Risk Factors Comparison 2024-02-20 to 2023-02-13 Form: 10-K

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Summary of Risk Factors The summary below provides an overview of many of the risks we face, and a more detailed discussion of risks is set forth in Part I, Item 1A of this Annual Report on Form 10- K under the caption " Risk Factors. " Additional risks, beyond those summarized below or discussed under the caption " Risk Factors " or described elsewhere in this Annual Report on Form 10- K, may also materially and adversely impact our business, operations or financial results. Consistent with the foregoing, the risks we face include, but are not limited to, the following: • we operate in a highly competitive market for investment opportunities, may not obtain sufficient additional capital, and may be adversely affected by Tremont' s diligence processes, any defaults on our loan investments, the rate of prepayments on our loan investments, changes in interest rates ~~, including as a result of the expected phase out of LIBOR,~~ or changes in credit spreads due to the size of our loan portfolio; • unfavorable market, economic, CRE and capital market conditions may have a material adverse effect on our investment returns, ability to grow our investment portfolio, results of operations, financial condition and ability to pay distributions to our shareholders; • the lack of liquidity of our loan investments may make it difficult for us to sell our investments if the need or desire arises; • loans secured by properties in transition or requiring significant renovation involve a greater risk of loss than loans secured by stabilized properties; • the CRE loans that we originate or acquire are subject to the ability of the property owner to generate net operating income from the underlying property, as well as the risks of defaults and foreclosure, which may be impacted by current economic conditions, including inflation, rising or sustained high interest rates, supply chain challenges, labor availability, geopolitical instability and economic downturn, among other factors; • we are subject to the covenants and conditions contained in our Master Repurchase Agreements and in our facility loan agreement and security agreement with BMO Harris Bank N. A., or BMO, or the BMO Loan Program Agreement, which may restrict our operations and ability to make investments and distributions. We may enter into one or more alternative or additional repurchase facilities in the future and expect any such facility to contain covenants and conditions that may restrict our operations and ability to make investments and distributions; • third party expectations relating to ESG factors may impose additional costs on us and expose us, our borrowers and their tenants to new risks; • any material failure, inadequacy, interruption or security breach of our, RMR' s or Tremont' s technology systems could materially and adversely affect us; • our management structure and management agreement with Tremont and its relationships with related parties may create conflicts of interest; • ownership limitations and certain provisions in our declaration of trust and bylaws, as well as certain provisions of Maryland law, may deter, delay or prevent a change in control of us or an unsolicited acquisition proposal and could limit shareholders' ability to obtain a judicial forum they deem favorable for certain disputes; • we may incur adverse tax consequences if we fail to remain qualified for taxation as a REIT for U. S. federal income tax purposes **; • we are subject to various risks related to our ownership of certain real property** ; • REIT distribution requirements could adversely affect us and our shareholders; • distributions to shareholders generally will not qualify for reduced tax rates applicable to " qualified dividends, " and we may also choose to pay distributions in shares, in which case shareholders may be required to pay income taxes in excess of the cash distributions that they receive; • the failure of assets subject to our Master Repurchase Agreements and our BMO Loan Program Agreement to qualify as real estate assets could adversely affect our ability to qualify for taxation as a REIT under the IRC; • REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities; • if we own assets or conduct operations that generate " excess inclusion income " outside a TRS, doing so could adversely affect shareholders' taxation; and • we may change our operational, financing and investment policies without shareholder approval and may become highly leveraged. Our business is subject to a number of risks and uncertainties. The risks described below may not be the only risks we face but are risks we believe may be material at this time. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described below occurs, our business, financial condition, results of operations or ability to pay distributions to our shareholders could be adversely affected and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described below and the information contained under the caption " Warning Concerning Forward- Looking Statements " and elsewhere in this Annual Report on Form 10- K before deciding whether to invest in our securities. Risks Relating to our Business We operate in a highly competitive market for investment opportunities and competition may limit our ability to originate or acquire target investments on attractive terms or at all. We operate in a highly competitive market for investment opportunities. We compete with a variety of institutional investors, including other mortgage REITs, specialty finance companies, public and private funds (including mortgage REITs, funds or investors that Tremont, RMR or their subsidiaries currently, or may in the future, sponsor, advise or manage), banks, and insurance companies and other financial institutions. Many of our competitors are significantly larger than we are and have considerably greater financial, technical, marketing and other resources than we have. Many of our competitors are not subject to the operating constraints associated with REIT tax or SEC reporting compliance or maintenance of an exemption from registration as an investment company under the 1940 Act. Some of our competitors may have a lower cost of capital and access to funding sources that may not be available to us, such as the U. S. Government, or are only available to us on substantially less attractive terms. In addition, some of our competitors may have higher risk tolerances or make different risk assessments than us, which could lead them to consider a wider variety of investments, offer more attractive pricing or other terms, for example, higher LTV ratios or lower interest rates than we are willing to offer or accept. Furthermore, competition for our target investments may result in less attractive terms for us and lower returns on our investments or our failing to make investments.

As a result of this competition, desirable loans and investments in our target investments may be limited in the future and we may not be able to take advantage of attractive lending and investment opportunities from time to time. We can provide no assurance that we will be able to identify and originate loans or make investments that are consistent with our investment objectives. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that any current relationships with such parties will continue (whether on currently applicable terms or otherwise) or that we will be able to establish relationships with other such persons in the future if desired and on terms favorable to us. Unfavorable market, economic, CRE and capital market conditions may have a material adverse effect on our investment returns, ability to grow our investment portfolio, results of operations, financial condition and ability to pay distributions to our shareholders. Our business may be adversely affected by market and economic volatility experienced by the U. S. and global economies, the CRE industry and / or the local economies in the markets in which the properties relating to our investments are located. Unfavorable market, economic and CRE industry conditions may be due to, among other things, rising or sustained high interest rates and inflation, labor market challenges, supply chain disruptions, volatility in the capital markets, pandemics (such as the COVID- 19 pandemic) or other public health safety concerns, geopolitical instability (such as the war in Ukraine), and other conditions beyond our control. Current and future economic conditions in the United States may affect the demand for real estate and real estate financing, real estate values, CRE transaction and leasing activity, rents, capital market stability and liquidity and capital costs. Current economic conditions, including ~~rising~~ **high** interest rates, inflation, reduced availability of financing or financing on favorable terms and increased CRE financing costs, have resulted in a reduction in CRE transaction volume and adversely impacted CRE lending, including alternative CRE lenders like us. If these conditions continue or worsen, or if other adverse market conditions arise, CRE transaction activity, capital market stability, financing availability and financing costs for CRE lending may be further negatively impacted. In addition, these conditions may result in a prolonged economic slowdown or recession, which may negatively impact our borrowers' ability to pay their debt obligations owed to us. Further, these conditions may reduce the value of the properties relating to our investments, which may increase the likelihood that we incur losses if our borrowers default on our loans. If these risks are realized, they may have a material adverse effect on our investment returns, ability to grow our investment portfolio, results of operations, financial condition and ability to pay distributions to our shareholders. **Additionally, events leading to limited liquidity, defaults, non- performance or other adverse developments that affect one industry, such as the financial services industry, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market- wide liquidity problems, may spread to other industries, and could negatively affect our business. For example, in response to the rapidly declining financial condition of regional banks Silicon Valley Bank (" SVB ") and Signature Bank (" Signature "), the California Department of Financial Protection and Innovation and the New York State Department of Financial Services closed SVB and Signature on March 10, 2023 and March 12, 2023, respectively, and the Federal Deposit Insurance Corporation (the " FDIC ") was appointed as receiver for SVB and Signature. Although the U. S. Department of the Treasury, the Federal Reserve and the FDIC have taken measures to stabilize the financial system, uncertainty and liquidity concerns in the broader financial services industry remain. Additionally, should there be additional systemic pressure on the financial system and capital markets, there can be no assurances of the response of any government or regulator, and any response may not be as favorable to industry participants as the measures currently being pursued. In addition, highly publicized issues related to the U. S. and global capital markets in the past have led to significant and widespread investor concerns over the integrity of the capital markets. The current situation related to SVB, Signature and other regional banks could in the future lead to further rules and regulations for public companies, banks, financial institutions and other participants in the U. S. and global capital markets, and complying with the requirements of any such rules or regulations may be burdensome. Even if not adopted, evaluating and responding to any such proposed rules or regulations could result in increased costs and require significant attention from Tremont.** We have a limited operating history investing in mortgage loans and have made a limited number of target investments to date. We have a limited operating history investing in mortgage loans and have made a limited number of target investments to date. Our ability to achieve our investment objectives depends on our ability to make investments that generate attractive, risk adjusted returns, as well as on our ongoing access to capital and financing on terms that permit us to realize net interest income from our investments. In general, the availability of favorable investment opportunities will be affected by the level and volatility of interest rates in the market generally, the availability of adequate short and long term real estate financing and the competition for investment opportunities. We cannot be sure that we will be successful in obtaining additional capital to enable us to make additional investments after we invest our existing capital, that any investments we make will achieve our targeted rate of return or other investment objectives, or that we will be able to successfully operate our business, or implement our operating policies and investment strategies. Our loan portfolio consists of a limited number of investments, and losses, repayments or other changes with respect to any of those investments may significantly impact us. As of December 31, ~~2022~~ **2023** , our portfolio consisted of ~~27~~ **24** first mortgage loans **. The number of loans in which we are invested may be higher or lower depending on the amount of our assets under management at any given time, market conditions and the extent to which we employ leverage, and will likely fluctuate over time** . As a result, the aggregate returns we realize may be adversely affected if any of our investments performs poorly, we need to write down the value of any of our investments or any of our investments is repaid prior to maturity and we are not able to timely redeploy the proceeds in a manner that provides us with comparable returns. The impact of these adverse effects on our aggregate returns may be greater than if our portfolio consisted of a larger number of loans because an impacted loan may comprise a larger proportion of our loan portfolio **. Additionally, our investments could be concentrated in relatively few loans and / or relatively few property types. If our portfolio of target investments is concentrated in certain property types that are subject to higher risk of foreclosure, or secured by properties concentrated in a limited number of geographic locations, downturns**

