Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

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

The following is a summary of the principal risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. This summary should be read together with the more detailed risk factors contained below. Risks Related to Our Lending and Investment Activities • Our success depends on the availability of attractive investment opportunities and our Manager' s ability to identify, structure, consummate, leverage, manage and realize returns on our investments. • Our commercial mortgage loans and other commercial real estate- related debt instruments expose us to risks associated with real estate investments generally. • We operate in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit our ability to originate or acquire attractive investments in our target assets. • The due diligence process undertaken by our Manager in regard to our investment opportunities may not reveal all facts relevant to an investment and, as a result, we may experience losses. • Real estate valuation is inherently subjective and uncertain **, and is subject to change, especially during periods of volatility** . Our ~~reserves~~ **allowance** for loan losses may prove inadequate. • Interest rate, prepayment, concentration, liquidity, collateral and credit risk may adversely affect our financial performance. There are no assurances that the U. S. or global financial systems will remain stable. • Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions, and we cannot assure you that those ratings will not be downgraded. **• The success of our investment strategy depends, in part, on our ability to successfully effectuate loan modifications and / or restructurings. • We have in the past and may in the future acquire ownership of property securing our loans through foreclosure or deed- in- lieu of foreclosure. When we take title to the property securing one of our loans, and if we do not or cannot sell the property, we own and operate the property as " real estate owned. " Our real estate owned assets are subject to risks particular to real property. These risks may have resulted and may continue to result in a reduction or elimination of return from a loan secured by a particular property. • Property insurance costs may continue to increase, and in some cases insurance may not be available.** Risks Related to Our Financing • We have a significant amount of debt, which subjects us to increased risk of loss. • Our financing arrangements may require us to provide additional collateral or repay debt **. • Certain of our current financing arrangements contain, and certain of our future financing arrangements may contain, various financial and operational covenants, and a default of any such covenants could materially and adversely affect us** . • There can be no assurance that we will be able to obtain or utilize additional financing arrangements in the future on similar or more favorable terms, or at all. Risks Related to Our Relationship with Our Manager and its Affiliates • We depend on our Manager and the personnel of TPG provided to our Manager for our success. We may not find a suitable replacement for our Manager if our Management Agreement is terminated, or if key personnel cease to be employed by TPG or otherwise become unavailable to us. • Our Manager manages our portfolio pursuant to very broad investment guidelines and is not required to seek the approval of our board of directors for each investment, financing, asset allocation or hedging decision made by it, which may result in our making riskier loans and other investments. Risks Related to Our Company • Our investment, asset allocation and financing strategies may be changed without stockholder consent and we may not be able to operate our business successfully or implement our operating policies and investment strategy. • TPG and our Manager may not be able to hire and retain qualified investment professionals or grow and maintain our relationships with key borrowers and loan brokers. We also depend on a third- party service provider for asset management services. We may not find a suitable replacement for this service provider if our agreement with them is terminated, or if key personnel of this service provider cease to be employed or otherwise become unavailable to us. • Rapid changes in the market value or income potential of our assets may make it more difficult for us to maintain our qualification as a REIT or our exclusion or exemption from regulation under the Investment Company Act. • Actions of the U. S. government and other governmental and regulatory bodies designed to stabilize or reform the financial markets may not achieve the intended effect. • Operational risks, including the risks of cyberattacks ~~and the proposed transition from LIBOR to an alternate rate~~ , may disrupt our businesses, result in losses or limit our growth. Risks Related to our REIT Status and Certain Other Tax Items • Failure to comply with REIT requirements could subject us to higher taxes and liquidity issues and reduce the amount of cash available for distribution to our stockholders. • Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends. • Compliance with the REIT requirements may hinder our ability to grow, which could materially and adversely affect us. • We may choose to make distributions to our stockholders in shares of our common stock, in which case our stockholders could be required to pay income taxes in excess of the cash dividends they receive. • Liquidation of assets may jeopardize our **ability to maintain our** REIT qualification or create additional tax liability for us. Risks Related to Our Common Stock • We have not established a minimum distribution payment level and we cannot assure you of our ability to pay distributions in the future. • The authorized but unissued shares of our common stock and preferred stock may prevent a change in our control. • Ownership limitations may delay, defer or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. • Our charter contains provisions that make removal of our directors difficult, which makes it more difficult for our stockholders to effect changes to our management and may prevent a change in control of our company that is in the best interests of our stockholders. General Risks • A global economic slowdown, a recession or declines in real estate values could impair our investments and have a significant adverse effect on our business, financial condition and results of operations. • Our obligations associated with being a public company, our failure to maintain an effective system of internal control and social, political, and economic instability, unrest, and other circumstances beyond our control could adversely affect our business operations. Our operating results are dependent upon the availability of, as well as our Manager' s ability to identify, structure, consummate, leverage, manage and realize returns on, our loans and other investments. In general, the availability of attractive investment opportunities and, consequently, our operating results, will be affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the demand for investment opportunities in our target assets and the supply of capital for such investment opportunities. We cannot assure you that our Manager will be successful in identifying and consummating attractive investments or that such investments, once made, will perform as anticipated. We seek to originate and selectively acquire commercial mortgage loans and other commercial real estate- related debt instruments. ~~Any deterioration~~ **Deterioration** of real estate fundamentals generally, and in the United States in particular, ~~could~~ **has** negatively ~~impact~~ **impacted** our performance by making it more difficult for borrowers to satisfy their debt payment obligations, increasing the default risk applicable to borrowers and ~~making~~ **made** it relatively more difficult for us to generate attractive risk- adjusted returns. Real estate investments **are** ~~will be~~ subject to various risks, including: • economic and market fluctuations; • political instability or changes, terrorism and acts of war; • changes in **building,** environmental, zoning and other laws; • casualty or condemnation losses; • regulatory limitations on rents or moratoriums against tenant evictions or foreclosures; • decreases in property values; • changes in the appeal of properties to tenants, including due to the impact of remote work on how tenants and workers can efficiently use commercial space; • changes in supply (resulting from the recent growth in commercial real estate ~~(" CRE")~~ debt funds or otherwise) and demand; • energy supply shortages; • various uninsured or uninsurable risks; • **increasing costs relating to, or the unavailability of, various categories of property- related insurance; •** natural disasters and outbreaks of pandemic or contagious diseases; • changes in government regulations (such as rent control or regulation of greenhouse gas emissions); • changes in monetary policy **; • changes in capital expenditure costs** ; • changes in the availability of debt financing and / or mortgage funds which may render the sale or refinancing of properties difficult or impracticable; • increased mortgage defaults; • declining interest rates which reduce asset yields, subject to the impact of interest rate floors on certain of our floating rate loans; • increasing interest rates, which may make it more difficult for our borrowers to repay loans via a refinancing or sale of the collateral property; • increases in borrowing rates; • changes in consumer spending; and • negative developments in the economy and / or adverse changes in real estate values generally and other risk factors that are beyond our control. Recent concerns about the real estate market, rising interest rates, inflation, energy costs and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and markets going forward. We cannot predict the degree to which economic conditions generally, and the conditions for commercial real estate debt investing in particular, will improve or decline. Any declines in the performance of the U. S. and global economies or in the real estate debt markets could have a material adverse effect on us. Commercial real estate debt instruments that are secured or otherwise supported, directly or indirectly, by commercial property are subject to delinquency, foreclosure and loss, which could materially and adversely affect us. Commercial real estate debt instruments, such as mortgage loans, that are secured or, in the case of certain assets (including participation interests, mezzanine loans and preferred equity), supported by commercial properties are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of single- family residential property. The ability of a borrower to pay the principal of and interest on a loan secured by an income- producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower' s ability to pay the principal of and interest on the loan in a timely manner, or at all, may be impaired and therefore could reduce our return from an affected property or investment, which could materially and adversely affect us. Net operating income of an income- producing property may be adversely affected by the risks particular to commercial real property described above, as well as, 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; • **renovations or repositionings during which operations may be limited or halted completely; •** property location and condition, including, without limitation, any need to address environmental contamination **or climate- related risks** at a property; • competition from comparable types of properties; • changes in global, national, regional or local economic conditions or changes in specific industry segments; • changes in interest rates, and in the state of the credit, securitization, debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate; • global trade disruption, supply chain issues, significant introductions of trade barriers and bilateral trade frictions; • declines in regional or local real estate values or rental or occupancy rates; • responses of businesses, governments and individuals to pandemics or outbreaks of contagious disease; • labor shortages and increases in the minimum wage and other forms of employee compensation and benefits **; • higher rates of inflation** ; • changes in real estate tax rates, tax credits and other operating expenses; • changes to tax laws and rates to which real estate lenders and investors are subject; and • government regulations. In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the principal of and accrued interest on the mortgage loan. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to that borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on any anticipated return on the foreclosed mortgage loan. We originate and acquire transitional loans, which involves greater risk of loss than stabilized commercial mortgage loans. We originate and acquire transitional loans secured by first lien mortgages on commercial real estate **, and in some instances pledges of equity in the property holder** . These loans provide interim financing to borrowers seeking short- term capital for the acquisition, lease up or repositioning of commercial real estate and generally have ~~a~~ **an initial** maturity of three years or less. A borrower under a transitional loan has usually identified an asset that **the borrower views** ~~has~~ - **as undervalued, having** been under- managed and / or is located in a recovering market. If the

