent the recognition of certain types of non- cash income, or to avert the imposition of a 100 % **prohibited transaction** tax that applies to certain gains derived by a REIT from dealer property or inventory, we intend to hold some of our assets through our TRSs or other subsidiary corporations that will be subject to corporate level income tax at regular corporate rates. In addition, if we lend money to a TRS, the TRS may be unable to deduct all or a portion of the interest paid to us, which could result in an even higher corporate level tax liability. Furthermore, the Code imposes a 100 % excise tax on certain transactions between a TRS and a REIT that are not conducted on an arm' s length basis. ~~We intend to structure any transaction with a TRS on terms that we believe are arm' s length to avoid incurring this 100 % excise tax.~~ There can be no assurances, however, that we will be able to avoid application of the 100 % excise tax. The payment of any of these taxes would decrease cash available for distribution to our shareholders. **Complying with REIT requirements may cause us to forgo attractive opportunities or liquidate attractive investments.** To qualify as REITs for U. S. federal income tax purposes, we and certain of our subsidiaries must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our shareholders and the ownership of our stock. We may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution and may be unable to pursue **or be required to liquidate** 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. Thus, compliance with the REIT requirements may hinder our ability to make and, in certain cases, to maintain ownership of, certain attractive investments. Further, to qualify as REITs, ~~we must ensure that~~ at the end of each calendar quarter, at least 75 % of the value of our assets **must** ~~consists~~ - **consist** of cash, cash items, government securities and qualified real estate assets. The remainder of our investments in securities (other than government securities and qualified real estate 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 government securities and qualified real estate 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 securities of one or more TRSs. If we fail to comply with these 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 otherwise attractive investments from our investment portfolio. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders. The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT. We enter into certain financing arrangements that are structured as sale and repurchase agreements pursuant to which we nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are financings that are secured by the assets sold pursuant thereto. We believe that we will be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such sale and repurchase agreement notwithstanding that such agreement may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT. Distributions to tax- exempt investors may be classified as unrelated business taxable income. Neither ordinary nor capital gain distributions with respect to our Class A common stock nor gain from the sale of Class A common stock should generally constitute unrelated business taxable income to a tax- exempt investor. However, there are certain exceptions to this rule. In particular: • part of the income and gain recognized by certain qualified employee pension trusts with respect to our **Class A** common stock may be treated as unrelated business taxable income if shares of our Class A common stock are predominantly held by qualified employee pension trusts, and we are required to rely on a special look- through rule for purposes of meeting one of the REIT ownership tests, and we are not operated in a manner to avoid treatment of such income or gain as unrelated business taxable income; • part of the income and gain recognized by a tax- exempt investor with respect to our Class A common stock would constitute unrelated business taxable income if the investor incurs debt in order to acquire the **Class A** common stock; • part or all of the income or gain recognized with respect to our Class A common stock by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from U. S. federal income taxation under the Code may be treated as unrelated business taxable income; and • to the extent that we have " excess inclusion income, " e. g., from: (i) us (or a part of us, or a disregarded subsidiary of ours) being treated as a " taxable mortgage pool **;** " ~~;~~ (ii) us holding residual interests in a REMIC securitization; or (iii) us receiving income from another REIT that is treated as excess inclusion income, a portion of the distributions paid to a tax- exempt shareholder that is allocable to such excess inclusion income may be treated as unrelated business taxable income. ~~Liquidation of assets~~ **The " taxable mortgage pool " rules** may ~~jeopardize~~ **increase the taxes that we** ~~our~~ **or our shareholders may incur and may limit the manner in which we effect future securitizations. Securitizations could result in the creation of taxable mortgage pools for U. S. federal income tax purposes. As a** REIT **, so long** ~~qualification or create additional tax liability for us. To qualify~~ as ~~a REIT,~~ we ~~must comply with requirements regarding~~ **own 100 % of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of the securitization as a taxable mortgage pool. However, we would be precluded from selling equity interests in** ~~the~~ **these** ~~composition of~~ **securitizations to outside investors,** ~~our~~ **or selling any debt securities issued in connection** ~~assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply~~ with these ~~requirements, ultimately jeopardizing our qualification~~ **securitizations that might be considered to be equity interests for tax purposes. Certain categories of shareholders such** as ~~a REIT,~~ **foreign shareholders eligible** ~~or~~ **for** ~~we may be~~ **treaty or other benefits, shareholders with net operating losses, and certain tax- exempt shareholders that are** subject to **unrelated business income tax, could be subject to increased taxes on** a ~~100 %~~ **portion of their dividend income from us that is attributable to " excess inclusion income. " In addition, to the extent that our stock is owned by tax- exempt " disqualified organizations, " such as certain government- related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of our income from the taxable mortgage pool. In that case, we may reduce the amount of our distributions to pay the** tax on any ~~resultant gain~~ **" excess inclusion income " ourselves. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions. Our subsidiary REIT currently owns 100 % of the equity interests in each taxable mortgage pool created by our securitizations. While we believe that we have structured our securitizations such that the above taxes would not apply to our shareholders with respect to taxable mortgage pools held by our subsidiary REIT, our subsidiary REIT is in part owned by our TRS, which will pay corporate level tax on any income that it may be allocated from the subsidiary REIT. In addition, our subsidiary REIT is required to satisfy, on a stand- alone basis, the REIT asset, income, organizational, distribution, shareholder ownership and other requirements described above, and** if ~~we sell assets that are treated~~ **it were to fail to qualify** as ~~dealer property~~ **a REIT, then (i)** ~~or~~ **our** ~~inventory~~ **subsidiary REIT would face adverse tax consequences similar to those described above with respect to our qualification as a REIT and (ii) such failure could have an adverse effect on our ability to comply with the REIT income and asset tests and thus could impair our ability to qualify as a REIT unless we could avail ourselves of certain relief provisions** . We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them. We may acquire mortgage- backed securities in the secondary market for less than their face amount. In addition, pursuant to our ownership of certain mortgage- backed securities, we may be treated as holding certain debt instruments acquired in the secondary market for less than their face amount. The discount at which such securities or debt instruments are acquired may reflect doubts about their ultimate collectability rather than current market interest rates. The amount of such discount will nevertheless generally be treated as " market discount " for U. S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the mortgage- backed security or debt instrument is made. If we collect less on the mortgage- backed security or debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions. In addition, pursuant to our ownership of certain mortgage- backed securities, we may be treated as holding distressed debt investments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding debt are " significant modifications " under applicable Treasury regulations, the modified debt may be considered to have been reissued to us at a gain in a debt- for- debt exchange with the borrower. In that event, we may be required to recognize taxable gain to the extent the principal amount of the modified debt exceeds our adjusted tax basis in the unmodified debt, even if the value of the debt or the payment expectations have not changed. Moreover, some of the mortgage- backed securities that we acquire may have been issued with original issue discount. We are required to report such original issue discount based on a constant yield method and **are** ~~will be~~ taxed based on the assumption that all future projected payments due on such mortgage- backed securities will be made. If such mortgage- backed securities turn out not to be fully collectible, an offsetting loss deduction ~~will~~ **would** become available only in the later year that ~~uncollectibility~~ **uncollectability** is provable. Finally, in the event that mortgage- backed securities or any debt instruments we are treated as holding pursuant to our investments in mortgage- backed securities are delinquent as to mandatory principal and interest payments, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. Similarly, we may be required to accrue interest income with respect to subordinate mortgage- backed securities at the stated rate regardless of whether corresponding cash payments are received or are ultimately collectible. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter. ~~Qualifying as a REIT involves highly technical and complex provisions of the Code. Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. In addition, our ability to satisfy the 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 an equity interest in an entity that is classified as a partnership for U. S. federal income tax purposes.~~ The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of structuring CMBS transactions, which would be treated as prohibited transactions for U. S. federal income tax purposes. Net income that we derive from a prohibited transaction is subject to a 100 % tax. The term " prohibited transaction " generally includes a sale or other disposition of property (including **mortgage loans and** U. S. Agency securities, but other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business by us ~~or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to us~~ . We could be subject to this tax if we were to dispose of **, modify** or **securitize loans** ~~structure CMBS transactions~~ in a manner that was treated as a prohibited transaction for U. S. federal income tax purposes. The 100 % tax does not apply to gains from the sale of foreclosure property or property that is held through a TRS or other taxable corporation, as is the case with our securitization business, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to **structure** ~~conduct our operations at the REIT level so that no asset that we own (or~~ **our activities** ~~are treated as owning) will be treated as, or as having been, held for sale~~ to **avoid prohibited transaction characterization** ~~customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business~~ . As a result, we may choose not to engage in certain transactions at the REIT level and may limit the structures we utilize for our CMBS transactions, even though the sales or structures might otherwise be beneficial to us. ~~In addition~~ **We may also contribute those assets to one of our TRSs and conduct the marketing and sale of those assets through that TRS. No assurance can be given that the IRS will agree with the treatment of the transaction by which those assets are contributed to our TRS. Even if the IRS does not dispute our treatment of such transaction, our TRS will be subject to U. S. federal, state and local corporate income tax and may incur a significant tax liability as a result of those sales. Ultimately** , whether property is held " primarily for sale to customers in the ordinary course of a trade or business " depends on the particular facts and circumstances. **No** ~~We intend to structure our activities to avoid prohibited transaction characterization, but no~~ assurance can be given that any property that we sell will not be treated as property held for sale to customers **in the ordinary course of business** , or that we can comply with certain safe- harbor provisions of the Code that would prevent such treatment ~~exacerbated by~~ **S.corporate income tax and** the ~~illiquid nature~~ **qualification of interests in such securitization as debt for U.S.federal income tax purposes.The inaccuracy** of any ~~non~~ **such opinions,advice or statements may adversely affect the Company' s REIT qualification and result in significant corporate** - **level tax** ~~qualifying assets that we may own~~ . **Changes** ~~We may have~~ to ~~make decisions that we otherwise~~ **U.S.federal income tax laws** ~~would~~ **could materially** ~~not make absent the REIT election~~ and ~~Investment Company Act considerations~~ **adversely affect us and our stockholders** .The present U.S.federal income tax treatment of REITs may be modified,possibly with retroactive effect,by legislative,judicial or administrative action at any time,which could affect the U.S.federal income tax treatment of an investment in our common equity.The U.S.federal income tax rules dealing with REITs constantly are under review by persons involved in the legislative process,the IRS and the U.S.Treasury Department,which results in statutory changes as well as frequent revisions to regulations and interpretations.Revisions in U.S.federal tax laws and interpretations thereof could affect or cause us to change our investments and commitments and affect the tax considerations of an investment in us. ~~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~~ -- **General** ~~receive~~ **Risk Factors** . Our taxable income is calculated differently than net income based on U. S. GAAP. Our taxable income may substantially differ from our net income based on U. S. GAAP. For example, interest income on our mortgage- related securities does not necessarily accrue under an identical schedule for U. S. federal income tax purposes as for accounting purposes. ~~Please see~~ **Refer to** Note ~~16~~ **15, Income Taxes,** to our consolidated financial statements for the year ended December 31, ~~2022~~ **2023** included elsewhere in this Annual Report **,** ~~. Rapid changes in the values of our assets may make it more difficult~~ for ~~us to maintain our qualification as a REIT. If the fair market value or income potential of our assets declines as a result of increased interest rates, prepayment rates, general market conditions, government actions or other factors, we may need to increase our real estate assets and income or liquidate our non- REIT- qualifying assets to maintain our REIT qualification. If the decline in real estate asset values or income occurs quickly, this may be especially difficult to accomplish. We may have to~~