relating generally to such region or type of asset may result in defaults on a number of our investments within a short time period, which may reduce our net income and the value of our common shares and accordingly reduce our ability to pay dividends to our shareholders . The lack of liquidity of our loan investments may adversely affect our business. The lack of liquidity of our loan investments may make it difficult for us to sell our investments if the need or desire arises. Our investments in CRE mortgage loans are relatively illiquid due to their short life, their potential unsuitability for securitization and the difficulty of recovery in the event of a borrower' s default. In addition, our loan investments may become less liquid as a result of actual or anticipated defaults by our borrowers, turbulent market conditions or the unavailability to borrowers of refinancing capital. Moreover, the investments we make are not registered under relevant securities laws, resulting in limitations on their transfer, sale, pledge or disposition except in transactions that are exempt from registration requirements or are otherwise in accordance with such laws. As a result, our loan investments are illiquid, and if we are required to liquidate a loan investment, we may realize significantly less than the amount we invested or our carrying value. The risk of such a loss may be greater if we need to liquidate it quickly. As a result, our ability to adjust our loan portfolio in response to changes in economic and other conditions may be limited, which could adversely affect our financial condition and results of operations. Loans secured by properties in transition or requiring significant renovation involve a greater risk of loss than loans secured by stabilized properties. We originate transitional bridge loans to borrowers who are seeking shorter term capital to be used in acquisitions, construction or repositioning of properties. In a typical transitional loan, the borrower has usually identified a property that the borrower believes has been under- managed, is located in a recovering market or requires renovation. The renovation, refurbishment or expansion of a property by a borrower involves risks of cost overruns, construction risks and non-completion risks, among others. Estimates of the costs of and timing for completing property improvements may be inaccurate ~~. For instance, during the COVID- 19 pandemic, costs of construction materials increased due to inflation relating to supply chain issues and labor availability~~ . In addition, subsequent leasing of the property may take longer to complete and cost more than expected. If the borrower experiences any of these or other risks, the borrower may not generate sufficient cash flows from the property to make payments on or refinance the transitional loan, and we may not recover some or all of our investment. Tremont' s diligence process for investment opportunities may not reveal all facts that may be relevant for an investment, and if we incorrectly evaluate the risks of our investments, we may experience losses. Prior to our making any investment, Tremont conducts diligence that it considers reasonable based upon the facts and circumstances of the investment. When conducting diligence on our behalf, Tremont may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the diligence process to varying degrees depending on the type of potential investment. ~~Nonetheless~~ **Selecting and evaluating material due diligence matters is subjective by nature** , **and there is no guarantee that the criteria utilized or judgment exercised by Tremont will reflect the beliefs, values, internal policies or preferred practices of any particular investor or align with the beliefs or values or preferred practices of other commercial real estate debt investors or with market trends.** Tremont' s diligence may **also** not reveal all of the risks associated with our investments. We evaluate our potential investments based upon criteria Tremont deems appropriate for the relevant investment. Our underwriting assumptions and loss estimates may not prove accurate, and actual results may vary from estimates. Moreover, investment analyses and decisions by Tremont may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Tremont at the time of making an investment decision may be limited. Therefore, we cannot be sure that Tremont will have knowledge of all circumstances that may adversely affect such investment. If we underestimate the risks and potential losses associated with an investment we originate or acquire, we may experience losses from the investment. We may be unable to obtain additional capital sufficient to enable us to grow our loan portfolio. As of December 31, ~~2022~~ **2023** , our primary sources of capital were the facilities governed by our Master Repurchase Agreements, including our master repurchase facility with Wells Fargo, or the Wells Fargo Master Repurchase Facility; our master repurchase facility with Citibank, or the Citibank Master Repurchase Facility and our master repurchase facility with UBS, or the UBS Master Repurchase Facility; and our facility loan program with BMO, or the BMO Facility. We refer to the Wells Fargo Master Repurchase Facility, Citibank Master Repurchase Facility and UBS Master Repurchase Facility, collectively, as our Master Repurchase Facilities. We refer to the Master Repurchase Facilities and the BMO Facility, collectively, as our Secured Financing Facilities. As of December 31, ~~2022~~ **2023** , we had $ ~~255~~ **304** . ~~8~~ **3** million of available liquidity from cash and amounts available under our Secured Financing Facilities to fund future loan originations and advances. After we invest these sources, we may not be able to obtain additional capital to make investments that we determine are attractive. If so, this could limit our ability to grow our loan portfolio in the future, including by pursuing opportunities that may be available in our loan origination pipeline, and adversely affect our ability to make or sustain distributions to our shareholders. Our ability to further grow our loan portfolio over time will depend, to a significant degree, upon our ability to obtain additional capital. Our access to additional capital depends upon a number of factors, some of which we have little or no control over, including: • general economic, market or industry conditions; • the market' s view of the quality of our assets; • the market' s perception of our growth potential; • our current and potential future earnings and distributions to our shareholders; and • the market value of our securities. 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. This could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price **. There can be no assurance that we will be able to obtain additional bank credit facilities or repurchase agreements on favorable terms, or at all** . If we cannot obtain additional capital after we invest our current available cash and borrowing availability under our Secured Financing Facilities, our future investable funds may be limited to proceeds we receive from repayments of our loan investments, and from interest payments we receive, from borrowers or from other investments we may make. Therefore, in order to grow our business, we may have to rely on additional equity issuances, which may be dilutive to our shareholders, or on debt financings which may require us to use a large portion of our cash flow from operations to fund our debt service obligations, thereby reducing funds available for our operations, future business opportunities, distributions to our shareholders or other purposes. We cannot be sure that we will have access to such debt or equity capital on favorable terms at the desired times, or at all, which may cause us to reduce or suspend our investment activities or dispose of assets at an inopportune time or price, which could negatively affect our financial condition, results of operations and ability to make or sustain our distributions to our shareholders. If the market value of our common shares does not increase or declines, our cost of equity capital will remain high or further increase, and we may not be able to practically or otherwise raise equity capital by issuing additional equity securities. Prepayment rates may adversely affect our ability to generate returns, which could negatively impact our ability to make or sustain distributions to our shareholders. The rates at which our borrowers prepay our investments, where contractually permitted, will be influenced by changes in the then- current level of interest rates, significant changes in the performance or possible sale of underlying real estate assets and a variety of economic factors, availability of alternative financing the borrower desires and other factors beyond our control. In addition, it may take an extended period for us to reinvest the proceeds from any repayments we may receive, and any reinvestments we may be able to make may not provide us with similar returns or comparable risks as those of our current investments. We expect to be entitled to fees upon the prepayment of our investments, although we cannot be sure that such fees will adequately compensate us as the functional equivalent of a " make whole " payment. Furthermore, we may not be able to structure future investments to impose a make whole obligation upon a borrower in the case of an early prepayment. As a result, our income may decline as a result of borrower prepayments, which would have a negative impact on our ability to make or sustain distributions to our shareholders. Difficulty or delays in redeploying the proceeds from repayments of our existing loan investments may cause our financial performance and returns to shareholders to decline. As our loan investments are repaid, we intend to redeploy the proceeds we receive into new loan investments and repay borrowings under our repurchase and credit facilities. It is possible that we will fail to identify and complete reinvestments that would provide returns or a risk profile that are comparable to the loan investment that was repaid. If we fail to redeploy, or experience any delays in redeploying, the proceeds we receive from repayment of a loan investment in equivalent or better investments, our financial performance and returns to shareholders could decline. Earning returns on the CRE loans that we originate or acquire is subject to the ability of the property owner to generate net operating income from operating the property. Our ability to earn positive returns on CRE loans that we originate or acquire is subject to the ability of the property owner to generate net operating income from operating the property. The ability of a borrower to repay a loan secured by an income producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is below amounts expected when we made our loan investment, the borrower' s ability to repay the loan may be impaired and the risks of default and foreclosure may increase. Net operating income of an income producing property can be affected by, among other things: • tenant mix and tenant bankruptcies; • success of tenant businesses; • property management decisions, including with respect to capital improvements, particularly in older building structures; • property location, condition and design; • competition from comparable properties; • changes in market practice, such as those that arose or were intensified in response to the COVID- 19 pandemic; • changes in national, regional or local economic conditions and / or specific industry segments, including current and future economic conditions caused by pandemics, such as the COVID- 19 pandemic; • rising inflationary pressures and effects of inflation on borrower and tenant businesses; • supply chain constraints, commodity pricing and other inflation; • borrowers' and tenants' ability to attract, retain and motivate sufficient qualified personnel in a challenging labor market and to effectively manage their labor costs; • declines in regional or local real estate values; • declines in regional or local rental or occupancy rates; • changes in interest rates, and in the state of the debt and equity capital markets, including diminished availability or lack of CRE debt financing; • changes in real estate tax rates, tax credits and other operating expenses; • costs of remediation and liabilities associated with environmental conditions; • adverse impacts to properties from short term and long term effects of global climate change; • the potential for uninsured or underinsured property losses; • changes in laws and regulations, including fiscal policies, zoning ordinances and environmental legislation and the related costs of compliance; and • acts of God, earthquakes, hurricanes, health epidemics, pandemics and other public health safety events or concerns, such as the COVID- 19 pandemic, and other natural disasters, or acts of war **, sabotage** , terrorism, social unrest or civil disturbances, in each case which may result in uninsured or underinsured losses. We may need to foreclose on loans that are in default, which could result in losses. We may find it necessary to foreclose on loans that are in default. Foreclosure processes are often lengthy and expensive. Results of foreclosure processes may be uncertain, as claims may be asserted by borrowers or by other lenders or investors in the borrowers that interfere with enforcement of our rights, such as claims that challenge the validity or enforceability of our loan or the priority or perfection of our mortgage or other security interests. Borrowers 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 merit, in an effort to prolong the foreclosure action and seek to force us into a modification of the loan or a buy- out of the loan for less than we are owed. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and delaying the foreclosure processes and potentially result in reductions or discharges of the borrower' s debt. Foreclosure may create a negative public perception of the collateral property, resulting in a diminution of its value. Even if we are successful in foreclosing on a mortgage loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our investment. Any costs or delays involved in the foreclosure of the loan or a liquidation of the underlying property will reduce the net proceeds realized and increase the time it may take to collect such proceeds, and, thus, increase the potential for loss. The CRE loans that we originate or acquire expose us to risks associated with real estate investments generally. In addition to the other risks discussed herein, the CRE loans that we originate or acquire expose us to risks associated with real estate investments, generally, including: • economic and market fluctuations; • political instability or changes; • changes in environmental, zoning and other laws; •

casualty or condemnation losses; • cost of remediation and removal of hazardous substances and liabilities associated with environmental conditions; • regulatory limitations on rents; • decreases in property values; • changes in the appeal of properties to tenants; • changes in supply and demand for CRE properties and debt; • changes in valuation of collateral underlying CRE properties and CRE loans, resulting from inherently subjective and uncertain valuations; • energy supply shortages; • various uninsured or uninsurable risks; • adverse weather, natural disasters and adverse impacts from climate change; • acts of God, earthquakes, hurricanes, pandemics or other public health safety events or concerns, such as the COVID- 19 pandemic, and other natural disasters, climate change, or acts of war, **sabotage,** terrorism, social unrest and civil disturbances, in each case which may result in uninsured or underinsured losses; • changes in government regulations, such as rent control; and • changes in the availability of debt financing and / or mortgage funds, which may render the sale or refinancing of properties difficult or impracticable. We cannot predict the degree to which economic conditions generally, and the conditions for CRE and CRE debt financing in particular, will improve or decline. Current economic conditions, including inflation, ~~rising~~ **high** interest rates, supply chain challenges, labor availability, geopolitical instability and economic downturn, have materially adversely impacted CRE transaction activity and valuations and have caused disruptions in the CRE lending market. If these conditions continue or worsen, or if further declines in the performance of the U. S. or global economies or in real estate debt markets are realized, we may experience a material adverse effect on us and our business, results of operations and financial condition **. We are subject to various risks related to the ownership of certain real property. Real property we may own in the future but do not use in the ordinary course of our operations subjects us to risks particular to CRE property. We have in the past owned, and may own in the future, certain properties as a result of foreclosure of loans secured by such properties. Tenants of properties we may own may elect to not renew their leases, or to renew them for less space than they currently occupy, which could increase vacancy, place downward pressure on occupancy, rental rates and income and property valuation. All of these factors could have a material adverse effect on any income we could generate, or expenses we could incur, from the ownership of such properties. Moreover, our ability to sell CRE is affected by public perception that banks are inclined to accept large discounts from market value in order to quickly liquidate properties. Any material decrease in market prices may lead to CRE write- downs, with a corresponding expense in our statement of operations. Write- downs on CRE or an inability to sell CRE properties could have a material adverse effect on our future business, results of operations, financial condition and the value of our common stock. Furthermore, the management and resolution of CRE increases our costs and requires significant commitments of time from our management and directors, which can be detrimental to the performance of their other responsibilities** . REIT distribution