borrower' s assessment of the asset as undervalued is inaccurate, or if the market in which the asset is located fails to recover according to the borrower’ s projections, or if the borrower fails to improve the operating performance of the asset or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the transitional loan, and we will bear the risk that we may not recover some or all of our investment. **During periods in which there are decreases in demand for certain properties as a result of macroeconomic factors, reductions in the financial resources of tenants and defaults by borrowers or tenants, borrowers face additional challenges in transitioning properties. Market downturns or other adverse macroeconomic factors may affect transitional loans in our portfolio more adversely than loans secured by more stabilized assets. A portion of our loans are secured by office space and similar commercial real estate. This sector has recently been affected by certain macroeconomic factors, such as an increased prevalence of remote work.** In addition, borrowers often use the proceeds of a ~~conventional mortgage~~ **sale or refinancing to repay a** loan **, and both sales and refinancings are subject** to ~~repay a transitional loan. We~~ **the broader risk that the underlying collateral** may ~~therefore~~ **not** be ~~dependent~~ **liquid and that financing may not be available** on **acceptable terms** ~~a borrower’ s ability to obtain permanent financing,~~ or **at all** ~~another transitional loan, to repay a transitional loan, which could depend on market conditions and other factors~~ . In the event of any failure to repay under a transitional loan held by us, we will bear the risk of loss of principal and non- payment of interest and fees to the extent of any deficiency between the value of the ~~mortgage~~ **underlying** collateral and the principal amount and unpaid interest of the ~~transitional~~ loan **. To the extent we suffer such losses with respect to our loans, it could adversely affect our results of operations and financial condition** . There can be no assurances that the U. S. or global financial systems will remain stable, and the occurrence of another significant credit market disruption may negatively impact our ability to execute our investment strategy, which would materially and adversely affect us. The U. S. and global financial markets experienced significant disruptions in the past, during which times global credit markets collapsed, borrowers defaulted on their loans at historically high levels, banks and other lending institutions suffered heavy losses and the value of real estate declined. During such periods, a significant number of borrowers became unable to pay principal and interest on outstanding loans as the value of their real estate declined. After the 2008 Global Financial Crisis, liquidity eventually returned to the market and property values recovered to levels that exceeded those observed prior to the Global Financial Crisis. However, declining real estate values due to ~~the COVID- 19 pandemic~~ **changes in interest rates, economic conditions** , or other factors, **have in the past and** could **again** in the future reduce the level of new mortgage and other real estate- related loan originations. Instability in the U. S. and global financial markets in the future could be caused by any number of factors beyond our control, including, without limitation, terrorist attacks or other acts of war and adverse changes in national or international economic, market and political conditions or another health pandemic. Any future sustained period of increased payment delinquencies, foreclosures or losses could adversely affect both our net interest income from loans in our portfolio as well as our ability to originate and acquire loans, which would materially and adversely affect us. ~~The planned discontinuance of LIBOR has affected and will continue to affect financial markets generally, and may adversely affect our interest income, interest expense, or both. On March 5, 2021, the Financial Conduct Authority of the U. K. (the “ FCA ”), which regulates LIBOR, announced (the “ FCA Announcement ”) that all LIBOR tenors relevant to us will cease to be published or will no longer be representative after June 30, 2023. The FCA Announcement coincides with the March 5, 2021 announcement (the “ IBA Announcement ” and, together with the FCA Announcement, the “ Announcements ”) of LIBOR’ s administrator, the ICE Benchmark Administration Limited (the “ IBA ”), indicating that, as a result of not having access to input data necessary to calculate LIBOR tenors relevant to us on a representative basis after June 30, 2023, the IBA would have to cease publication of such LIBOR tenors immediately after the last publication on June 30, 2023; however, in November 2022, the FCA, which regulates the IBA, announced a public consultation regarding whether it should compel IBA to continue publishing “ synthetic ” USD LIBOR settings from June 2023 to the end of September 2024. Further, on March 15, 2022, the Consolidated Appropriations Act of 2022, which includes the Adjustable Interest Rate (LIBOR) Act (the “ LIBOR Act ”) was signed into law in the U. S. This legislation establishes a uniform benchmark replacement process for financial contracts maturing after June 30, 2023 that do not contain clearly defined or practicable fallback provisions. Under the LIBOR Act, such contracts will automatically transition as a matter of law to a Secured Overnight Financing Rate (“ SOFR ”) based replacement rate identified by the Board of Governors of the Federal Reserve System (the “ Federal Reserve ”). The legislation also creates a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended by the Federal Reserve. In July 2022, the Federal Reserve issued a notice of proposed rulemaking implementing the LIBOR Act. As of December 31, 2022, no regulations have been promulgated. As of December 31, 2022, our loan portfolio included $ 4. 3 billion of floating rate loan commitments in which the interest rate was tied to LIBOR. Additionally, we had $ 1. 4 billion of floating rate liabilities tied to LIBOR. The Announcements mean that our assets or liabilities with interest rates tied to LIBOR that extend beyond June 30, 2023 will need to be converted to a replacement rate. In the United States, the Alternative Reference Rates Committee (the “ ARRC ”), a committee of private sector entities with ex- officio official sector members convened by the Federal Reserve Board and the Federal Reserve Bank of New York, has confirmed that, in its opinion, the March 5, 2021 announcements by the IBA and the FCA on future cessation and loss of representativeness of the LIBOR benchmarks constituted a “ Benchmark Transition Event ” with respect to all U. S. Dollar LIBOR settings and has recommended SOFR plus a recommended spread adjustment as LIBOR’ s replacement. Our loans originated after January 1, 2022 are indexed to SOFR, and, with respect to our assets originated or acquired and liabilities incurred prior to 2022, we continue to evaluate the appropriate timing to transition away from LIBOR to SOFR. As of December 31, 2022, our portfolio included $ 1. 1 billion of floating rate loan commitments and $ 2. 8 billion of floating rate liabilities with interest rates tied to SOFR. 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 could~~

~~have a material adverse effect 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 planned discontinuance 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; however, we cannot reasonably estimate the impact of the transition at this time. The transition from LIBOR to SOFR or other alternative reference rates may also introduce operational risks in our accounting, financial reporting, loan servicing, liability management and other aspects of our business. LIBOR being discontinued as a benchmark may cause one or more of the following to occur, among other impacts: (i) there may be an increase in the volatility of LIBOR prior to its discontinuance; (ii) fewer investments may be made using interest payment benchmarks based on LIBOR and more investments may be made using interest payment benchmarks other than LIBOR or bearing interest at a fixed rate, resulting in differential investment returns; (iii) there may be an increase in pricing volatility with respect to our investments and / or a reduction in the value of our investments; (iv) there may be a reduction in our ability to effectively hedge interest rate risks; and (v) we may incur losses from hedging disruptions due to transition basis risk, the cessation of LIBOR or an inability of us and our counterparties to effectively value our existing trades due to a lack of dealers providing LIBOR- based quotations in the derivatives markets. There is no certainty as to what rate or rates may become market- accepted alternatives to LIBOR or how those alternatives may impact us or our investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR. Financial markets, particularly the trading market for LIBOR- based obligations, may be adversely affected by the discontinuation of LIBOR, the remaining uncertainties regarding its discontinuation, the alternative reference rates that will be used when LIBOR is discontinued (including SOFR) and other reforms related to LIBOR. Any of the foregoing could materially and adversely affect us.