~~make decisions that we otherwise would not make absent the REIT election. The Company' s qualification as a REIT and exemption from U. S. federal income tax with respect to certain assets may be dependent on the accuracy of legal opinions or advice rendered or given or statements by the issuers of assets that the Company acquires, and the inaccuracy of any such opinions, advice or statements may adversely affect the Company' s REIT qualification and result in significant corporate- level tax. When purchasing securities, the Company may rely on opinions or advice of counsel for the issuer of such securities, or statements made in related offering documents, for purposes of determining whether such securities represent debt or equity securities for U. S. federal income tax purposes, and also to what extent those securities constitute real estate assets for purposes of the REIT asset tests and produce income which qualifies for purposes of the REIT income tests. In addition~~ **additional information** ~~, when purchasing the equity tranche of a securitization, the Company may rely on opinions or advice of counsel regarding the qualification of the securitization for exemption from U~~ . S. corporate income tax and the...... investment in us. General Risk Factors Our business model may not be successful. We may change our investment strategy **, asset allocation** and financing policy in the future without ~~stockholder~~ **shareholder** consent and any such changes may not be successful. Our management team is authorized to follow broad investment guidelines that have been approved by our board of directors and has great latitude within those guidelines to determine which assets make proper investments for us. Those investment guidelines, as well as our financing strategy **, asset allocation** or hedging policies with respect to **hedging,** investments, originations, acquisitions, growth, operations, indebtedness, capitalization and distributions, may be changed at any time without the consent of our ~~stockholders~~ **shareholders** . There can be no assurance that any business model or business plan of ours will prove accurate, that our management team will be able to implement such business model or business plan successfully in the future or that we will achieve our performance objectives. Any business model of ours, including any underlying assumptions and predictions, merely reflect our assessment of the short- and long- term prospects of the business, finance and real estate markets in which we operate and should not be relied upon in determining whether to invest in our Class A common stock. **Any change** ~~We may face difficulties~~ in ~~obtaining and maintaining required authorizations or~~ **our** ~~licenses to do~~ business **model could result in our purchasing assets or entering into financing or hedging transactions in which we have no or limited experience with or that are different from, and possibly riskier than the assets, financing and hedging transactions described in this Annual Report** . ~~In order to implement~~ **Changes in our investment strategy, financing strategy, hedging strategy and asset allocation and operational and management policies could materially adversely affect** our business ~~strategies~~ , ~~we may be required~~ **financial condition and results of operations and ability** to ~~obtain,~~ **make distributions to our shareholders. If we fail to** maintain ~~or renew certain licenses and~~ - **an** ~~authorizations~~ **effective system of integrated internal controls, we may not be able to accurately report our financial results. As a public company, we are subject to the reporting requirements of the Exchange Act and Section 404 of the Sarbanes- Oxley Act of 2002** (~~including~~ **the** " ~~doing business~~ **Sarbanes- Oxley Act** " ~~authorizations~~ **)** and ~~licenses~~ **the New York Stock Exchange (" NYSE ") rules. The requirements of these rules and regulations can be onerous and expensive and make some activities more difficult, time- consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports** with respect to **our business** ~~loan origination) from certain governmental entities~~ and ~~third parties~~ **financial condition** . ~~While~~ **The Sarbanes- Oxley Act requires, among other things, that** we **maintain effective disclosure controls and procedures and internal controls for financial reporting. We depend on our ability to produce accurate and timely financial statements in order to run our business. If we fail to** do **so, our business could be negatively affected, and our independent registered public accounting firm may be unable to attest to the accuracy of our financial statements. A deficiency in internal control exists when the design or operation of a control does** not **allow management** ~~anticipate any delays~~ or **employees, in the normal course of performing** ~~other~~ - **their assigned functions, to prevent, or detect and correct, misstatements on a timely basis by the Company' s