requirements may adversely impact our ability to carry out our business plan. To maintain our qualification for taxation as a REIT under the IRC, we are required to satisfy distribution requirements imposed by the IRC. See " Material United States Federal Income Tax Considerations ~~—~~ **-** REIT Qualification Requirements ~~—~~ **-** Annual Distribution Requirements " included in Part I, Item 1 of this Annual Report on Form 10- K. Accordingly, we may not be able to retain sufficient cash to fund our operations, repay our debts or make investments. We may be unable to raise reasonably priced capital because of reasons related to our business, market perceptions of our prospects, the terms of our debt, the extent of our leverage or for reasons beyond our control, such as capital market volatility, ~~rising~~ **high** interest rates and other market conditions. Because the earnings we are permitted to retain are limited by the rules governing REIT qualification and taxation, if we are unable to raise reasonably priced capital, we may not be able to carry out our business plan. Changes in interest rates and credit spreads may significantly reduce our revenues or impede our growth. Changes in interest rates may be sudden and may significantly reduce our revenues or impede our growth. In efforts to combat rising inflation, the Federal Open Market Committee of the U. S. Federal Reserve (the " FOMC ") has raised interest rates multiple times since March 2022 and **may** ~~has indicated an expectation that it will~~ continue to raise interest rates in ~~2023~~ **2024** . Changes in interest rates may materially and negatively affect us in several ways, including: • Changes in interest rates and credit spreads will affect our net interest income from our investments, which is the difference between the interest income we earn on our interest earning investments and the interest expense we incur in financing our investments; • Changes in interest rates may affect our ability to make investments as well as borrower default rates. In a period of rising **or sustained high** interest rates, our interest income on our loan investments will increase; however, defaults on our loan investments may also increase. Our loan agreements typically require our borrowers to obtain interest rate caps to mitigate the risk of default caused by rising financing costs; however, there can be no assurance that these interest rate caps will prevent us from experiencing losses nor that such mechanisms will continue to be employed. Also, as interest rates increase, the cost of interest rate caps could also increase, which may limit borrowers' ability to afford the loan or increase the risk of default. Additionally, rising **or sustained high** interest rates may reduce our ability to make investments, as fixed rate financing may be more attractive to potential borrowers or they may forgo or delay obtaining financing. Our operating results depend in large part on differences between the income from our investments, net of credit losses and financing costs. Even when our investments and borrowings are match funded, the income from our investments may respond more slowly to interest rate fluctuations than the cost of our borrowings; • Amounts outstanding under our Secured Financing Facilities will require interest to be paid by us at floating interest rates. When interest rates increase, our interest costs will increase. In a period of decreasing interest rates, our interest income on our loan investments may decrease. We typically structure our loan investments with benchmark interest rate floors to mitigate this risk; however, there can be no assurance that such floors will be sufficient to prevent material declines in interest income or that we will continue to structure our loan agreements with such floors; • Changes in credit spreads may negatively impact our net interest income from investments. Even when our investments and borrowings are match funded, our net interest income may decline if we are not able to price new investments and borrowings with terms that result in the same or more favorable differences between the credit spreads we charge to our borrowers and the credit spreads we are charged by our lenders; and • Investors may consider whether to buy or sell our common shares based upon the then distribution rate on our common shares relative to the then prevailing interest rates. If interest rates go up, investors may expect a higher distribution rate than we are able to pay, which may increase our cost of capital, or they may sell our common shares and seek alternative investments that offer higher distribution rates. Sales of our common shares may cause a decline in the market value of our common shares ~~. The phase out or transitioning of LIBOR may negatively impact our business, financial results and cash flows. Certain of our loan agreements entered into prior to January 1, 2022 require the borrowers to pay us interest at floating rates based upon LIBOR. LIBOR was phased out for new contracts as of December 31, 2021. Our pre- existing contracts have been or are expected to be amended to replace LIBOR with SOFR prior to June 30, 2023, the date LIBOR is expected to no longer be available. Our loan agreements entered into with our borrowers prior to January 1, 2022 generally provide that if LIBOR is not able to be determined, the interest rates under our loan agreements with borrowers would be amended to replace LIBOR with an alternative benchmark rate (which may include SOFR or another rate based on SOFR) that will approximate the existing interest rate as calculated in accordance with LIBOR. Certain of TRMT' s loan agreements with its borrowers that we assumed upon consummation of the Merger generally provide that if LIBOR is not able to be determined, interest will be calculated using a floating base rate equal to the greater of the Federal Funds Rate plus 50 basis points or the Prime Rate. We expect that for then existing loan agreements that we entered into prior to January 1, 2022, we and our borrowers will amend our loan agreements by the time LIBOR is no longer available to replace LIBOR with an alternative benchmark rate (which may include SOFR or another rate based on SOFR) that will approximate the existing interest rate as calculated in accordance with LIBOR. Our Citibank Master Repurchase Agreement and UBS Master Repurchase Agreement were amended and restated effective March 2022 to, among other things, replace LIBOR with SOFR for interest rate calculations on new advances. Interest rates on advances under our BMO Facility and Wells Fargo Master Repurchase Facility have been based on SOFR since we entered into the agreements governing these facilities. Despite our current expectations, we cannot be sure that the changes to the determination of interest under our agreements would approximate LIBOR. On July 29, 2021, the Alternative Reference Rates Committee, or the ARRC, a committee of private market participants convened by the U. S. Federal Reserve Board and the Federal Reserve Bank of New York, formally recommended the SOFR as an alternative to LIBOR. There are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR is an overnight rate while LIBOR reflects term rates at different maturities. If our LIBOR- based borrowings are converted to SOFR, the differences between LIBOR and SOFR, plus the recommended spread adjustment, could result in higher interest costs for us, which may have a negative impact on our operating results. Although SOFR is the ARRC' s recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR or in other ways that would result in higher interest costs for us. In addition, the elimination of LIBOR and / or changes to another index could result in mismatches with the interest rate of investments that we are financing, and the overall financial markets may be disrupted as a result of the phase- out or replacement of LIBOR~~ . Third party expectations relating to ESG factors may impose additional costs and expose us to new risks. There is an increasing focus from investors, borrowers, tenants, and their customers, employees, other stakeholders and regulators concerning corporate sustainability, specifically related to ESG factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us and / or potential borrowers may choose not to do business with us if they believe our policies relating to corporate sustainability are inadequate. Third party providers of corporate sustainability ratings and reports on companies have increased in number, resulting in varied and in some cases inconsistent standards. In addition, the criteria by which companies' corporate sustainability practices are assessed are evolving, which could result in greater expectations of us, our borrowers and their tenants and cause us, our borrowers and their tenants to undertake costly initiatives to satisfy such new criteria. Alternatively, if we, our borrowers or their tenants elect not to or are unable to satisfy such new criteria or do not meet the criteria of a specific third party provider, some investors may conclude that our or their policies with respect to corporate sustainability are inadequate. We and our borrowers and their tenants may face reputational damage in the event that our or their corporate sustainability procedures or standards do not meet the goals we or they have set or the standards set by various constituencies. If we fail to satisfy the expectations of investors or if our borrowers or their tenants fail to satisfy expectations of their customers, employees and other stakeholders or if any goals or initiatives we or they announce are not executed as planned, our and their reputations and financial results could be adversely affected, net operating income from operations of our borrowers' and their tenants' businesses may decrease, our borrowers' ability to repay our loans may be impaired, risks of default and foreclosure may increase and our results of operations, financial condition, liquidity and our ability to make or sustain distribution to our shareholders may be materially adversely impacted. We, our borrowers and their tenants are subject to risks from adverse weather, natural disasters and climate events, and costs associated with future legislation designed to address climate change could increase our, our borrowers' and their tenants' costs. We, our borrowers and their tenants are subject to risks and could be exposed to additional costs from adverse weather, natural disasters and climate events. For example, our borrowers' properties could be severely damaged or destroyed by physical climate risks that could materialize as either singular extreme weather events (such as floods, storms and wildfires) or through long term impacts of climatic conditions (such as precipitation frequency, weather instability and rise of sea levels). Such events could also adversely impact our borrowers and their tenants and cause significant losses if the businesses at our collateral properties cannot be operated due to damage resulting from such events. Further, legislation to address climate change could increase utility costs and other costs of operating properties which, if not offset by rising rental income, could reduce the net operating income at our borrowers' properties and impact their ability to repay our loans. If we, our borrowers or their tenants fail to adequately prepare for adverse weather, natural disasters and climate events, or costs at our borrowers' properties increase as a result of future legislation designed to address climate change, net operating income from operations of our borrowers' properties' businesses may decrease, our borrowers' ability to repay our loans may be impaired, risks of default and foreclosure may increase and our results of operations and financial condition may be materially adversely impacted. We and Tremont are subject to state licensing requirements and our or Tremont' s failure to be properly licensed may have a material adverse effect on our operations. We or Tremont are required to hold licenses in certain U. S. states to conduct lending activities, and we or Tremont may be required to hold licenses from additional U. S. states in the future. State licensing statutes vary from state to state and may prescribe or impose, among other things: • various recordkeeping requirements; • restrictions on loan origination and servicing practices, including limits on finance charges and the type, amount and manner of charging fees; • disclosure requirements; • requirements that licensees submit to periodic examination; • surety bond and minimum specified net worth requirements; • periodic financial reporting requirements; • notification requirements for changes in principal officers, share ownership or corporate control; • restrictions on advertising; and • requirements that loan forms be submitted for review. There is no guarantee that we or Tremont will be able to obtain these licenses, and efforts to obtain and maintain such licenses may cause us to incur significant expenses. Any failure to be properly licensed under state law or otherwise may have a material adverse effect on us and our operations. Changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could require changes to certain of our business practices, negatively impact our operations, cash flow or financial condition, impose additional costs on us or otherwise adversely affect our business. We are subject to laws and regulations at the local, state and federal levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. Changes in these laws or regulations or their interpretation, or newly enacted laws or regulations, could require us to change our business practices or introduce us to new or increased competition, which may impose additional costs on us or otherwise adversely affect our business. For example, various laws and regulations currently exist that restrict the investment activities of banks and certain other financial institutions but do not apply to us. We believe this regulatory difference may create opportunities for us to successfully grow our business. There has been increasing commentary amongst regulators and intergovernmental institutions on the role of nonbank institutions in providing credit and, particularly, so- called " shadow banking, " a term generally referring to credit intermediation involving entities and activities outside the regulated banking system and increased oversight and regulation of such entities. In the United States, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 established the Financial Stability Oversight Council, or the FSOC, which is comprised of representatives of all the major U. S. financial regulators, to act as the financial system' s systemic risk regulator. Since December 2019, FSOC has focused its systemically important designation approach for nonbank financial companies on an activities- based approach under which an individual firm would only be so designated if it determined that efforts to address the financial stability risks of that firm' s activities by its primary federal and state regulators have been insufficient. FSOC and a number of other regulators and international organizations are continuing to study the shadow banking system. Compliance with any increased regulation of nonbank credit extensions could adversely impact the implementation of our investment strategy and our returns. In an extreme eventuality, it is possible that such regulations could cause us to cease operations. In addition, the Biden Administration is taking a more active approach to economic and financial regulation than the Trump Administration, particularly to promote policy goals involving climate change, racial equity, ESG matters, cybersecurity, consumer financial protection and infrastructure. We cannot predict the ultimate content, timing or effect of legislative and / or regulatory action under the Biden Administration nor the impact of such changes on our business and operations. Further, loans that we originate or acquire may be subject to U. S. federal, state or local laws. Real estate lenders and borrowers may be responsible for compliance with a wide range of laws intended to protect the public interest, including, without limitation, the Americans with Disabilities Act and local zoning laws. If we or Tremont fail to comply with such laws in relation to a loan that we have originated or acquired, legal penalties may be imposed, which could materially and adversely affect us. Jurisdictions with " one action, " " security first " and / or " anti- deficiency rules " may limit our ability to foreclose on a collateral property or to realize on obligations secured by a collateral property. In the future, new laws may be enacted or imposed by U. S. federal, state or local governmental entities, and such laws could have a material adverse effect on us and our operations. Additionally, legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U. S. federal, state and local taxation are constantly under review by persons involved in the legislative process and by the IRS, the U. S. Department of the Treasury, or the Treasury, and other taxation authorities. We cannot predict with certainty how any changes in the tax laws might affect us, our shareholders, or our borrowers. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to remain qualified for taxation as a REIT or the tax consequences of such qualification to us and our shareholders. In the future, changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could have a materially adverse effect on our business. We may be subject to lender liability claims and, if we are held liable under such claims, we could be subject to losses. A number of judicial decisions have recognized the rights of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed " lender liability ". Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. We cannot be sure that such claims will not arise or that we will not be subject to significant liability and losses if claims of this type arise. Insurance proceeds with respect to a property may not cover all losses, which could result in the corresponding non- performance of or loss on our investment related to such property. We generally require that each of the borrowers under our CRE debt investments obtain comprehensive insurance covering the collateral, including liability, fire and extended coverage. We also generally obtain insurance directly on any property we acquire. However, there are certain types of losses, generally losses of a catastrophic nature, such as those caused by hurricanes, flooding, climate change, volcanic eruptions and earthquakes, among other things, losses as a result of **pandemics or disease** outbreaks ~~of pandemics~~ , or losses from terrorism **, sabotage** or acts of war, that may be uninsurable or not commercially insurable. We may not obtain, or require borrowers to obtain, certain types of insurance if it is deemed commercially unreasonable. Inflation, changes in zoning and building codes and ordinances, environmental considerations and other factors also might result in insurance proceeds being inadequate to restore an affected property to its condition prior to a loss or to compensate for related losses. The insurance proceeds we receive as a result of losses to the properties that are collateral for our loan investments may not be adequate to restore our economic position after losses affecting our investments. Any uninsured or underinsured loss could result in the loss of cash flow from, and reduce the value of, our investments related to such properties and the ability of the borrowers under such investments to satisfy their obligations to us. Liability relating to environmental matters may adversely impact the value of our investments. Under various U. S. federal, state and local laws, an owner or operator of real property may be liable for environmental hazards at, or migrating from, its properties, including those created by prior owners or occupants, existing tenants, abutters or other persons. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect our borrowers' ability to refinance or sell, and the value of, our collateral. If an owner of property underlying one of our investments becomes liable for costs of removal of hazardous substances, the ability of the owner to make payments to us may be reduced. If we foreclose on a property underlying our investments, the presence of hazardous substances on the property may adversely affect our ability to sell the property and we may incur substantial remediation costs, causing us to experience losses. We may not have control over certain of our investments. Our ability to manage our investments may be limited by the form in which they are made. In certain situations, we may: • acquire or retain investments subject to rights of senior classes and servicers under intercreditor or servicing agreements; • acquire or retain only a minority and / or a non- controlling participation in an underlying investment; • pledge our investments as collateral for financing arrangements; • co- invest with others through partnerships, joint ventures or other entities, thereby acquiring non- controlling interests; or • rely on independent third party management or servicing with respect to the management of a particular investment. We may not be able to exercise control over all aspects of our investments. For example, our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours. A partner or co- venturer may have economic or business interests or goals that are inconsistent with ours or may be in a position to take action contrary to our investment objectives. In addition, in certain circumstances we may be liable for the actions of our partners or co- venturers. RMR and Tremont rely on information technology and systems in their respective operations, and any material failure, inadequacy, interruption or security breach of that technology or those systems could materially and adversely affect us. RMR and Tremont rely on information technology and systems, including the Internet and cloud- based infrastructures, commercially available software and their internally developed applications, to process, transmit, store and safeguard information and to manage or support a variety of their business processes, including financial transactions and maintenance of records, which may include personal identifying information of employees and borrower, guarantor, sponsor and investment data. If we, RMR, Tremont or our or their third party vendors experience material security or other failures, inadequacies or interruptions in our or their information technology systems, we could incur material costs and losses and our operations could be disrupted. RMR takes various actions, and incurs significant costs, to maintain and protect the operation and security of its information technology and systems, including the data maintained in those systems. However, these measures may not prevent the systems' improper functioning or a compromise in security, such as in the event of a cyberattack or the improper disclosure of personally identifiable information. Security breaches, computer viruses, attacks by hackers, online fraud schemes and similar breaches have created and can create significant system disruptions, shutdowns, fraudulent transfer of assets or unauthorized disclosure of confidential information. The risk of a security breach or disruption, particularly through cyberattack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the intensity and sophistication of attempted attacks and intrusions from around the world have increased. The cybersecurity risks to us, RMR, Tremont and third party vendors are heightened by, among other things, the evolving nature of the threats faced, advances in computer capabilities, new discoveries in the field of cryptography and new and increasingly sophisticated methods used to perpetrate illegal or fraudulent activities, including cyberattacks, email or wire fraud and other attacks exploiting security vulnerabilities in RMR' s, Tremont' s or other third parties' information technology networks and systems or operations. Although much of RMR' s and Tremont' s staff returned to RMR' s offices during the COVID- 19 pandemic, flexible working arrangements have resulted in a higher extent of remote working than they experienced prior to the pandemic. This and other possible changing work practices have adversely impacted, and may in the future adversely impact, RMR' s and Tremont' s ability to maintain the security, proper function and availability of RMR' s and Tremont' s information technology and systems since remote working by their employees could strain RMR' s and Tremont' s technology resources and introduce operational risk, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that have sought, and may seek, to exploit remote working environments. In addition, RMR' s or Tremont' s data security, data privacy, investor reporting and business continuity processes could be impacted by a third party' s inability to perform in a remote work environment or by the failure of, or attack on, its information systems and technology. Any failure by RMR, Tremont or other third party vendors to maintain the security, proper function and availability of their information technology and systems could result in financial losses, interrupt our operations, damage our reputation, cause us to be in default of material contracts and subject us to liability claims or regulatory penalties, any of which could materially and adversely affect our business and the market value of our securities. Risks Relating to our Financing We have debt and expect to incur additional debt, and our governing documents contain no limit on the amount of debt we may incur. As of December 31, ~~2022~~ **2023** , our debt under our Secured Financing Facilities represented ~~63~~ **62** . ~~1~~ **3** % of our total assets. Subject to market conditions and availability, we expect to incur additional debt through our Secured Financing Facilities or other repurchase or credit facilities (including term loans and revolving facilities), public and private debt issuances or financing arrangements that we may enter into in the future. The amount of leverage we use will vary depending on our available investment opportunities, our available capital, our ability to obtain and access financing arrangements with lenders and the lenders' and our estimate of the stability of our loan portfolio' s cash flow. Our governing documents contain no limit on the amount of debt we may incur, and we may significantly increase the amount of leverage we utilize at any time without approval of our shareholders. The amount of leverage on individual assets may vary, with leverage on some assets substantially higher than others. Leverage can enhance our potential returns but can also exacerbate our losses. Incurring substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that: • our cash flow from operations may be insufficient to make required payments of principal and interest on the debt or we may fail to comply with covenants contained in our Secured Financing Facilities, which would likely result in: (1) acceleration of such debt (and any other debt arrangements 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; (2) our inability to borrow unused or undrawn amounts under our Secured Financing Facilities, even if we are current in payments on borrowings under those arrangements; and / or (3) the loss of some or all of our assets to foreclosures or forced sales; • our debt may increase our vulnerability to adverse economic, market and industry conditions with no assurance that our investment yields will increase to match our higher financing costs; • we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, distributions to our shareholders or other purposes; and • we may not be able to refinance maturing debts. We cannot be sure that our leverage strategies will be successful. The duration of our debt leverage and our investments may not match. We generally intend to structure our debt leverage so that we minimize the difference between the term of our investments and the term of the leverage we use to finance them; however, we may not succeed in doing so. In the event that our leverage is for a shorter term than our investments, we may not be able to extend or find appropriate replacement leverage, which could require us to sell certain investments before we otherwise might. The risks of duration mismatches 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; use of these asset management practices would effectively extend the duration of our investments, while our liabilities may have set maturity dates. We intend to structure our leverage so that we minimize the difference between the index of our investments and the index of our debt leverage, by financing floating rate investments with floating rate leverage. Our attempts to mitigate the risk of a mismatch with the duration or index of our investments and leverage will be subject to factors outside of our control, such as the availability to us of favorable financing and hedging options, and we may not be successful. Our Secured Financing Facilities require us to comply with restrictive covenants and any future financings may require us to comply with similar or more restrictive covenants. We are subject to various restrictive covenants contained in our Secured Financing Facilities and we may be subject to similar or additional covenants in connection with future financing arrangements. Our Secured Financing Facilities require us to maintain compliance with various financial covenants, including a minimum tangible net worth and cash liquidity, and specified financial ratios, such as total debt to tangible net worth and a minimum interest coverage ratio. Financing arrangements that we may enter into in the future may contain similar or more restrictive covenants. These covenants may limit our flexibility to pursue certain investments or incur additional debt. If we fail to meet or satisfy any of these covenants, we may be in default under the agreements governing the applicable arrangements, and our lenders could elect to accelerate our obligation to repurchase certain assets, declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral or enforce their rights against existing collateral. We may also be subject to cross default and acceleration rights and, with respect to collateralized debt, the posting of additional collateral or foreclosure upon default. These covenants and restrictions could also make it difficult for us to satisfy the requirements necessary to maintain our qualification for taxation as a REIT under the IRC. Our Secured Financing Facilities require, and the agreements governing any additional repurchase or bank credit facilities or debt arrangements that we may enter into may require, us to provide additional collateral or pay down debt. Our Secured Financing Facilities and any additional repurchase or bank credit facilities or debt arrangements that we may enter into to finance future investments may involve the risk that the value of the investments sold by us or pledged to the provider of such repurchase or bank credit facilities or debt arrangements may decline, and, in such circumstances, we would likely be required to provide additional collateral or to repay all or a portion of the funds advanced thereunder. With respect to our Master Repurchase Facilities, UBS, Citibank and Wells Fargo have sole discretion to determine the market value of the investments that serve as collateral under these facilities for purposes of determining whether we are required to pay margin to UBS, Citibank and Wells Fargo. Where a decline in the value of collateral results in a margin deficit, UBS, Citibank and Wells Fargo may require us to eliminate that margin deficit through a combination of purchased asset repurchases and cash transfers to UBS, Citibank and Wells Fargo, respectively, subject to UBS' s, Citibank' s or Wells Fargo' s respective approval. We may not have funds available to eliminate any such margin deficit and may be unable to raise funds from alternative sources on favorable terms or at all, which would likely result in a default under any such master repurchase agreement. In the event of any such default, UBS, Citibank and Wells Fargo could accelerate our outstanding debts and terminate our ability to obtain additional advancements under the applicable master repurchase facility, and our financial condition and prospects would be materially and adversely affected. Any repurchase facility arrangements that we may enter into in the future would likely contain similar provisions. In addition, if any of our current or