~~ Difficulty in redeploying the proceeds from repayments of our existing loans and other investments could materially and adversely affect us. As our loans and other investments are repaid, we attempt to redeploy the proceeds we receive into new loans and investments **(which can include future fundings associated with our existing loans)** and repay borrowings under our secured ~~credit facilities~~ **financing agreements** and other financing arrangements. It is possible that we will fail to identify reinvestment options that would provide a yield and / or a risk profile that is comparable to the asset that was repaid. If we fail to redeploy the proceeds we receive from repayment of a loan or other investment in equivalent or better alternatives, we could be materially and adversely affected. If we cannot redeploy the proceeds we receive from repayments into funding loans in property types or geographic markets that our Manager has identified as priorities for us, such repayments may cause the composition of our loan portfolio to skew towards less favored property types or geographies and prevent us from achieving our portfolio construction objectives. If we are unable to successfully integrate new assets and manage our growth, our results of operations and financial condition may suffer. We have in the past and may in the future significantly increase the size and / or change the mix of our portfolio of assets. We may be unable to successfully and efficiently integrate newly- acquired assets into our existing portfolio or otherwise effectively manage our assets or our growth effectively. In addition, increases in our portfolio of assets and / or changes in the mix of our assets may place significant demands on our Manager' s administrative, operational, asset management, financial and other resources. Any failure to manage increases in size effectively could adversely affect our results of operations and financial condition. We operate in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit our ability to originate or acquire attractive investments in our target assets, which could have a material adverse effect on us. We operate in a competitive market for the origination and acquisition of attractive investment opportunities. We compete with a variety of institutional investors, including other REITs, debt funds, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, financial institutions, private equity and hedge funds, governmental bodies and other entities and may compete with TPG Funds **(such as the TRECO Funds)** , subject to ~~duty~~ **duties** to offer **, other contractual obligations** and other internal rules. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Several of our competitors, including other REITs, have recently raised, or are expected to raise, significant amounts of capital, and may have investment objectives that overlap with our investment objectives, which may create additional competition for lending and other investment opportunities. Some of our competitors may have a lower cost of funds and access to funding sources that may not be available to us or are only available to us on substantially less attractive terms. Many of our competitors are not subject to the operating constraints associated with REIT tax compliance or maintenance of an exclusion or exemption from the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more lending relationships than we do. Competition may result in realizing fewer investments, higher prices, acceptance of greater risk, greater defaults, lower yields or a narrower spread of yields over our borrowing costs. In addition, competition for attractive investments could delay the investment of our capital. Furthermore, changes in the financial regulatory regime could decrease the restrictions on banks and other financial institutions and allow them to compete with us for investment opportunities that were previously not available to, or otherwise pursued by, them. See " — Risks Related to Our Company — Changes in laws or regulations governing our operations or those of our competitors, or changes in the interpretation thereof, or newly enacted laws or regulations, could result in increased competition for our target assets, required changes to our business practices and collectively could adversely impact our revenues and impose additional costs on us, which could materially and adversely affect us. " As a result, competition may limit our ability to originate or acquire attractive investments in our target assets and could result in reduced returns. We can provide no assurance that we will be able to identify and originate or acquire attractive investments that are consistent with our investment strategy. The due diligence process undertaken by our Manager in regard to our investment opportunities may not reveal all facts relevant to an investment and, as a result, we may experience losses, which could materially and adversely affect us. Before originating a loan to a borrower or making other investments for us, our Manager conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances relevant to each potential investment. When conducting due diligence, our Manager may be required to evaluate important and complex issues, including but not limited to those related to business, financial, tax, accounting, environmental, ESG, technology, cybersecurity, legal and regulatory and macroeconomic trends. With respect to ESG, the nature and scope of our Manager' s diligence will vary based on the investment, but may include a review of, among other things: energy management, air and water pollution, land contamination, risks of fire, floods, hurricanes and wind storms, and other climate- related hazards, diversity, employee health and safety, accounting standards and bribery and corruption. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of potential investment. **The due diligence investigation with respect to any investment opportunity may not reveal or highlight all relevant facts (including fraud) or risks that may be necessary or helpful in evaluating such investment opportunity, and our Manager may not identify or foresee future developments that could have a material adverse effect on an investment. In addition,** ~~Selecting~~ **selecting** and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by our Manager or a third- party ESG specialist (if any) 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 asset managers or with market trends. The materiality of ESG risks and impacts on an individual potential investment or portfolio as a whole are dependent on many factors, including the relevant industry, country, asset class and investment style. Further, some matters covered by our Manager' s diligence, such as ESG, are continuously evolving and our Manager may not accurately or fully anticipate such evolution. For instance, our Manager' s ESG framework does not represent a universally recognized standard for assessing ESG considerations as there are different frameworks and methodologies being implemented by other asset managers, in addition to numerous international initiatives on the subject. There has also been recent regulatory focus on the marketing of socially conscious investment strategies and the methodology used to evaluate ESG, which has resulted in fines and penalties related to insufficient assessment processes around the marketing of investments marketed as ESG. Relying on the resources available to it, our Manager evaluates our potential investments based on criteria it deems appropriate for the relevant investment. Our Manager' s estimates may not prove accurate, as actual results may vary from estimates. If our Manager underestimates the asset- level losses relative to the price we pay for a particular investment, we may ~~experience~~ **be required to recognize an impairment and / or realize** losses with respect to such investment. Additionally, during the mortgage loan underwriting process, appraisals will generally be obtained by our Manager on the collateral underlying each prospective mortgage. Inaccurate or inflated appraisals may result in an increase in the severity of losses on the mortgage loans. Any such losses could materially and adversely affect us. Interest rate fluctuations could significantly decrease our ability to generate income on our investments, which could materially and adversely affect us. Our primary interest rate exposure relates to the yield on our investments and the financing cost of our debt. Changes in interest rates affect our net interest income, which is the difference between the interest income we earn on our interest- earning investments and the interest expense we incur in financing these investments. Interest rate fluctuations resulting in our interest expense exceeding our interest income would result in operating losses for us. Changes in the level of interest rates also may affect our ability to originate or acquire investments and may impair the value of our investments and our ability to realize gains from the disposition of assets. Changes in interest rates may also affect borrower default rates. In ~~2022~~ **an effort to combat rising inflation levels** , the U. S. Federal Reserve ~~raised benchmark overnight interest~~ **steadily began increasing the target funds** ~~rates~~ **rate** ~~on 7 occasions for a total aggregate~~ **in the first quarter of 2022 and continued to do so in 2023. The target federal funds rate** ~~increase~~ **increased** ~~of 425~~ **by 525** basis points **between March 2022 and December 2023** . ~~The~~ **These increases have increased our** ~~U. S. Federal Reserve may continue to raise benchmark overnight~~ interest ~~rates in 2023~~ **expense, increased our borrowers' interest payments, and, for certain borrowers, caused defaults and losses to us. These increases have also adversely affected commercial real estate property values** . Any ~~such~~ **further** increases **in the target federal funds rate** would increase our interest expense, increase our borrowers' interest payments, and, for certain borrowers, may cause defaults and possible losses to us. Such increases could also adversely affect commercial real estate property values **. Notwithstanding recent increases in interest rates, the U. S. Federal Reserve has indicated that it may decrease interest rates in 2024. In a period of declining interest rates, our interest income on floating- rate investments would generally decrease, while any decrease in the interest we are charged on our floating- rate debt may be subject to floors and may not compensate for such decrease in interest income. Any such scenario could adversely affect our results of operations and financial condition** . Our operating results depend, in part, on differences between the income earned on our investments, net of credit losses, and our financing costs. For any period during which our investments are not match- funded, the income earned on such investments may respond more slowly to interest rate fluctuations than the cost of our borrowings. Consequently, changes in interest rates, particularly short- term interest rates, could materially and adversely affect us. Prepayment rates may adversely affect our financial performance and cash flows and the value of certain of our investments. Our business is currently focused on originating floating rate mortgage loans secured by commercial real estate assets. Generally, our mortgage loan borrowers may repay their loans prior to their stated maturities. In periods of declining interest rates and / or credit spreads, prepayment rates on loans will generally increase. If general interest rates or credit spreads decline at the same time, the proceeds of such prepayments received during such periods may not be reinvested for some period of time or may be reinvested by us in comparable assets with lower yields than the assets that were prepaid. Conversely, in periods of rising interest rates, prepayment rates are likely to decrease and the number of our borrowers who exercise extension options, which could extend beyond the term of certain secured financing agreements we use to finance a portion of our loan investments, is likely to increase. This could have a negative impact on our results of operations, and in some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses. The value of certain of our assets may be affected by prepayment rates. For example, if in the future we acquire fixed rate CRE debt securities investments or other fixed rate mortgage- related securities, or a pool of such fixed rate mortgage- related securities, we anticipate that the mortgage loans underlying these fixed rate securities will prepay at a projected rate generating an expected yield. If we were to purchase these securities at a premium to par value, when borrowers prepay the mortgage loans underlying these securities faster than expected, the increase in corresponding prepayments on these securities will likely reduce the expected yield. Conversely, if we were to purchase these securities at a discount to par value, when borrowers prepay the mortgage loans underlying these securities slower than expected, the decrease in corresponding prepayments on these securities will likely increase the expected yield. In addition, if we were to purchase these securities at a discount to par value, when borrowers prepay the mortgage loans underlying these securities faster than expected, the increase in corresponding prepayments on these securities will likely increase the expected yield. Prepayment rates on floating rate and fixed rate loans may differ in different interest rate environments, and may be affected by a number of factors, including, but not limited to, fluctuations in asset values, the availability of mortgage credit, the status of the business plan for the underlying property, the relative economic vitality of the area in which the related properties are located, the servicing of the loans, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic and legal factors, all of which are beyond our control, and structural factors such as call protection. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment risk. Our loans often contain penalty provisions to borrowers that repay their loan prior to initial maturity. These deterrents to repayment include prepayment fees expressed as a percentage of the unpaid principal balance, or the amount of foregone net interest income due us from the date of repayment through initial maturity, or a sooner date that is frequently 12 or 18 months after the origination date. Loans that are outstanding beyond the end of the call protection or yield maintenance period can be repaid at any time, subject only to interest due through the next interest payment date. The absence of call protection provisions may expose the ~~company~~ **Company** to the risk of early repayment of loans, and the inability to redeploy its capital accretively. Our investments may be concentrated and could be subject to risk of default. We are not required to observe specific diversification criteria. Therefore, our investments may be 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. For example, as of December 31, ~~2022~~ **2023** , ~~28~~ **49** . ~~5~~ **2** % and ~~28~~ **49** . ~~0~~ **7** % of the loan investments in our portfolio, based on total loan commitments and unpaid principal balance, respectively, consisted of loans secured by ~~office buildings~~ **multifamily properties** and ~~46~~ **19** . ~~0~~ **9** % and ~~47~~ **19** . ~~5~~ **8** % of the loan investments in our portfolio, based on total loan commitments and unpaid principal balance, respectively, consisted of loans secured by ~~multifamily properties~~ **office buildings** . Although we attempt to mitigate our risk through various credit and structural protections, we cannot assure you that these efforts will be successful. To the extent that our portfolio is concentrated in any one region or type of asset, 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, depending upon whether such loans are matched- term funded, may pressure our liquidity position. While we seek to construct our portfolio to mitigate such risk, we may not be successful and this may be beyond our control, such as due to underlying loan repayments concentrated in a particular property type. Such outcomes may adversely affect the market price of our common stock and, accordingly, have a material adverse effect on us. For more information on the concentration of credit risk in our loan portfolio by geographic region, property type and loan category, see Note 15 to our Consolidated Financial Statements included in this Form 10- K. The illiquidity of certain of our loans and other investments may materially and adversely affect us. The illiquidity of certain of our loans and other investments may make it difficult for us to sell such loans and other investments if the need or desire arises. In addition, certain of our loans and other investments may become less liquid after we originate or acquire them as a result of periods of delinquencies or defaults or turbulent market conditions, including due to current market conditions and exacerbated market volatility, which may make it more difficult for us to dispose of such loans and other investments at advantageous times or in a timely manner. Moreover, we expect that many of our investments are not or will not be registered under the relevant securities laws, resulting in prohibitions against their transfer, sale, pledge or their disposition except in transactions that are exempt from registration requirements or are otherwise in accordance with such laws. As a result, many of our loans and other investments are or will be illiquid, and if we are required to liquidate all or a portion of our portfolio quickly, for example as a result of margin calls, we may realize significantly less than the value at which we have previously recorded our investments. For a discussion of losses that we recorded from sales of our CRE debt securities that we made in connection with margin calls against our former CRE debt securities portfolio in March and April of 2020, see " — Risks Related to Our Financing — Our financing arrangements may require us to provide additional collateral or repay debt. " Further, we may face other restrictions on our ability to liquidate a loan or other investment to the extent that we or our Manager (and / or its affiliates) has or could be attributed as having material, non- public information regarding such business entity. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited, which could materially and adversely affect us. Most of the commercial mortgage loans that we originate or acquire are nonrecourse loans and the assets securing these loans may not be sufficient to protect us from a partial or complete loss if the borrower defaults on the loan, which could materially and adversely affect us. Except for customary nonrecourse carve- outs for certain actions and environmental liability, most commercial mortgage loans are nonrecourse obligations of the sponsor and borrower, meaning that there is no recourse against the assets of the ~~borrower or~~ sponsor other than the underlying collateral. In the event of any default under a commercial mortgage loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the principal of and accrued interest on the mortgage loan, which could materially and adversely affect us. Even if a commercial mortgage loan is recourse to the borrower, in most cases, the borrower' s assets are limited primarily to its interest in the related mortgaged property. Further, although a commercial mortgage loan may provide for limited recourse to a principal or affiliate of the related borrower, there is no assurance that any recovery from such principal or affiliate will be made or that such principal' s or affiliate' s assets would be sufficient to pay any otherwise recoverable claim. In the event of the bankruptcy of a borrower, the loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession to the extent the lien is unenforceable under state law. We may not have control over certain of our investments. Our ability to manage our portfolio may be limited by the form in which our investments are made. In certain situations, we have: • acquired loans or investments subject to rights of senior classes, servicers or collateral managers under intercreditor or servicing agreements or securitization documents; • pledged our investments as collateral for financing arrangements; • acquired only a minority and / or a non- controlling participation in an underlying loan or investment; • co-invested with others through partnerships, joint ventures or other entities, thereby acquiring non- controlling interests; or • relied on independent third- party management or servicing with respect to the management of an asset. Therefore, we may not be able to exercise control over all aspects of our loans and investments. Such financial assets may involve risks not present in investments where senior creditors, junior creditors, servicers or third- party controlling investors are not involved. Our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours. A partner or co- venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals that are inconsistent with ours, or may be in a position to take action contrary to our investment objectives. In addition, we may, in certain circumstances, be liable for the actions of our partners or co- venturers. Future joint venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on joint venture partners' financial condition and liquidity and disputes between us and our joint venture partners. We may in the future make investments through joint ventures. Such joint venture investments may involve risks not otherwise present when we originate or acquire investments without partners, including the following: • we may not have exclusive control over the investment or the joint venture, which may prevent us from taking actions that are in our best interest; • joint venture agreements often restrict the transfer of a partner' s interest or may otherwise restrict our ability to sell the interest when we desire and / or on advantageous terms; • any future joint venture agreements may contain buy- sell provisions pursuant to which one partner may initiate procedures requiring the other partner to choose between buying the other partner' s interest or selling its interest to that partner; • we may not be in a position to exercise sole decision- making authority regarding the investment or joint venture, which could create the potential risk of creating impasses on decisions, such as with respect to acquisitions or dispositions; • a partner may, at any time, have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals; • a partner may be in a position to take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT and our exclusion or exemption from registration under the Investment Company Act; • a partner may fail to fund its share of required capital contributions or may become bankrupt, which may mean that we and any other remaining partners generally would remain liable for the joint venture' s liabilities; • our relationships with our partners are contractual in nature and may be terminated or dissolved under the terms of the applicable joint venture agreements and, in such event, we may not continue to own or operate the interests or investments underlying such relationship or may need to purchase such interests or investments at a premium to the market price to continue ownership; • disputes between us and a partner may result in litigation or arbitration that could increase our expenses and prevent our Manager and our officers and directors from focusing their time and efforts on our business and could result in subjecting the investments owned by the joint venture to additional risk; or • we may, in certain circumstances, be liable for the actions of a partner, and the activities of a partner could adversely affect our ability to maintain our qualification as a REIT or our exclusion or exemption from registration under the Investment Company Act, even though we do not control the joint venture. Any of the above may subject us to liabilities in excess of those contemplated and adversely affect the value of our future joint venture investments. We are subject to additional risks associated with investments in the form of loan participation interests. We have in the past invested, and may in the future invest, in loan participation interests in which another lender or lenders share with us the rights, obligations and benefits of a commercial mortgage loan made by an originating lender to a borrower. Accordingly, we will not be in privity of contract with a borrower because the other lender or participant is the record holder of the loan and, therefore, we will not have any direct right to any underlying collateral for the loan. These loan participations may be senior, pari passu or junior to the interests of the other lender or lenders in respect of distributions from the commercial mortgage loan. Furthermore, we may not be able to control the pursuit of