internal controls. A significant deficiency is defined as a deficiency, or a** ~~complications~~ - **combination** ~~relating~~ **of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough** to **merit attention by those responsible for oversight of a registrant' s financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control,** such **that** ~~licenses and authorizations,~~ there is **a reasonable possibility that a material misstatement of the entity' s financial statements will not be prevented or detected and corrected, on a timely basis by the Company' s internal controls. Although we continuously monitor the design, implementation and operating effectiveness of our internal controls over financial reporting, there can be** no assurance that **significant deficiencies** ~~any particular license~~ or ~~authorization~~ **material weaknesses** will **not occur in the future or will not** be ~~obtained, maintained~~ **discovered with respect to a prior period** ~~or~~ **for** ~~renewed quickly or at all~~ **which we believe that internal controls were effective** . **If we fail** ~~Any failure of ours~~ to ~~obtain,~~ maintain **effective internal controls, it could result in a** ~~or renew such authorizations or licenses may adversely affect our business. Any~~ material **misstatement of** ~~failure, alone or~~ **our** ~~in aggregate~~ **financial statements that may not be prevented or detected on a timely basis** , **which** could ~~lead~~ **cause stakeholders** to **lose confidence in our reported financial information. We incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of the Sarbanes- Oxley Act. If we are not able to comply with the requirements of Section 404 applicable to us in** a ~~default under~~ **timely manner, or if material weaknesses in our internal control over financial reporting are identified, the market price of our Class A common stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Accounting and tax rules for** certain of our ~~financing arrangements~~ **transactions are highly complex** and **involve significant judgment and assumptions** ~~/ or result in the unenforceability of our loan documents~~ . The accuracy of our financial statements may be materially affected if our estimates, including loan loss reserves, prove to be inaccurate. Financial statements prepared in accordance with generally accepted accounting principles in the United States (" GAAP ") require the use of estimates, judgments and assumptions that affect the reported amounts. Different estimates, judgments and assumptions reasonably could be used that would have a material effect on the financial statements, and changes in these estimates, judgments and assumptions are likely to occur from period to period in the future. Significant areas of accounting requiring the application of management' s judgment include but are not limited to: (i) assessing the adequacy of the allowance for ~~credit~~ **loan** ~~losses~~ -- **loss reserves** ; (ii) determining the fair value of investment securities; (iii) assessing other than temporary impairments on securities; (iv) allocation of purchase price for acquired or foreclosed real estate; (v) determining the fair value of collateral acquired through foreclosure; ~~and~~ (vi) assessing impairments on real estate held for use or held for sale **; (vii) transfers of financial assets; (viii) securitization transactions; and (ix) consolidation of variable interest entities** . These estimates, judgments and assumptions are inherently uncertain, especially in turbulent economic times, and, if they prove to be wrong, then we face the risk that charges to income ~~will~~ **could** be required. **These complexities** ~~If we fail to maintain an effective system of integrated internal controls~~ , ~~we may not be able~~ **along with changes in accounting interpretations or assumptions, could result in a need** to **restate** ~~accurately report~~ our financial results ~~. As a public company, we are subject to the reporting requirements of the Exchange Act~~ and **affect** ~~Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") and the New York Stock Exchange (" NYSE ") rules. The requirements of these rules and regulations can be onerous and expensive and make some activities more difficult, time- consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls for financial reporting. We depend on~~ our ability to ~~produce accurate and~~ timely **prepare** ~~financial statements in order to run our business. If we fail to do so, our business could be negatively affected, and our independent registered public accounting firm may be unable to attest to the accuracy of our financial statements. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis by the Company' s internal controls. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a registrant' s financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity' s financial statements will not be prevented or detected and corrected, on a timely basis by the Company' s internal controls. Although we continuously monitor the design, implementation and operating effectiveness of our internal controls over financial reporting, there can be no assurance that significant deficiencies or material weaknesses will not occur in the future. If we fail to maintain effective internal controls in the future, it could result in a material misstatement of our financial statements that may not be prevented or detected on a timely basis, which could cause stakeholders to lose confidence in our reported financial information. We incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of the Sarbanes- Oxley Act. If we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if significant deficiencies in our internal control over financial reporting are identified, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Accounting and tax rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact~~ our consolidated financial statements ~~. Accounting and tax rules for transfers of financial assets~~ , ~~securitization transactions, consolidation of variable interest entities, or (" VIEs "),~~ and ~~other aspects of our anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our shareholders. Changes in accounting interpretations or assumptions could impact our consolidated financial statements, result in a need to restate our financial results and affect our ability to timely prepare our consolidated financial statements. Our inability to timely prepare our consolidated financial statements in the future~~ would likely **have a** ~~adversely affect our security prices significantly~~ -- **significant** ~~. Litigation may adversely affect our business, financial condition and results of operations. We are, from time to time, subject to legal and regulatory requirements applicable to our business and industry. We may be subject to various legal proceedings and these proceedings may range from actions involving a single plaintiff to class action lawsuits. Litigation can be lengthy, expensive and disruptive to our operations and results cannot be predicted with certainty. There may also be~~ adverse ~~publicity associated with litigation, regardless of whether the allegations are valid or whether we are ultimately found not liable. As a result, litigation may adversely affect~~ **effect** ~~our business, financial condition and results of operations. There can be no assurance that our corporate insurance policies will mitigate all insurable losses, costs or damages to our business. Based~~ on our **stock price** ~~history and type of business, we believe that we maintain adequate insurance coverage to cover probable and reasonably estimable liabilities should they arise. However, there can be no assurance that these estimates will prove to be sufficient, nor can there be any assurance that the ultimate outcome of any claim or event will not have a material negative impact on our business prospects, financial position, results of operations or cash flows~~ . Cybersecurity threats or other security breaches could **cause significant business disruption and could possibly** compromise sensitive information belonging to us or our employees, borrowers, clients and other counterparties **,** and **along with the emerging use of artificial intelligence (" AI"),** could harm our business and our reputation and subject us to regulatory scrutiny. We rely on the efficacy of our cybersecurity policies **, systems** and processes **developed and managed by our Cybersecurity Team** in order to protect our ~~data~~ **technology** assets from ~~cyberattacks~~ **cybersecurity incidents** and intrusions. The secure operation of our information technology (" IT ") networks and systems and the proper processing and maintenance of this information are critical to our business operations. The rise of high- profile security breaches by hackers, foreign governments, and other malicious actors has resulted in an increased risk of a security breach or IT disruption. Simultaneously, the state, federal and international regulatory environment related to information security, data collection and use, and privacy has become increasingly rigorous, with new and constantly changing requirements potentially applicable to our business. We ~~store~~ **do not offer consumer products and therefore do not generally collect or maintain consumer personal data. We do, however, have access to financial and other potentially** sensitive ~~data, including our proprietary business~~ information ~~and that~~ of our borrowers **, guarantors** and other counterparties, ~~and~~ **in addition to** confidential employee information, **which we store** in our **IT systems** ~~data centers and on our networks~~ . **Our** ~~Despite our security measures, like most companies, our~~ information technology and infrastructure has been and likely will continue to be subject to security incidents or breaches ~~. Such incidents may include unauthorized access to our data assets, phishing attacks, account takeovers, denial of service, malicious software, ransomware that encrypts critical data~~ as ~~part of~~ a ~~scheme to extort payment, and other electronic or cybersecurity breaches. The results~~ - **result** of **internal** ~~a significant security incident could include, but are not limited to, disrupted operations, misstated~~ or **external accidents** ~~misappropriated financial data~~ , **errors** ~~theft of personal information~~ , ~~intellectual property~~ or **malfeasance** ~~other sensitive or