future lenders file for bankruptcy or become insolvent, our investments that serve as collateral under the applicable repurchase or bank credit facility or debt arrangement may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of those assets. Such an event could restrict our access to additional debt arrangements and, therefore, increase our cost of capital. Lenders under any future repurchase or bank credit facilities or debt arrangements may also require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. If we are unable to meet any such collateral obligations, our financial condition and prospects could deteriorate rapidly. Any default in a repurchase agreement may cause us to experience a loss. If any counterparty to a repurchase transaction under a repurchase agreement or the counterparty to any other repurchase financing arrangement we may enter defaults on its obligation to resell the underlying asset back to us at the end of the transaction term, or if the value of the underlying asset has declined as of the end of that term, or if we default on our obligations under such repurchase agreement, we may incur a loss on such repurchase transaction. Risks Relating to our Relationships with Tremont and RMR We are dependent upon Tremont and its personnel. We may be unable to find suitable replacements if our management agreement is terminated. We do not have an office separate from Tremont and do not have any employees. Our executive officers also serve as officers of Tremont and of RMR. Tremont itself has limited resources and is dependent upon facilities and services available to Tremont under its shared services agreement with RMR. Tremont is not obligated to dedicate any specific personnel exclusively to us, and RMR is not obligated to dedicate any specific personnel to Tremont for services for us or otherwise. Although Tremont is not currently providing management services to any other mortgage REIT, it may in the future provide management services to other mortgage REITs or to other clients that compete with us. Our officers are not obligated to dedicate any specific portion of their time to our business. Our officers have responsibilities for other companies to which RMR provides management services and may in the future have responsibilities for other companies to which Tremont may provide management services. As a result, our officers may not always be able to devote sufficient time to the management of our business, and we may not receive the level of support and assistance that we would receive if we were internally managed or if we had different management arrangements. The term of our management agreement renews for successive one- year periods, subject to non- renewal in accordance with the agreement. If our management agreement or Tremont' s shared services agreement with RMR is terminated and no suitable replacement is found, we may not be able to continue in our business. Tremont has broad discretion in operating our day to day business. Tremont is authorized to follow broad operating and investment guidelines and, therefore, has discretion in identifying investments that will be appropriate for us, as well as our individual operating and investment decisions. Our Board of Trustees periodically reviews our operating and investment guidelines and our operating activities, investments and financing arrangements, but our Board of Trustees does not review or approve each decision made by Tremont on our behalf. In addition, in conducting periodic reviews, our Board of Trustees relies primarily on information provided to it by Tremont. Tremont may exercise its discretion in a manner that results in investment returns that are substantially below expectations or that results in losses. Our management structure and agreements and relationships with Tremont and RMR and RMR' s and its controlling shareholder' s relationships with others may create conflicts of interest, or the perception of such conflicts, and may restrict our investment activities. We are subject to conflicts of interest arising out of our relationship with Tremont, RMR, their affiliates and entities to which they provide management services. Tremont is a subsidiary of RMR, which is the majority owned operating subsidiary of RMR Inc. One of our Managing Trustees and Chair of our Board of Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., and he is also a director of Tremont, the chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc., and an officer and employee of RMR. He is also a managing director or managing trustee of all the other public companies to which RMR or its subsidiaries provide management services, including us. Matthew P. Jordan, our other Managing Trustee, is a director and the president and chief executive officer of Tremont and an officer of RMR Inc. and RMR. Thomas J. Lorenzini, our President **and Chief Investment Officer** , is an officer of RMR and an officer and employee of Tremont. **Fernando Diaz** ~~Tiffany R. Sy~~ , our Chief Financial Officer and Treasurer, is an officer and employee of RMR and an officer of Tremont. Messrs. Portnoy, Jordan ~~and~~ **,** Lorenzini and **Diaz** ~~Ms. Sy~~ have duties to RMR and to Tremont, as well as to us, and we do not have their undivided attention. They and other RMR personnel may have conflicts in allocating their time and resources between us and RMR and other companies to which RMR or its subsidiaries provide services. Our Independent Trustees also serve as independent directors or independent trustees of other public companies to which RMR or its subsidiaries provide management services. Tremont, RMR, their affiliates and the entities to which they provide management services are generally not prohibited from competing with us. In addition, Tremont, RMR and their subsidiaries may sponsor or manage other funds, REITs or other entities, including entities that make investments similar to the investments we make, and including entities in which Tremont or its affiliates or personnel may have a controlling, sole or substantial economic interest. As a result, conflicts of interests may exist for Tremont, RMR and their affiliates with respect to the allocation of investment opportunities. In our management agreement, we specifically acknowledge these conflicts of interest and agree that Tremont, RMR and their affiliates may resolve such conflicts in good faith and in their fair and reasonable discretion and may allocate investments, including those within our investment objectives, to RMR and its other clients, including clients in which Tremont, its affiliates or their personnel may have a controlling, substantial economic or other interest. Accordingly, we may lose investment opportunities to, and may compete for investment opportunities with, other businesses managed by Tremont, RMR or their subsidiaries. In addition to the fees payable to Tremont under our management agreement, Tremont and its affiliates may benefit from other fees paid to it in respect of our investments. For example, if we securitize some of our CRE loans, Tremont or its affiliates may act as the collateral manager for such securitization. In any of these or other capacities, Tremont and its affiliates may receive fees for their services if approved by a majority of our Independent Trustees. In the case of a conflict involving the allocation of investment opportunities among advisory clients of Tremont, Tremont will endeavor to allocate such investment opportunities in a fair and equitable manner, consistent with Tremont' s allocation policies, taking into account such factors as it deems appropriate. With respect to mortgage loan investments, which are the only types of investment opportunity that may be appropriate for more than one advisory client of Tremont, Tremont has established an investment committee that is responsible for evaluating mortgage loan origination opportunities and making determinations as to whether to move forward with funding a loan, taking into account advisory clients' investment considerations. In circumstances in which an investment opportunity, after taking into account advisory clients' investment considerations, is deemed appropriate for more than one advisory client, Tremont will generally allocate such opportunity on a rotational basis. We are currently the only mortgage REIT to which Tremont is providing management services, but Tremont may provide management services to other mortgage REITs in the future. In addition, we may in the future enter into additional transactions with Tremont, RMR, their affiliates or entities managed by them or their subsidiaries. In particular, we may provide financing to entities managed by Tremont, RMR or their subsidiaries, or co-invest with, purchase assets from, sell assets to or arrange financing from any such entities. In addition to his investments in RMR Inc. and RMR, Adam D. Portnoy holds equity investments in other companies to which RMR or its subsidiaries provide management services and some of these companies have significant cross ownership interests, including, for example: as of December 31, ~~2022~~ **2023** , Mr. Portnoy beneficially owned, in aggregate, 13. ~~4~~ **5** % of our outstanding common shares (including through Tremont and ABP Trust), ~~6~~ **9** . **8** ~~1 % of AlerisLife Inc.' s outstanding common stock (including through ABP Trust), 1. 1~~ % of Diversified Healthcare Trust' s outstanding common shares, 1. ~~2~~ **5 % of Office Properties Income Trust' s outstanding common shares, 1. 3** % of Industrial Logistics Properties Trust' s outstanding common shares, **and** ~~1. 5 % of Office Properties Income Trust' s outstanding common shares,~~ 1. 1 % of Service Properties Trust' s outstanding common shares ~~and 4. 4 % of TravelCenters of America Inc.' s outstanding common shares (including through RMR)~~ . Our executive officers may also own equity investments in other companies to which Tremont, RMR or their subsidiaries provide management services. These multiple responsibilities, relationships and cross ownerships may give rise to conflicts of interest or the perception of such conflicts of interest with respect to matters involving us, RMR Inc., RMR, our Managing Trustees, the other companies to which RMR or its subsidiaries provide management services and their related parties. Conflicts of interest or the perception of conflicts of interest could have a material adverse impact on our reputation, business and the market value of our common shares and other securities and we may be subject to increased risk of litigation as a result. We cannot be sure that our Code of Conduct, governance guidelines, investment allocation policy or other procedural protections we adopt will be sufficient to enable us to identify, adequately address or mitigate actual or alleged conflicts of interest or ensure that our transactions with related persons are made on terms that are at least as favorable to us as those that would have been obtained with an unrelated person. Our management agreement' s fee and expense structure may not create proper incentives for Tremont. We are required to pay Tremont base management fees regardless of the performance of our loan portfolio. Tremont' s entitlement to a base management fee is based only in part upon our performance or results, which might reduce its incentive to devote its time and effort to seeking investments that provide attractive, risk adjusted returns for us. Because the base management fees are also based in part on our outstanding equity, Tremont may be incentivized to advance strategies that increase our equity capital. Increasing our equity capital through the sale of our common shares will likely be dilutive to our existing shareholders and may not improve returns for those shareholders or the market price of our common shares. In addition, Tremont may earn incentive fees each quarter based on our Distributable Earnings in a specified period in excess of a specified return. This may create an incentive for Tremont to invest in assets with higher yield potential, which are generally riskier or more speculative, or to sell assets prematurely for a gain in an effort to increase our near term net income and thereby increase the incentive fees to which Tremont is entitled. This incentive fee formula may encourage Tremont to recommend investments or take other actions which result in losses to us. In addition, we are required to pay or to reimburse Tremont for all costs and expenses of our operations (other than the costs of Tremont' s employees who provide services to us), including, but not limited to, the costs of rent, utilities, office furniture, equipment, machinery, facilities and other overhead type expenses, the costs of legal, accounting, auditing, tax planning and tax return preparation, consulting services, diligence costs related to our investments, investor relations expenses and other professional services, personnel and support shared by Tremont and other costs and expenses not specifically required under our management agreement to be borne by Tremont, and other costs our Independent Trustees may agree to. Some of these overhead, professional and other services are provided by RMR pursuant to a shared services agreement between Tremont and RMR. We are also obligated to pay our pro rata share of RMR' s costs for providing our internal audit function. Our obligation to reimburse Tremont for certain shared services costs may reduce Tremont' s incentive to efficiently manage those costs, which may increase our costs. Our management agreement is between related parties and its terms may be less favorable to us than if they had been negotiated on an arm' s length basis with an unrelated party. Our management agreement is between related parties and its terms, including the fees payable to Tremont, may be less favorable to us than if they had been negotiated on an arm' s length basis with an unrelated party. Pursuant to the terms of our management agreement, we are required to reimburse Tremont for the fees and other costs it pays to RMR for shared services RMR provides with respect to us. Because of the relationships among Tremont and RMR and us, the terms of our management agreement were not negotiated on an arm' s length basis, and we cannot be sure that these terms are as favorable to us as they would have been if they had been negotiated on an arm' s length basis with an unrelated party. Terminating our management agreement without a cause event may be difficult and will require our payment of a substantial termination fee. Termination of our management agreement without a cause event will be difficult and costly. ~~We may not terminate our management agreement without a cause event during its initial term through December 31, 2023.~~ Our Independent Trustees will review Tremont' s performance and the management fees annually and ~~, following the initial term ending December 31, 2023~~ , our management agreement may be terminated annually without a cause event upon the affirmative vote of at least two- thirds of our Independent Trustees based upon a determination that: (1) Tremont' s performance is unsatisfactory and materially detrimental to us; or (2) the base management fee and incentive fee, taken as a whole, payable to Tremont are not fair to us (in the case of (2), provided that Tremont will be afforded the opportunity to renegotiate the base management fee and incentive fee prior to termination). We will be required to provide Tremont with prior written notice of any such termination by not later than 180 days prior to the expiration of the term of the agreement. Additionally, in the event our management agreement is terminated by us without a cause event or by Tremont for a material breach, we will be required to pay Tremont a termination fee equal to (i) three times the sum of (a) the average annual base management fee and (b) the average annual incentive fee, in each case paid or payable to Tremont during the twenty- four (24) month period immediately preceding the most recently completed calendar quarter prior to the date of termination ~~or, if such termination occurs prior to December 31, 2023, the base management fee and the incentive fee will be annualized for such two year period based on such fees earned by Tremont from January 5, 2021 through the most recently completed calendar quarter prior to the termination date~~ , plus (ii) $ 1.