any rights or remedies under the commercial mortgage loan, including enforcement proceedings in the event of default thereunder. In certain cases, the original lender or another participant may be able to take actions in respect of the commercial mortgage loan that are not in our best interests. In addition, in the event that (1) the owner of the loan participation interest does not have the benefit of a perfected security interest in the lender' s rights to payments from the borrower under the commercial mortgage loan or (2) there are substantial differences between the terms of the commercial mortgage loan and those of the applicable loan participation interest, such loan participation interest could be recharacterized as an unsecured loan to a lender that is the record holder of the loan in such lender' s bankruptcy, and the assets of such lender may not be sufficient to satisfy the terms of such loan participation interest. Accordingly, we may face greater risks from loan participation interests than if we had made first mortgage loans directly to the owners of real estate collateral. Mezzanine loans, B- Notes and other investments that are subordinated or otherwise junior in an issuer' s capital structure, such as preferred equity, and that involve privately negotiated structures, will expose us to greater risk of loss. We have in the past originated and acquired, and may in the future originate and acquire, mezzanine loans, B- Notes and other investments that are subordinated or otherwise junior in an issuer' s capital structure, such as preferred equity, and that involve privately negotiated structures. To the extent we invest in subordinated debt or preferred equity, such investments and our remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of holders of more senior tranches in the issuer' s capital structure and, to the extent applicable, contractual co- lender, intercreditor, and / or participation agreement provisions, which will expose us to greater risk of loss. As the terms of such loans and investments are subject to contractual relationships among lenders, co-lending agents and others, they can vary significantly in their structural characteristics and other risks. For example, the rights of holders of B- Notes to control the process following a borrower default may vary from transaction to transaction. Like B- Notes, mezzanine loans are by their nature structurally subordinated to more senior property- level financings. If a borrower defaults on our mezzanine loan or on debt senior to our loan, or if the borrower is in bankruptcy, our mezzanine loan will be satisfied only after the property- level debt and other senior debt is paid in full. As a result, a partial loss in the value of the underlying collateral can result in a total loss of the value of the mezzanine loan. In addition, even if we are able to foreclose on the underlying collateral following a default on a mezzanine loan, we would be substituted for the defaulting borrower and, to the extent income generated on the underlying property is insufficient to meet outstanding debt obligations on the property, we may need to commit substantial additional capital and / or deliver a replacement guarantee by a creditworthy entity, which could include us, to preserve the existing mortgage loan on the property, stabilize the property and prevent additional defaults to lenders with existing liens on the property. In addition, mezzanine loans may have higher LTVs than conventional mortgage loans, resulting in less equity in the underlying property and increasing the risk of default and loss of principal. Significant losses related to our B- Notes and mezzanine loans would result in operating losses for us and may limit our ability to make distributions to our stockholders. Our origination or acquisition of construction loans exposes us to an increased risk of loss. We may originate or acquire construction loans. If we fail to fund our entire commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including, but not limited to: a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete construction from other sources; a borrower claim against us for failure to perform under the loan documents; increased costs to the borrower that the borrower is unable to pay; a bankruptcy filing by the borrower; and abandonment by the borrower of the collateral for the loan. A borrower default on a construction loan where the property has not achieved completion poses a greater risk than a conventional loan, as completion would be required before the property is able to generate revenue. As described below, the process of foreclosing on a property is time- consuming, and we may incur significant expense if we foreclose on a property securing a loan under these or other circumstances. Risks of cost overruns and non- completion of the construction or renovation of the properties underlying loans we originate or acquire could materially and adversely affect us. The renovation, refurbishment or expansion by a borrower of a mortgaged property involves risks of cost overruns and non- completion. Costs of construction or renovation to bring a property up to market standards for the intended use of that property may exceed original estimates, possibly making a project uneconomical. **Inflation in the cost of labor and materials, as well as global supply chain shortages or slowdowns can also create challenges.** Other risks may include: environmental risks, permitting risks, other construction risks, and subsequent leasing of the property not being completed on schedule or at projected rental rates. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged reduction of net operating income and may be unable to make payments of interest or principal to us, which could materially and adversely affect us. Investments that we make in CRE debt securities and other similar structured finance investments, as well as those that we structure, sponsor or arrange, pose additional risks. We have in the past invested, and may in the future invest, in CRE debt securities such as ~~commercial mortgage- backed securities (“~~ CMBS ~~”)~~ and CRE CLO debt securities, including in select instances subordinate classes of CLOs and other similar structured finance investments secured by a pool of mortgages or loans. Such investments are the first or among the first to bear loss upon a restructuring or liquidation of the underlying collateral, and the last to receive payment of interest and principal. There is generally only a nominal amount of equity or other debt securities junior to such positions, if any, issued in such structures. The estimated fair values of such subordinated interests tend to be much more sensitive to economic downturns and adverse underlying borrower developments than more senior securities. A projection of an economic downturn, for example, could cause a decline in the price of lower credit quality CRE debt securities because the ability of borrowers to make principal and interest payments on the mortgages or loans underlying such securities may be impaired. There may not be a trading market for subordinate interests in CMBS and CRE CLOs and similar structured finance investment vehicles generally, and volatility in CMBS and CRE CLO trading markets may cause the value of these investments to decline. In addition, if the underlying mortgage portfolio has been overvalued by the issuer, or if the value of the underlying mortgage portfolio declines and, as a result, less collateral value is available to satisfy interest and principal payments and any other fees in connection with the trust or other conduit arrangement for such securities, we may incur significant losses. Subordinate interests in CRE CLOs are typically rated non- investment grade, and the most subordinate class is typically not rated, and any investments that we make in such interests would subject us to the risks inherent in such investments. See “ — Risks Related to Our Lending and Investment Activities — Investments in non- investment grade, rated or unrated, investments involve an increased risk of default and loss. ” With respect to the CRE debt securities in which we may invest, control over the related underlying loans will be exercised through a special servicer or collateral manager designated by a “ directing certificate holder ” or a “ controlling class representative, ” or otherwise pursuant to the related securitization documents. We may acquire classes of CRE debt securities for which we may not have the right to appoint the directing certificate holder or otherwise direct the special servicing or collateral management, either at inception of the investment or at a later date if the controlling class is determined to be a class of CRE debt securities other than the class we acquired. With respect to the management and servicing of those loans, the related special servicer or collateral manager may take actions that could materially and adversely affect our interests. Many of our investments may not conform to conventional loan standards applied by traditional lenders and either will not be rated (as is often the case for private loans) or will be rated as non- investment grade by the rating agencies. As a result, these investments should be expected to have an increased risk of default and loss as compared to investment- grade rated assets. Any loss we incur may be significant and may materially and adversely affect us. Our investment guidelines do not limit the percentage of unrated or non- investment grade rated assets we may hold in our portfolio. Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded. Some of our investments may be rated by rating agencies. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be downgraded or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower- than- expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value and liquidity of our investments could significantly decline, which would adversely affect the value of our investment portfolio and could result in losses upon disposition or the failure of borrowers to satisfy their debt service obligations to us. **In certain cases (e. g., in connection with a workout, restructuring and / or foreclosure proceedings involving one or more of our loans), the success of our investment strategy will depend, in part, on our ability to effectuate loan modifications and / or restructurings with our borrowers. The activity of identifying and implementing successful modifications and restructurings entails a high degree of uncertainty, including macroeconomic and borrower- specific factors beyond our control that impact our borrowers and their operations. There can be no assurance that any of the loan modifications and restructurings we have effected will be successful or that (i) we will be able to identify and implement successful modifications and / or restructurings with respect to any other distressed loans or investments we may have from time to time, or (ii) we have sufficient resources to implement such modifications and / or restructurings in times of widespread market challenges. Further, such loan modifications and / or restructurings may entail, among other things, a substantial reduction in the interest rate and / or a substantial write- off of the principal of such loans. Moreover, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such loan, replacement " takeout " financing will not be available. Additionally, such loan modifications may result in our becoming the owner of underlying the real estate. We have in the past and may in the future acquire ownership of property securing our loans through foreclosure or deed- in- lieu of foreclosure. When we take title to the property securing one of our loans, and if we do not or cannot sell the property, we own and operate the property as " real estate owned " or" REO". Our real estate owned assets are subject to risks particular to real property. These risks may have resulted and may continue to result in a reduction or elimination of return from a loan secured by a particular property. To the extent we acquire ownership of properties securing our loans through foreclosure or deed- in- lieu of foreclosure and own real estate directly, as we have done and will likely continue to do, we are subject to risks particular to owning real property. Taking title to, owning and operating real property involves risks that are different (and in many ways more significant) than the risks faced in owning a loan secured by that property. The process of taking title to a property, including through foreclosure or deed- in- lieu of foreclosure, subjects us to the risk of incurring significant costs, including transaction costs such as legal fees and transfer taxes, and in the case of foreclosures, litigation costs. Once owned, the costs associated with operating and redeveloping the property, including any operating shortfalls, the costs of financings, and significant capital expenditures, could materially and adversely affect our results of operations, financial condition and liquidity. In addition, at such time that we elect to sell such property, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis, resulting in a loss to us. Furthermore, any costs or delays involved in the maintenance or liquidation of the underlying property will further reduce the net proceeds and, thus, increase the loss. Ownership and operation of real estate is subject to various risks, including: • increases in the costs and availability of various property- related insurance; If any of these or similar events occurs, it may reduce our return from an affected property or investment and reduce or eliminate our ability to pay dividends to stockholders.