confidential data, increased cybersecurity protection costs, and reputational damage adversely affecting customer or investor confidence. Because the techniques used to obtain unauthorized access to networks, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures against all forms of attack~~ . Furthermore, in the operation of our business we also use third-party vendors that store certain sensitive data, including confidential information about our employees, and **while we conduct due diligence on these vendors,** these third parties are subject to their own cybersecurity threats. ~~While~~ **Such incidents may include unauthorized access to our data assets, phishing attacks, account takeovers, business email compromise, social engineering, denial of service, malicious software, ransomware that encrypts critical data as part of a scheme to extort payment, and other electronic or cybersecurity breaches. The results of a significant security incident could include, but are not limited to, disrupted operations, misstated or misappropriated financial data, financial theft, theft of personal information, intellectual property or other sensitive or confidential data, increased cybersecurity protection costs, liability for notification of, and losses suffered by, individuals whose data is accessed or stolen as a result of a breach, regulatory fines and penalties, and reputational damage adversely affecting customer or investor confidence. Because the techniques used to obtain unauthorized access to networks, or to sabotage systems, change frequently and generally are not recognized until launched against a target,** we ~~conduct due~~ **may be unable to anticipate these techniques or to implement adequate preventative measures against all forms of attack. Any insurance we maintain against the risk of this type of loss may not be sufficient to cover actual losses or may not apply to the circumstances relating to any particular breach. Like others in the commercial real estate industry, we are exploring how artificial** ~~diligence~~ - **intelligence , or AI, may impact our business. Being slower than peers to adopt potentially useful technology could put us at a competitive disadvantage. This new and emerging technology, however, is in its early stages of commercial use and presents a number of inherent risks that, if not addressed, could affect its further development and adoption. For example, issues such as flawed algorithms, insufficient or poor- quality data sets, or AI hallucinatory behavior can generate irrelevant, nonsensical, misleading, biased or factually incorrect results. If we integrate AI into our business and the recommendations, forecasts, or analyses with which AI assists in producing are deficient or inaccurate, our reputation, business or customers could be harmed. In addition, regulatory and legal uncertainty, including regarding privacy, confidentiality and intellectual property, could subject companies that use AI to liability. Litigation may adversely affect our business, financial condition and results of operations. We may, from time to time, be subject to various legal proceedings and these proceedings may range from actions involving a single plaintiff to class action lawsuits. Litigation can be lengthy, expensive and disruptive to our operations and results cannot be predicted with certainty. There may also be adverse publicity associated with litigation, regardless of whether the allegations are valid or whether we are ultimately found not liable. Not all litigation expenses are covered by insurance. In addition, there can be no assurance that our insurance coverage will prove to be sufficient, nor can there be any assurance that the ultimate outcome of any claim or event will not have a material negative impact** on our ~~vendors~~ **business prospects** , **financial position, results of operations or cash flows. We may face difficulties in obtaining and maintaining required authorizations or licenses to do business. In order to implement our business strategies, we are required to obtain, maintain or renew certain licenses and authorizations (including " doing business " authorizations and licenses with respect to loan origination) from certain governmental entities, government- sponsored entities and similar bodies. There is** no **assurance that** ~~due diligence is infallible and~~ any ~~security breach~~ **particular license or authorization will be obtained, maintained or renewed quickly or at all. Any failure** of ~~our~~ **ours** ~~own~~ **to obtain, maintain or renew such authorizations or licenses may adversely affect** ~~or~~ **our** ~~a third- party vendor' s systems~~ **business. Any material failure, alone or in aggregate,** could ~~cause us to be non- compliant with applicable laws or regulations,~~ subject us to **penalties** ~~legal claims~~ , ~~regulatory investigations~~ **lead to a default under certain of** ~~or~~ **our financing arrangements** ~~other proceedings,~~ and / or **result** ~~fines, disrupt our operations, damage our reputation, subject us to considerable remediation expenses and cause a loss of confidence~~ in **the unenforceability** ~~our products and services, any~~ of ~~which could adversely affect~~ our ~~business~~ **loan documents** .