6 million. Additionally, in connection with the Merger and the termination of TRMT' s management agreement with Tremont, we agreed that certain of the expenses Tremont had paid pursuant to such management agreement will be included in the " Termination Fee " under and as defined in our existing management agreement with Tremont. These provisions increase the cost to us of terminating our management agreement and adversely affect our ability to terminate Tremont or not renew our management agreement without a cause event. These terms of our management agreement may discourage a change of control of us, including a change of control which might result in payment of a premium for our common shares. Tremont does not guaranty our performance; moreover, we could experience poor performance or losses for which Tremont would not be liable. Tremont' s liability is limited under our management agreement, and we have agreed to indemnify Tremont against certain liabilities. Tremont maintains a contractual as opposed to a fiduciary relationship with us. Tremont does not guaranty our performance. Pursuant to our management agreement, Tremont does not assume any responsibility other than to render the services called for thereunder in good faith and is not responsible for any action of our Board of Trustees in following or declining to follow its advice or recommendations. We could experience poor performance or losses for which Tremont would not be liable. Under the terms of our management agreement, Tremont and its affiliates, including RMR, and their respective directors, trustees, officers, shareholders, owners, members, managers, employees and personnel will not be liable to us or any of our Trustees, shareholders or subsidiaries for any acts or omissions related to the provision of services to us under our management agreement, except by reason of acts or omissions that are proved to constitute bad faith, fraud, intentional misconduct, gross negligence or reckless disregard of the duties of Tremont under our management agreement. In addition, under the terms of our management agreement, we agree to indemnify, hold harmless and advance expenses to Tremont and its affiliates, including RMR, and their respective directors, trustees, officers, shareholders, owners, members, managers, employees and personnel from and against all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever, including all reasonable attorneys', accountants', and experts' fees and expenses, arising from acts or omissions related to the provision of services to us or the performance of any matter pursuant to an instruction by our Board of Trustees, except to the extent it is proved that such acts or omissions constituted bad faith, fraud, intentional misconduct, gross negligence or reckless disregard of the duties of Tremont under our management agreement. Such persons will also not be liable for trade errors that may result from ordinary negligence, including errors in the investment decision making or trade process. Tremont may change its processes for identifying, evaluating and managing investments and the personnel performing those functions for us without our or our shareholders' consent at any time. Tremont may change its personnel and processes for identifying, evaluating and managing investments for us without our or our shareholders' consent at any time. In addition, we cannot be sure that Tremont will follow its processes. Changes in Tremont' s personnel and processes may result in fewer investment opportunities for us, inferior diligence and underwriting standards or adversely affect the collection of payments on, and the preservation of our rights with respect to, our investments, any of which may adversely affect our operating results. Our management agreement permits our Trustees and officers, Tremont and its affiliates, including RMR, and their respective directors, trustees, officers, agents and employees to retain business opportunities for their own benefit and to compete with us. In recognition of the fact that our Trustees and officers, Tremont and its affiliates, including RMR, and their respective directors, trustees, officers, agents and employees may engage in other activities or lines of business similar to those in which we engage, our management agreement provides that if such a person acquires knowledge of a potential business opportunity, we renounce, on our behalf and on behalf of our subsidiaries, any potential interest or expectation in, or right to be offered or to participate in, such business opportunity to the maximum extent permitted by Maryland law. Accordingly, to the maximum extent permitted by Maryland law: (1) no such person is required to present, communicate or offer any business opportunity to us or any subsidiaries; and (2) such persons, on their own behalf and on behalf of Tremont, any affiliate of such person or Tremont and any other person to which such person, RMR or any of their subsidiaries provide management services, will have the right to hold and exploit any business opportunity, or to direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any person other than us. Consequently, our management agreement permits our Trustees and officers and Tremont and its affiliates, including RMR, to engage in activities that compete with us. Disputes with Tremont may be referred to binding arbitration, which follow different procedures from in- court litigation and may be more restrictive to shareholders asserting claims than in- court litigation. Our management agreement with Tremont provides that any dispute arising thereunder will be referred to mandatory, binding and final arbitration proceedings if we, or any other party to such dispute, unilaterally so demands. As a result, we and our shareholders would not be able to pursue litigation in state or federal court against Tremont, if we or any other parties against whom the claim is made unilaterally demand the matter be resolved by arbitration. In addition, the ability to collect attorneys' fees or other damages may be limited in the arbitration proceedings, which may discourage attorneys from agreeing to represent parties wishing to bring such litigation. We may be at an increased risk for dissident shareholder activities and shareholder litigation due to perceived conflicts of interest arising from our management structure and relationships. Companies with business dealings with related persons and entities may more often be the target of dissident shareholder trustee nominations, dissident shareholder proposals and shareholder litigation alleging conflicts of interest in their business dealings. Our relationships with Tremont, RMR, their affiliates and entities to which they provide management services, Adam D. Portnoy and other related persons of RMR may precipitate such activities. Shareholder litigation and dissident shareholder activities, if instituted against us, could result in substantial costs, and diversion of our management' s attention and could have a material adverse impact on our reputation and business. Tremont is subject to extensive regulation as an investment adviser, which could adversely affect its ability to manage our business. Tremont is subject to regulation as an investment adviser by various regulatory authorities that are charged with protecting the interests of its clients, including us. Tremont could be subject to civil liability, criminal liability or sanction, including revocation of its registration as an investment adviser, censures, fines or temporary suspension or permanent bar from conducting business, if it is found to have violated any of the laws or regulations governing investment advisers. Any such liability or sanction could adversely affect Tremont' s ability

to manage our business. Tremont must continually address conflicts between its interests and those of its clients, including us. In addition, the SEC and other regulators have increased their scrutiny of conflicts of interest. Tremont has procedures and controls that are reasonably designed to address these issues. However, appropriately dealing with conflicts of interest is complex and difficult and if Tremont fails, or appears to fail, to deal appropriately with conflicts of interest, it could face litigation or regulatory proceedings or penalties, any of which could adversely affect its ability to manage our business. Risks Relating to our Organization and Structure Ownership limitations and certain provisions in our declaration of trust and bylaws, as well as certain provisions of Maryland law, may deter, delay or prevent a change in our control or unsolicited acquisition proposals. Our declaration of trust prohibits any shareholder, other than Tremont, RMR and their respective affiliates (as defined) and certain persons who have been exempted by our Board of Trustees, from owning, directly and by attribution, more than 9. 8 % (in value or number of shares, whichever is more restrictive) of any class or series of our outstanding shares of beneficial interest, including our common shares. This provision of our declaration of trust is intended to, among other purposes, assist with our REIT compliance under the IRC and otherwise promote our orderly governance. However, this provision may also inhibit acquisitions of a significant stake in us and may deter, delay or prevent a change of control of us or unsolicited acquisition proposals that a shareholder may consider favorable. Additionally, provisions contained in our declaration of trust and bylaws or under Maryland law may have a similar impact, including, for example, provisions relating to: • the division of our Trustees into three classes, with the term of one class expiring each year; • limitations on shareholder voting rights with respect to certain actions that are not approved by our Board of Trustees; • the authority of our Board of Trustees, and not our shareholders, to adopt, amend or repeal our bylaws and to fill vacancies on our Board of Trustees; • shareholder voting standards which require a supermajority of shares for approval of certain actions; • the fact that only our Board of Trustees, or, if there are no Trustees, our officers, may call shareholder meetings and that shareholders are not entitled to act without a meeting; • required qualifications for an individual to serve as a Trustee and a requirement that certain of our Trustees be " managing trustees " and other Trustees be " independent trustees, " as defined in our governing documents; • limitations on the ability of our shareholders to propose nominees for election as Trustees and propose other business to be considered at a meeting of our shareholders; • limitations on the ability of our shareholders to remove our Trustees; • the authority of our Board of Trustees to create and issue new classes or series of shares (including shares with voting rights and other rights and privileges that may deter a change of control of us) and issue additional common shares; • restrictions on business combinations between us and an interested shareholder that have not first been approved by our Board of Trustees (including a majority of Trustees not related to the interested shareholder); and • the authority of our Board of Trustees, without shareholder approval, to implement certain takeover defenses. As changes occur in the marketplace for corporate governance policies, the above provisions may change, be removed, or new ones may be added. Our rights and the rights of our shareholders to take action against our Trustees and officers are limited. Our declaration of trust limits the liability of our Trustees and officers to us and our shareholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our Trustees and officers will not have any liability to us and our shareholders for money damages other than liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty by the Trustee or officer that was established by a final judgment as being material to the cause of action adjudicated. Our declaration of trust and indemnification agreements require us to indemnify, to the maximum extent permitted by Maryland law, any present or former Trustee or officer who is made or threatened to be made a party to a proceeding by reason of his or her service in these and certain other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former Trustees and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result of these limitations on liability and indemnification, we and our shareholders may have more limited rights against our present and former Trustees and officers than might exist with other companies, which could limit shareholder recourse in the event of actions that some shareholders may believe are not in our best interest. Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our Trustees, officers, manager or agents. Our bylaws currently provide that, unless the dispute has been referred to binding arbitration, the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim for breach of a fiduciary duty owed by any of our Trustees, officers, manager or other agents to us or our shareholders; (3) any action asserting a claim against us or any of our Trustees, officers, manager or other agents arising pursuant to Maryland law, our declaration of trust or bylaws brought by or on behalf of a shareholder, either on his, her or its own behalf, on our behalf or on behalf of any series or class of our shareholders or shareholders against us or any of our Trustees, officers, manager or other agents, including any claims relating to the meaning, interpretation, effect, validity, performance or enforcement of our declaration of trust or bylaws; or (4) any action asserting a claim against us or any of our Trustees, officers, manager or other agents that is governed by the internal affairs doctrine of the State of Maryland. The exclusive forum provision of our bylaws does not apply to any action for which the Circuit Court for Baltimore City, Maryland does not have jurisdiction. The exclusive forum provision of our bylaws does not establish exclusive jurisdiction in the Circuit Court for Baltimore City, Maryland for claims that arise under the Securities Act, the Exchange Act or other federal securities laws if there is exclusive or concurrent jurisdiction in the federal courts. Any person or entity purchasing or otherwise acquiring or holding any interest in our common shares shall be deemed to have notice of and to have consented to these provisions of our bylaws, as they may be amended from time to time. The exclusive forum provision of our bylaws may limit a shareholder' s ability to bring a claim in a judicial forum that the shareholder believes is favorable for disputes with us or our Trustees, officers, manager, agents or employees, which may discourage lawsuits against us and our Trustees, officers, manager, agents or employees. We may change our operational, financing and investment policies without shareholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations. Our Board of Trustees determines our operational, financing and investment policies and may amend or revise our policies, including our policies with respect to our intention to maintain our qualification for taxation as a REIT, investments, growth, operations, indebtedness, capitalization and distributions, or approve transactions that deviate from these policies, without a vote of, or notice to, our shareholders. Policy changes could adversely affect the market value of our common shares and our ability to pay distributions to our shareholders. Further, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our Board of Trustees may alter or eliminate our current policy on borrowing at any time without shareholder approval. If this policy changes, we could become more highly leveraged, which could result in an increase in our debt service costs. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of investments which we seek to make, may increase our exposure to interest rate risk, CRE lending market fluctuations and liquidity risk. Our intention to remain exempt from registration under the 1940 Act imposes limits on our operations. We conduct our operations so that neither we nor any of our subsidiaries is required to register as an investment company under the 1940 Act. We believe we will not be considered an investment company under Section 3 (a) (1) (A) of the 1940 Act because we will not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. We may conduct our business, in whole or in part, through wholly or majority owned subsidiaries. Under Section 3 (a) (1) (C) of the 1940 Act, the securities issued by our subsidiaries that are excepted from the definition of " investment company " under Section 3 (c) (1) or Section 3 (c) (7) of the 1940 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 total assets (exclusive of U. S. Government securities and cash items) on an unconsolidated basis. This requirement limits the types of businesses in which we may engage through subsidiaries. In addition, the assets we may originate or acquire are limited by the provisions of the 1940 Act and the rules and regulations promulgated under the 1940 Act, which may adversely affect our business. If the value of securities issued by our subsidiaries that are excepted from the definition of " investment company " under Section 3 (c) (1) or 3 (c) (7) of the 1940 Act, together with any other investment securities we own, exceeds 40 % of the value of our total assets (exclusive of U. S. Government securities and cash items) on an unconsolidated basis, or if one or more of our subsidiaries fails to maintain an exception or exemption from the 1940 Act, we could, among other things, be required to either: (1) substantially change the manner in which we conduct our operations to avoid being required to register as an investment company under the 1940 Act; or (2) register as an investment company under the 1940 Act, either of which could have an adverse effect on us and the market value of our common shares. If we or any of our subsidiaries were required to register as an investment company under the 1940 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 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration and compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations. Failure to maintain our exemption from registration under the 1940 Act also would require us to significantly restructure our investment strategy. For example, because affiliate transactions are generally prohibited under the 1940 Act, we would not be able to enter into transactions with any of our affiliates if we were required to register as an investment company under the 1940 Act, and we might be required to terminate our management agreement with Tremont and any other agreements with affiliates, which could have a material adverse effect on our ability to operate our business and pay distributions. If we were required to register 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 might be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business. We expect that we and certain of our subsidiaries that we may form in the future will rely upon the exemption from registration as an investment company under the 1940 Act pursuant to Section 3 (c) (5) (C) of the 1940 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 exemption generally requires that at least 55 % of our or each of our applicable subsidiaries' assets must be comprised of qualifying real estate assets and at least 80 % of our or each of our applicable subsidiaries' portfolios must be comprised of qualifying real estate assets and real estate related assets under the 1940 Act. To the extent that we or any of our subsidiaries rely on Section 3 (c) (5) (C) of the 1940 Act, we expect 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 is more than 30 years old and was issued in accordance with factual situations that may be different from ours. We cannot be sure that the SEC staff will concur with our classification of our assets. In addition, 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 exemption from registration under the 1940 Act. If we are required to re- classify our assets we 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 1940 Act. To the extent that the SEC staff publishes new or different guidance with respect to any assets we have determined to be qualifying real estate 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 one of our subsidiaries holding assets we might wish to sell or selling assets we might wish to hold. The SEC has not published guidance with respect to the treatment of CMBS for purposes of the Section 3 (c) (5) (C) exemption. Unless we receive further guidance from the SEC or its staff with respect to CMBS, we intend to treat CMBS as a real estate related asset. We or certain of our subsidiaries may also rely on the exemption provided by Section 3 (c) (6) of the 1940 Act. The SEC staff has issued little interpretive guidance with respect to Section 3 (c) (6) of the 1940 Act and any future guidance published by the staff may require us to adjust our strategy and our assets accordingly. While we refer generally to " exemption " in this discussion of Section 3 (a) and Section 3 (c) of the 1940 Act, each of the above referenced provisions technically provides companies with an exclusion from the definition of " investment company " under the 1940 Act, allowing companies to avoid registration as an investment company under the 1940 Act. We intend to structure and conduct our business in a manner that does not require our or our subsidiaries' registration under the 1940 Act and, in so structuring and conducting our business, we may rely on any available exemption from registration, or exclusion from the definition of " investment company, " under the 1940 Act. We determine whether an entity is one of our majority owned subsidiaries. The 1940 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 1940 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 a majority of the outstanding voting securities as majority owned subsidiaries for purposes of the 40 % test described above. We have not requested the SEC to approve our treatment of any of our subsidiaries 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 of our subsidiaries as majority owned subsidiaries, we might need to adjust our strategy and our assets in order to continue to pass the 40 % test. Any such adjustment in our strategy or assets could have a material adverse effect on us. We cannot be sure that the laws and regulations governing the 1940 Act status of REITs, including the SEC or its staff providing new or more specific or different guidance regarding these exemptions, will not change in a manner that adversely affects our operations. If we or our subsidiaries fail to maintain an exception or exemption from the 1940 Act, we could, among other things, be required either to: (1) change the manner in which we conduct our operations to avoid being required to register as an investment company under the 1940 Act; (2) sell our assets in a manner that, or at a time when, we would not otherwise choose to do so; or (3) register as an investment company, any of which could negatively affect the sustainability of our business and our ability to pay distributions, which could have an adverse effect on our business and the market value for our common shares. Risks Relating to Taxation Our failure to remain qualified for taxation as a REIT under the IRC could have significant adverse consequences. As a REIT, we generally do not pay federal or most state income taxes as long as we distribute all of our REIT taxable income and meet other qualifications set forth in the IRC. However, actual qualification for taxation as a REIT under the IRC depends on our satisfying complex statutory requirements, for which there are only limited judicial and administrative interpretations. We believe that we have been organized and have operated, and will continue to be organized and to operate, in a manner that qualified and will continue to qualify us to be taxed as a REIT under the IRC. However, we cannot be sure that the IRS, upon review or audit, will agree with this conclusion. Furthermore, we cannot be sure that the federal government, or any state or other taxation authority, will continue to afford favorable income tax treatment to REITs and their shareholders. Maintaining our qualification for taxation as a REIT under the IRC will require us to continue to satisfy tests concerning, among other things, the nature of our assets, the sources of our income and the amounts we distribute to our shareholders. In order to meet these requirements, it may be necessary for us to sell or forgo attractive investments. If we cease to qualify for taxation as a REIT under the IRC, then our ability to raise capital might be adversely affected, we may be subject to material amounts of federal and state income taxes, our cash available for distribution to our shareholders could be reduced, and the market value of our common shares could decline. In addition, if we lose or revoke our qualification for taxation as a REIT under the IRC for a taxable year, we will generally be prevented from requalifying for taxation as a REIT for the next four taxable years. **Foreclosures may impact our ability to qualify as a REIT and minimize tax liabilities. In 2023 we assumed legal title to a property through a deed in lieu of foreclosure and, in the future as and when necessary or desirable, we may acquire title to additional real property in full or partial settlement of loan obligations through foreclosure or by deed in lieu of foreclosure. When we acquire a property in this fashion, we consider the impact that taking ownership of such property has on our ability to continue to qualify to be taxed as a REIT as well as any tax liabilities attributable to our operation of such property as a REIT. In some cases, operation of real property will not generate qualifying rents from real property for purposes of the REIT gross income tests absent special structuring (e. g., gross income from operation of a hotel). In appropriate cases, however, we may be eligible to make an election with the IRS to treat property that we take possession of in a foreclosure (or deed in lieu of foreclosure) as " foreclosure property. " If, and for so long as, such property qualifies as " foreclosure property " within the meaning of the REIT rules, gross income from such property (even if not normally qualifying REIT gross income) is nevertheless treated as qualifying for purposes of both REIT gross income tests and, in addition, gain from the sale of such property will not be subject to the 100 % prohibited transaction tax for dealer sales. Whereas our net income is generally free of corporate- level income tax because we operate as a REIT, our net income with respect to a property for which we have made a foreclosure property election that would not otherwise be qualifying gross income for purposes of the REIT gross income tests will be subject to corporate income tax. In addition, the IRS might argue that a particular property did not qualify for a foreclosure property election or that its status as foreclosure property terminated prematurely, possibly causing us to fail one or both REIT gross income tests or causing any gain from sale of such property to be subject to the prohibited transaction tax.** REIT distribution requirements could adversely affect us and our shareholders. We generally must distribute annually at least 90 % of our REIT taxable income, subject to specified adjustments and excluding any net capital gain, in order to maintain our qualification for taxation as a REIT under the IRC. To the extent that we satisfy this distribution requirement, federal corporate income tax will not apply to the earnings that we distribute, but if we distribute less than 100 % of our REIT taxable income, then we will be subject to federal corporate income tax on our undistributed taxable income. We intend to pay distributions to our shareholders to comply with the REIT requirements of the IRC. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under federal tax laws. From time to time, we may experience timing and other differences, for example on account of income and expense accrual principles under U. S. federal income tax laws, or on account of repaying outstanding indebtedness, whereby our available cash is less than, or does not otherwise correspond to, our taxable income. In addition, the IRC requires that income be taken into account no later than when it is taken into account on applicable financial statements, even if financial statements take such income into account before it would accrue under the original issue discount rules, market discount rules or other rules in the IRC. As a result, from time to time we may not have sufficient cash to meet our REIT distribution requirements. If we do not have other funds available in these situations, among other things, we may borrow funds on unfavorable terms, sell investments at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions in order to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our shareholders' equity. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could cause the market value of our common shares to decline. We may in the future choose to pay dividends in our common shares, in which case shareholders may be required to pay income taxes in excess of the cash dividends that they receive. We may in the future distribute taxable dividends that are payable in part in shares. Taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, shareholders may be required to pay income taxes with respect to these dividends in excess of the cash dividends received. If a shareholder sells our common shares that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market value of our common shares at the time of the sale. Furthermore, with respect to some non- U. S. shareholders, we may be required to withhold U. S. federal income tax with respect to these dividends, including in respect of all or a part of the dividend that is payable in our common shares. In addition, if a significant number of our shareholders determine to sell our common shares in order to pay taxes owed on dividends paid in our common shares, then that may put downward pressure on the trading price of our common shares. Distributions to shareholders generally will not qualify for reduced tax rates applicable to " qualified dividends. " Dividends payable by U. S. corporations to noncorporate shareholders, such as individuals, trusts and estates, are generally eligible for reduced U. S. federal income tax rates applicable to " qualified dividends. " Distributions paid by REITs generally are not treated as " qualified dividends " under the IRC and the reduced rates applicable to such dividends do not generally apply. However, for tax years beginning before 2026, REIT dividends paid to noncorporate shareholders are generally taxed at an effective tax rate lower than applicable ordinary income tax rates due to the availability of a deduction under the IRC for specified forms of income from passthrough entities. More favorable rates will nevertheless continue to apply to regular corporate " qualified " dividends, which may cause some investors to perceive that an investment in a REIT is less attractive than an investment in a non- REIT entity that pays dividends, thereby reducing the demand and market value of our common shares. Even if we remain qualified for taxation as a REIT under the IRC, we may face other tax liabilities that reduce our cash flow. Even if we remain qualified for taxation as a REIT under the IRC, we may be subject to federal, state and local taxes on our income and assets, including taxes on any undistributed income, excise taxes, state or local income, property and transfer taxes, such as mortgage recording taxes, and other taxes. Also, some jurisdictions may in the future limit or eliminate favorable income tax deductions, including the dividends paid deduction, which could increase our income tax expense. In addition, in order to meet the requirements for qualification and taxation as a REIT under the IRC, prevent the recognition of particular types of non- cash income, or avert the imposition of a 100 % tax that applies to specified gains derived by a REIT from dealer property or inventory, we may hold or dispose of some of our assets and conduct some of our operations through our TRSs or other subsidiary corporations that will be subject to corporate level income tax at regular rates. In addition, while we intend that our transactions with our TRSs will be conducted on arm' s length bases, we may be subject to a 100 % excise tax on a transaction that the IRS or a court determines was not conducted at arm' s length. Any of these taxes would decrease cash available for distribution to our shareholders. The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to remain qualified for taxation as a REIT under the IRC. We may originate or acquire mezzanine loans, for which the IRS has provided a safe harbor but not rules of substantive law. Pursuant to the safe harbor, if a mezzanine loan meets specified requirements, it will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the 75 % gross income test applicable to REITs. We may originate or acquire mezzanine loans that do not meet all of the requirements of this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor requirements and the IRS successfully challenges the loan' s treatment as a real estate asset for purposes of the REIT asset and income tests, then we could fail to remain qualified for taxation as a REIT under the IRC. We may fail to remain qualified for taxation as a REIT under the IRC if the IRS successfully challenges the treatment of our mezzanine loans as debt for federal income tax purposes or successfully challenges the treatment of our preferred equity investments as equity for federal income tax purposes. There is limited case law or administrative guidance addressing the treatment of mezzanine loans and preferred equity investments as debt or equity for federal income tax purposes. We expect that any mezzanine loans that we may originate or acquire generally will be treated as debt for federal income tax purposes, and preferred equity investments that we may make generally will be treated as equity for federal income tax purposes, but we do not anticipate obtaining private letter rulings from the IRS or opinions of counsel on the characterization of those investments for federal income tax purposes. If a mezzanine loan is treated as equity for federal income tax purposes, we will be treated as owning the assets held by the partnership or limited liability company that issued the mezzanine loan and we will be treated as receiving our proportionate share of the income of that entity. If that partnership or limited liability company owns nonqualifying assets or earns nonqualifying income, we may not be able to satisfy all of the REIT gross income and asset tests. Alternatively, if the IRS successfully asserts that any preferred equity investment that we may make is debt for federal income tax purposes, then that investment may be treated as a nonqualifying asset for purposes of the 75 % asset test and as producing nonqualifying income for the 75 % gross income test. In addition, such an investment may be subject to the 10 % value test and the 5 % asset test, and it is possible that a preferred equity investment that is treated as debt for federal income tax purposes could cause us to fail one or more of the foregoing tests. Accordingly, we could fail to remain qualified for taxation as a REIT under the IRC if the IRS does not respect our classification of our mezzanine loans or preferred equity for federal income tax purposes. The failure of assets subject to our secured financing agreements to qualify as real estate assets could adversely affect our ability to remain qualified for taxation as a REIT under the IRC. We have entered into secured financing arrangements that are structured as sale and repurchase agreements pursuant to which we nominally sell assets to the counterparty and simultaneously enter into agreements 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 to the agreement. 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 sale and repurchase agreements, notwithstanding that we may transfer record ownership of the assets to the counterparty during the term of an agreement. It is possible, however, that the IRS may assert that we did not own the assets during the term of the applicable sale and repurchase agreement, in which case our qualification for taxation as a REIT may be jeopardized. Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. The REIT provisions of the IRC substantially limit our ability to hedge our assets and liabilities. Any income from a qualifying hedging transaction that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute " gross income " for purposes of the 75 % or 95 % gross income tests that we must satisfy in order to maintain our qualification for taxation as a REIT under the IRC. As a result, a qualifying hedge transaction will neither assist nor hinder our compliance with the 75 % and 95 % gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of both of these gross income tests. As a result of these rules, we may limit our use of advantageous hedging techniques or implement some hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in the hedged items than we might otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS. We may be required to report taxable income from particular investments in excess of the economic income we ultimately realize from them. We may acquire debt instruments in the secondary market for less than their face amount. Though the discount at which such debt instruments are acquired may reflect doubts about their ultimate collectability rather than current 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 generally reported as income when, and to the extent that, any payment of principal of the debt instrument is made. Payments on commercial mortgage loans are ordinarily made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the 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. Moreover, some of the CMBS that we might acquire may have been issued with original issue discount. We will be required to report such original issue discount based on a constant yield method and will be taxed based on the assumption that all future projected payments due on such CMBS will be made. If such CMBS turns out not to be fully collectable, an offsetting loss deduction will become available only in the later year that uncollectability is provable. Finally, in the event that any debt instruments or CMBS acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, 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 CMBS at its stated rate regardless of whether corresponding cash payments are received or are ultimately collectable. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectable, and the utility of that deduction could depend on our having taxable income in that later year or thereafter. If we own assets or conduct operations that generate " excess inclusion income " outside of a TRS, doing so could adversely affect shareholders' taxation and could cause our common shares to become ineligible for inclusion in leading market indexes. Some leading market indexes exclude companies whose dividends to shareholders constitute UBTI. For purposes of the IRC, shareholder dividends attributable to a REIT' s " excess inclusion income " are treated as UBTI to specified investors, and thus REITs that generate excess inclusion income are generally not eligible for inclusion in these market indexes. Furthermore, REIT dividends attributable to excess inclusion income cause both the REIT and its shareholders to experience a range of disruptive and adverse U. S. federal income tax consequences, including the recognition of UBTI by specified tax- exempt shareholders, the unavailability of treaty benefits to non- U. S. shareholders and the unavailability of net operating losses to offset such income with respect to U. S. taxable shareholders. We do not intend to acquire assets or enter into financing or other arrangements that will produce excess inclusion income for our shareholders. As a result, we may forgo investment or financing opportunities that we would otherwise have considered attractive or implement these arrangements through a TRS, which would increase the cost of these activities because TRSs are subject to U. S. federal income tax. Furthermore, our analysis regarding our investments' or activities' potential for generating excess inclusion income could be subject to challenge or we could affirmatively modify our position regarding the generation of excess inclusion income in the future. In either case, our shareholders could suffer adverse tax consequences through the recognition of UBTI or the other adverse consequences that flow from excess inclusion income. Furthermore, in such an event, our common shares could become ineligible for inclusion in those market indexes that exclude UBTI- generating stock, which could adversely affect demand for our common shares and the market value of our common shares. The tax on prohibited transactions limits our ability to engage in transactions, including some methods of securitizing mortgage loans that would be treated as sales for U. S. federal income tax purposes. A REIT' s net income from prohibited transactions is subject to a 100 % tax. In general, prohibited transactions are sales or other dispositions at a gain of property, other than foreclosure property but including mortgage loans, held primarily for sale to customers in the ordinary course of business. If we were to dispose of or securitize loans in a manner that was treated as a sale of the loans for U. S. federal income tax purposes, those sales could be viewed as sales to customers in the ordinary course of business and to that extent subject to the 100 % tax. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in particular sales of loans or we may limit the structures used for dispositions or securitization transactions, even though the sales or structures might otherwise be beneficial to us. We may incur adverse tax consequences as a result of our acquisition of TRMT. As a successor to TRMT, we may face liability stemming from the tax liabilities (including penalties and interest) of TRMT and its subsidiaries. These liabilities and our efforts to remedy any tax dispute relating to these acquired entities could have a material adverse effect on our financial condition and results of operations. Risks Relating to our Securities Our distributions to our shareholders may be reduced or eliminated and the form of payment could change. We intend to continue to make regular quarterly distributions to our shareholders, but we may not be able to increase or maintain such a distribution rate for various reasons, including: • our ability to sustain or increase the rate of distributions may be adversely affected if any of the risks described in our Annual Report on Form 10- K occur; • we may not have enough cash to pay such distributions as a result of changes in our cash requirements, cash flow or financial position; • our payment of distributions is subject to restrictions contained in the agreements governing our debt and may be subject to restrictions in future debt obligations we may incur; during the continuance of any event of default under the agreements governing our debt, we may be limited or in some cases prohibited from paying distributions to our shareholders; and • the timing, amount and form of any distributions will be determined at the discretion of our Board of Trustees and will depend on various factors that our Board of Trustees deems relevant, including, but not limited to our historical and projected income, our Distributable Earnings, Distributable Earnings per common share, Adjusted Distributable Earnings and Adjusted Distributable Earnings per common share, our expectations of future capital requirements and operating performance and our expected needs for cash to pay our obligations and fund our investments, requirements to maintain our qualification for taxation as a REIT and limitations in our Secured Financing Facilities. For these reasons, among others, our distribution rate may decline, or we may cease paying distributions to our shareholders. Further, in order to preserve liquidity, we may elect to pay distributions to our shareholders in part in a form other than cash, such as issuing additional common shares to our shareholders, as permitted by the applicable tax rules. Changes in market conditions could adversely affect the market value of our securities. As with other publicly traded equity securities and REIT securities, the market value of our common shares and other securities depends on various market conditions that are subject to change from time to time. We believe that one of the factors that investors consider important in deciding whether to buy or sell equity securities of a REIT is the distribution rate, considered as a percentage of the market price of the equity securities, relative to interest rates. There is a general market perception that REIT shares outperform in low interest rate environments and underperform in rising interest rate environments when compared to the broader market. In efforts to combat rising inflation, the FOMC raised interest rates multiple times since March 2022 and **may** ~~has indicated an expectation that it will~~ continue to raise interest rates in ~~2023~~ **2024** . In addition, the U. S. and global economies have ~~been~~ **continued to** ~~experienceing~~ **experience** high inflation, constrained labor availability, supply chain challenges, global instability and economic downturn. These conditions have negatively impacted REIT share prices and, if they continue or worsen, may have further adverse impacts on the market value of our securities. We may use debt leverage or sell assets to pay distributions to our shareholders in the future. If our earnings are at any time insufficient to fund distributions to our shareholders at the level that may in the future be established by our Board of Trustees, we may pay distributions to our shareholders with the proceeds of borrowings or other leverage or from sales of our assets. Funding distributions to our shareholders from our future borrowings or asset sales may constitute a return of capital to our investors, which would have the effect of reducing our shareholders’ bases in our common shares.