** We have in the past and may in the future need to foreclose on certain of the loans we originate or acquire, which could result in losses that materially and adversely affect us. We may find it necessary or desirable to foreclose on certain of the loans we originate or acquire, and the foreclosure process may be lengthy and expensive. Whether or not we have participated in the negotiation of the terms of any such loans, we cannot assure you as to the adequacy of the protection of the terms of the applicable loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted by lenders or borrowers that might interfere with enforcement of our rights. 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 basis in fact, in an effort to prolong the foreclosure action and seek to force the lender into a modification of the loan or a favorable discounted pay- off of the borrower' s position in the loan. In some states, foreclosure actions can take several years or more to litigate. 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 further delaying the foreclosure process and could potentially result in a reduction or discharge of a borrower' s debt. The expense of a foreclosure process may be exacerbated if we determine that it is necessary or desirable to make expenditures to protect the property during the foreclosure process. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value. Even if we are successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of the loan or a liquidation of the underlying property will further reduce the net proceeds and, thus, increase the loss. The incurrence of any such losses could materially and adversely affect us. The valuation of the commercial real estate that secures or otherwise supports our investments is inherently subjective and uncertain due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and the valuation methodology adopted. **Appraisals we obtain from third- party appraisers may be overstated or market values may decline, which could result in inadequate collateral for loans we make.** In addition, where we invest in **transitional or** construction loans, initial valuations will assume completion of the **business plan or** project. As a result, the valuations of the commercial real estate that secures or otherwise supports investments are made on the basis of assumptions and methodologies that may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the commercial real estate markets such as that recently experienced due to the COVID- 19 pandemic and other macroeconomic factors. **Regardless of whether an appraisal is accurate at the time it is completed, all valuations are subject to change, especially during periods of market volatility or reduced demand for real estate, which may make it difficult to ensure loans are collateralized as expected across the life of the loan. The valuation of loans we hold may not reflect the price at which the loan is ultimately sold in the market, and the difference between that valuation and the ultimate sales price could be material. Valuation methodologies are subject to change from time to time.** Our ~~reserves~~ **allowance** for loan losses may prove inadequate, which could have a material adverse effect on us. We evaluate our loans and **allowance for** loan ~~loss~~ **losses** ~~reserves~~, and we will evaluate the adequacy of any future **allowance for** loan ~~loss~~ **losses** ~~reserves~~ we are required to recognize, on a quarterly basis. In the future, we may maintain varying levels of **an allowance for** loan ~~loss~~ **losses** ~~reserves~~. Our determination of general and asset- specific **allowance for** loan ~~loss~~ **losses** ~~reserves~~ may rely on material estimates regarding many factors, including the fair value of any loan collateral. The estimation of ultimate loan losses, **allowance for loan** ~~loss~~ **losses** ~~reserves~~, and credit loss expense is a complex and subjective process. As such, there can be no assurance that our judgment will prove to be correct and that any future **allowance for** loan ~~loss~~ **losses** ~~reserves~~ will be adequate over time to protect against losses inherent in our portfolio at any given time. Any such losses could be caused by various factors, including, but not limited to, unanticipated adverse changes in the economy or events adversely affecting specific assets, borrowers, industries in which our borrowers operate or markets in which our borrowers or their properties are located. If our future ~~reserves~~ **allowance** for loan losses prove inadequate, we may recognize additional losses, which could have a material adverse effect on us. In June 2016, the FASB issued Accounting Standards Update 2016- 13, " Financial Instruments- Credit Losses, Measurement of Credit Losses on Financial Instruments (Topic 326), " which on its adoption date of January 1, 2020 replaced the former " incurred loss " model for recognizing credit losses with an " expected loss " model referred to as the Current Expected Credit Losses (" CECL ") model. Under the CECL model, which we adopted on January 1, 2020, we are required to present certain financial assets carried at amortized cost, such as loans held for investment, at the net amount expected to be collected. The measurement of expected credit losses over the life of each financial asset is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This measurement occurs when the financial asset is first added to the balance sheet and updated quarterly thereafter. This differs significantly from the " incurred loss " model that was previously required under GAAP, which delayed recognition until it was probable a loss had been incurred. Thus, the amount that we report as our allowance for loan losses has been and will likely continue to be more volatile than under the " incurred loss " model that we were required to use prior to January 1, 2020. The CECL model is an accounting estimate and is inherently uncertain because it is sensitive to changes in economic and credit conditions in the geographic locations in which we operate. Economic and credit conditions are interdependent and as a result there is no single factor to which the Company as a whole is sensitive; therefore, it is possible that actual events will ultimately differ from the assumptions built into the financial model used by the Company to determine its future expected loan losses, resulting in material adjustments to the Company' s financial assets measured at amortized cost. Additionally, the Company' s application of CECL is subject to ongoing review and evaluation and open to change should relevant information emerge. If we are required to materially increase our level of allowance for loan losses for any reason, such increase could adversely affect our business, financial condition and results of operations. We may experience a decline in the fair value of investments we may make in CRE debt securities, which could materially and adversely affect us. A decline in the fair value of investments we may make in CRE debt securities may require us to recognize an other- than- temporary (" OTTI ") impairment against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the original acquisition cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other- than- temporarily impaired. Such impairment charges reflect non- cash losses at the time of recognition. The subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we experience a decline in the fair value of our investments, it could materially and adversely affect us, our financial condition, and our results of operations. Some of our investments may be recorded at fair value and, as a result, there will be uncertainty as to the value of these investments. Our investments are not publicly- traded but some of our investments may be publicly- traded in the future. The fair value of securities and other investments that are not publicly- traded may not be readily determinable. Any of our investments classified as available- for- sale or as trading assets will be recorded each quarter at their fair value, which may include unobservable inputs. Because such valuations are subjective, the fair value of certain of our investments may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal. Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of investments treated as available- for- sale or trading assets were materially higher than the values that we ultimately realize upon their disposal. In addition to other analytical tools, our Manager utilizes financial models to evaluate commercial mortgage loans and estimate expected losses. The accuracy and effectiveness of these analytical tools cannot be guaranteed. In addition to other analytical tools, our Manager utilizes financial models to evaluate the credit quality of commercial mortgage loans. The accuracy and effectiveness of these analytical tools cannot be guaranteed. It is possible that financial models used for our CECL estimate may fail to include relevant factors or to accurately estimate the impact of factors they identify. In all cases, financial models are only estimates of future results which are based upon assumptions made at the time that the projections are developed. There can be no assurance that our Manager' s projected results will be attained and actual results may vary significantly from the projections. General economic and industry- specific conditions, which are not predictable, can have an adverse impact on the reliability of projections. Insurance proceeds on 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. There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also might result in insurance proceeds that are insufficient to repair or replace a property if it is damaged or destroyed. Under these circumstances, the insurance proceeds received with respect to a property relating to one of our investments might not be adequate to restore our economic position with respect to our investment. Any uninsured loss could result in the corresponding non- performance of or loss on our investment related to such property. In circumstances where insurance proceeds on a property are insufficient to cover losses on the property, we may pursue various financing or structuring strategies in an effort to restore our economic position with respect to our investment or to mitigate our exposure to losses associated with the investment. These structuring and financing strategies may not be successful and would also expose us to any risks that may be associated with such strategies. **In the past few years, the costs of property insurance have increased significantly, and these increased costs have had an adverse effect on us. Increased insurance costs or the unavailability of some insurance coverages altogether have adversely affected the ability of our borrowers to operate the properties securing our loans profitably, as well as our own ability to profitably operate and dispose of our real estate owned. Market conditions may also limit the scope of insurance or coverage available to our borrowers or us on economic terms. Any uninsured loss with respect to a property relating to one of our investments could result in the corresponding non-performance of or loss on our investment related to such property. See " — Risks Related to Our Lending and Investment Activities — Insurance proceeds on 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. "** The impact of any future terrorist attacks and the availability of affordable terrorism insurance expose us to certain risks. Terrorist attacks (including cyber sabotage or similar attacks), the anticipation of any such attacks, the consequences of any military or other response by the U. S. and its allies, and other armed conflicts could cause consumer confidence and spending to decrease or result in increased volatility in the U. S. and worldwide financial markets and economy. The economic impact of these events could also adversely affect the credit quality of some of our investments and the properties underlying our interests. We may suffer losses as a result of the adverse impact of any future attacks and these losses may adversely impact our performance and may cause the market price of our common stock to decline or be more volatile. A prolonged economic slowdown, a recession or declining real estate values could impair the performance of our investments, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us, any of which could materially and adversely affect us. Losses resulting from these types of events may not be fully insurable. In addition, with the enactment of the Terrorism Risk Insurance Act of 2002 (" TRIA ") and the subsequent enactment of legislation extending TRIA through the end of 2027, insurers are required to make terrorism insurance available under their property and casualty insurance policies, but this legislation does not regulate the pricing of such insurance, and there is no assurance that TRIA will be extended beyond 2027. The absence of affordable insurance coverage may adversely affect the general real estate finance market, lending volume and the market' s overall liquidity and may reduce the number of suitable investment opportunities available to us and the pace at which we are able to make investments. If the properties underlying our investments are unable to obtain affordable insurance coverage, the value of those investments could decline, and in the event of an uninsured loss, we could lose all or a portion of our investment. Liability relating to environmental matters may impact the value of properties that we may acquire upon **judicial or non- judicial** foreclosure **, or deed- in- lieu of foreclosure,** of the properties ~~underlying~~ **securing** our loans. To the extent we ~~foreclose on~~ **acquire ownership of** properties ~~underlying~~ **securing** our loans **through foreclosure or deed- in- lieu of foreclosure and own real estate directly, as we have done and will likely continue to do** , we may be subject to environmental liabilities arising from such ~~foreclosed~~ properties. Under various U. S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. 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. If we ~~foreclose on~~ **acquire ownership of** any properties underlying our loans, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs. As a result, the discovery of material environmental liabilities attached to such properties could materially and adversely affect us. Climate change has the potential to impact the properties underlying our investments. Currently, it is not possible to predict how legislation or new regulations that may be adopted to address greenhouse gas emissions will impact commercial properties. However, any such future laws and regulations imposing reporting obligations or limitations on greenhouse gas emissions or additional taxation of energy use could require the owners of properties to make significant expenditures to attain and maintain compliance. Any such increased costs could impact the financial condition of our borrowers and their ability to meet their loan obligations to us. Consequently, any new legislative or regulatory initiatives related to climate change could adversely affect our business. Owners of properties are also subject to legislation that has been passed but has not yet taken effect. For example, owners of large commercial buildings in New York City are subject to Local Law 97 passed by the New York City Council in April 2019, which for each such building establishes annual limits for greenhouse gas emissions, requires yearly emissions reports beginning in May 2025, and imposes penalties for emissions above such limits. We also face business trend- related climate risks. Investors are increasingly taking into account ESG factors, including climate risks, in determining whether to invest in companies or properties. Additionally, our reputation and investor relationships could be damaged as a result of our involvement with certain industries or assets associated with activities perceived to be causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. The physical impact of climate change could also have a material adverse effect on the properties underlying our investments. Physical effects of climate change such as increases in temperature, sea levels, the severity of weather events and the frequency of natural disasters, such as hurricanes, tropical storms, tornadoes, wildfires **, droughts** , floods and earthquakes, among other effects, could damage the properties underlying our investments. The costs of remediating or repairing such damage, or of investments made in advance of such weather events to minimize potential damage, could be considerable. Additionally, such actual or threatened climate change related damage could increase the cost of, or make unavailable, insurance on favorable terms on the properties underlying our investments. Such repair, remediation or insurance expenses could reduce the net operating income of the properties underlying our investments which may in turn impair borrowers' ability to repay their obligations to us. We may be subject to lender liability claims, and if we are held liable under such claims, we could be subject to losses. In recent years, a number of judicial decisions have upheld the right 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 stockholders. We cannot assure you that such claims will not arise or that we will not be subject to significant liability and losses if a claim of this type were to arise. If the loans that we originate or acquire do not comply with applicable laws, we may be subject to penalties, which could materially and adversely affect us. Loans that we originate or acquire may be directly or indirectly subject to U. S. federal, state or local governmental 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 Truth in Lending, Equal Credit Opportunity, Fair Housing and Americans with Disabilities Acts and local zoning laws (including, but not limited to, zoning laws that allow permitted non- conforming uses). If we or any other person fails 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. Additionally, jurisdictions with " one action, " " security first " and / or " anti- deficiency rules " may limit our ability to foreclose on a real property or to realize on obligations secured by a real 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. If we originate or acquire commercial mortgage loans or commercial real estate- related debt instruments secured by liens on facilities that are subject to a ground lease and such ground lease is terminated unexpectedly, our interests in such loans could be materially and adversely affected. A ground lease is a lease of land, usually on a long- term basis, that does not include buildings or other improvements on the land. Normally, any real property improvements made by the lessee during the term of the lease will revert to the landowner at the end of the lease term. We may originate or acquire commercial mortgage loans or commercial real estate- related debt instruments secured by liens on **leasehold interests** ~~facilities that are subject to a ground lease~~ , and, if the ground lease were to expire or terminate unexpectedly, due to the borrower' s default on such ground lease, our interests in such loans could be materially and adversely affected. Additionally, any rent payments that the borrower may be obligated to make pursuant to the terms of such ground lease would reduce cash flows available to the borrower from the property, which may in turn impair the borrower' s ability to repay the borrower' s obligations to us. We have a significant amount of debt, which subjects us to increased risk of loss, and our charter and bylaws contain no limitation on the amount of debt we may incur or have outstanding. As of December 31, ~~2022~~ **2023** , we had $ ~~4~~ **3** . ~~2~~ **0** billion of debt outstanding. In the future, subject to market conditions and availability, we may incur additional debt through secured credit agreements, secured revolving credit ~~agreements~~ **facilities** , structured financing such as non- recourse CLO liabilities, and derivative instruments, in addition to transaction or asset- specific financing arrangements. We may also rely on short- term financing that would especially expose us to changes in availability. We may also issue additional equity, equity- related and debt securities to fund our investment strategy. On May 28, 2020, we issued $ 225. 0 million in shares of 11 % Series B Cumulative Redeemable Preferred Stock, par value $ 0. 001 per share (the " Series B Preferred Stock "). On June 14, 2021, we issued $ 201. 3 million in shares of 6. 25 % Series C Cumulative Redeemable Preferred Stock, par value $ 0. 001 per share (the " Series C Preferred Stock ") and redeemed all of our outstanding shares of Series B Preferred Stock. As of December 31, ~~2022~~ **2023** , we were a party to secured credit agreements with each of Goldman Sachs Bank USA, ~~JP Morgan Chase Bank, National Association,~~ Morgan Stanley Bank, N. A., Wells Fargo Bank, National Association, Barclays Bank PLC, and Bank of America N. A., with an aggregate maximum amount of approximately $ 2. ~~8~~ **2** billion available to finance our loan investments. Subject to compliance with the leverage covenants contained in our secured credit agreements and other financing documents, we expect that the amount of leverage that we will incur in the future will take into account a variety of factors, which may include our Manager' s assessment of credit, liquidity, price volatility and other risks of our investments and the financing counterparties, the potential for losses and extension risk in our portfolio, availability of particular types of financing at the then- current rate and our cash needs. Given current market conditions, we expect that our overall leverage, measured as the ratio of debt to equity excluding cash on our consolidated balance sheets, will generally be less than 3. 75: 1 (as defined under our secured credit agreements), subject to compliance with our financial covenants under our secured credit agreements, and other contractual obligations, although we may employ more or less leverage on individual loan investments after consideration of the impact on expected risk and return of the specific situation, and future changes in value of underlying properties. To the extent we believe market conditions are favorable, we may revise our leverage policy in the future. 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 of and interest on our debt, which is likely to result in (a) acceleration of such debt (and any other debt containing a cross- default or cross- acceleration provision), which we then may be unable to repay from internal funds or to refinance on favorable terms, or at all, (b) our inability to borrow undrawn amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements, which would result in a decrease in our liquidity, and / or (c) the loss of some or all of our collateral assets to foreclosure or sale; • our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that investment yields will increase in an amount sufficient to offset the higher financing costs; • we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, stockholder distributions or other purposes; and • we may not be able to refinance any debt that matures prior to the maturity (or realization) of an underlying investment it was used to finance on favorable terms or at all. There can be no assurance that our leverage strategy will be successful, and our leverage strategy may cause us to incur significant losses, which could materially and adversely affect us. Our ability to fund our investments and refinance our existing indebtedness will be impacted by our ability to secure additional financing on favorable terms through various arrangements, including secured credit agreements, non-recourse CLO financing, mortgage loans, and asset- specific borrowings. **High interest rates have increased and could continue to increase the cost of debt financing for the transactions we pursue.** In certain instances, we create structural leverage through the co- origination or non- recourse syndication of a senior loan interest to a third party. In either case, the senior mortgage loan is not included on our consolidated balance sheets, and we refer to such senior loan interest as a " non-consolidated senior interest. " When we create structural leverage through the co- origination or non- recourse syndication of a senior loan interest to a third party, we retain on our balance sheet a mezzanine loan. Over time, in addition to these types of financings, we may use other forms of leverage, including derivative instruments and public and private secured and unsecured debt issuances by us or our subsidiaries. Our access to additional sources of financing will depend upon a number of factors, over which we have little or no control, including: • **the overall** ~~general economic or market conditions~~ **condition of the financial markets and global and domestic economies** ; • the market' s view of the quality of our investments; • the market' s perception of our growth potential; • the ratings assigned by one or more nationally- recognized statistical credit rating organizations to our company, or to a specific issue of indebtedness issued by us or our subsidiaries; • our current and potential future earnings and cash distributions; **• our financial condition, operating results and future prospects; • any credit ratings we or our corporate debt may receive from major credit rating agencies; • the prevailing interest rates being paid by other companies that investors could consider comparable to us;** and • the market price of our common stock. We also expect to periodically access the capital markets to raise cash to fund new investments. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by our potential lenders not to extend credit. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our investment strategy and could decrease our earnings and liquidity. In addition, any dislocation or weakness in the capital and credit markets could adversely affect one or more lenders and could cause one or more of our lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. In addition, if regulatory capital requirements imposed on our lenders are increased, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or **an unfavorable** price. ~~Accordingly~~ **Further** , **as the lender to our borrowers, we may be obligated to fund all or a significant portion of a loan we have agreed to at one or more future dates. During 2023, bank failures and** ~~there~~ **other events affecting financial institutions contributed to volatility in global markets and diminished liquidity and credit availability in the market broadly. Any downgrade of our or our corporate debt' s credit ratings by any of the principal credit agencies may make it more difficult and costly for us to access capital. Additionally, the notes issued in our securitization transactions for which we are required to retain a portion of the credit risk, have been, and in the future may be, rated by rating agencies. There can be no assurances that the credit ratings of our corporate debt or the notes issued in our securitization transactions will not be downgraded in the future, whether as a result of deteriorating general economic conditions, failure to successfully implement our operating strategy or the adverse impact on our results of operations or liquidity position of any of the above, or otherwise. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of our corporate debt. In addition, credit rating agencies continually review their ratings for the companies that they follow. If, in the future, one or more rating agencies were to provide a rating for us or our corporate debt, or the notes issued in our securitization transactions, and then reduce or withdraw their rating, the market price of such debt or notes, or of our common stock, may be adversely affected. Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems. Recent or ongoing developments in banking, such as bank closures, may also have other implications for broader economic and monetary policy, including interest rate policy, and may impact the financial condition of banks and other financial institutions outside of the United States. In addition, the capital and credit markets have recently experienced extreme volatility and economic disruption, inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates, which may result in additional liquidity concerns for us and / or in the broader financial services industry. If we are unable to access funding, we may not have the funds available at such future date (s) to meet our funding obligations under a loan. In that event, we would likely be in breach of our agreement under such loan. There** can be no assurance that we will be able to obtain or utilize any financing arrangements in the future on similar or more favorable terms, or at all. In addition, even if we are able to access the capital markets, significant balances may be held in cash or cash equivalents pending future investment as we may be unable to invest proceeds on the timeline anticipated. Certain of our current financing arrangements contain, and our future financing arrangements likely will contain, various financial and operational covenants ~~, and a default of any such covenants could materially and adversely affect us. Certain of our current financing arrangements contain, and our future financing arrangements likely will contain, various financial and operational covenants~~ affecting our ability and, in certain cases, our subsidiaries' ability, to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to our stockholders and otherwise affect our operating policies. For a description of certain of the covenants, see Item 7- " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Investment Portfolio Financing. " There have been instances in the past where we were not in compliance with certain of these covenants, due to negative impacts on our business related to COVID- 19. Although these instances of non-compliance have since been cured or waived, if we were to fail to meet or satisfy any of the covenants in our financing arrangements in the future and are unable to obtain a waiver or other suitable relief from the lenders, we would be in default under these agreements, which could result in a cross- default or cross- acceleration under other financing arrangements, and our lenders could elect to declare outstanding amounts due and payable (or such amounts may automatically become due and payable), terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could limit significantly our financing alternatives, which could cause us to curtail our investment activities or dispose of assets when we otherwise would not choose to do so. Further, this could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U. S. federal income tax purposes. As a result, a default on any of our debt agreements, and in particular our secured credit agreements (since a significant portion of our assets are or will be, as the case may be, financed thereunder), could materially and adversely affect us. **Effective September 30** ~~As of March 31~~ , ~~2020~~ **2023** , we ~~were not in compliance~~ **obtained from our lenders a waiver** with respect to the **minimum interest coverage** ~~debt- to- equity~~ ratio covenant included in certain of our financing arrangements. This **waiver reduced the minimum interest coverage ratio** ~~non- compliance was caused by negative impacts on our business related~~ to **1. 30 to 1. 0** ~~COVID- 19 and was cured on April 2, 2020 when we utilized proceeds~~ from **1** ~~sales of certain CRE debt securities to repay outstanding borrowings under the related secured credit facilities~~ . **40** ~~We received waivers from the lender under each of the applicable agreements on May 8, 2020. Certain of our financing arrangements also include a covenant that obligates us~~ to **1. 0** ~~deliver certain audited financial statements~~ for ~~Holdco to~~ the ~~lenders within 90 days after each~~ **quarters ended September 30, 2023 and** December 31 **, 2023** . ~~We were not in compliance with respect~~ **The interest coverage ratio threshold will revert** to ~~this covenant as of~~ **1. 40 to 1. 0 for the quarter ending** March 31, ~~2020~~ **2024 and thereafter** ~~. This non- compliance was cured on May 7, 2020, when the required audited financial statements were delivered. We received waivers from the lender under each of the applicable agreements on May 8, 2020~~ . Certain of our current and future financing arrangements involve the risk that the market value of the assets pledged or sold by us to the provider of the financing may decline in value, in which case the lender or counterparty may require us to provide additional collateral or lead to margin calls that may require us to repay all or a portion of the funds advanced. We may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources, including by selling assets at a time when we might not otherwise choose to do so, which we may not be able to achieve on favorable terms or at all. See " — Certain of our current financing arrangements contain, and our future financing arrangements likely will contain, various financial and operational covenants, and a default of any such covenants could materially and adversely affect us. " Posting additional margin would reduce our cash available to make other, higher yielding investments, thereby decreasing our return on equity. For example, fluctuations in the value of our former CRE debt securities portfolio previously resulted in us being required to post cash collateral with lenders under daily mark- to- market secured credit facilities. We sold during March and April 2020 all of our CRE debt securities, and retired at par all of our related secured borrowings (including margin calls outstanding). However, we cannot assure you that we will not face margin calls in the future in connection with borrowings secured by our first mortgage loan investments. If we cannot meet these requirements, the lender or counterparty could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from it, which could materially and adversely affect us. In the case of repurchase transactions, if the value of the underlying security has declined as of the end of that term, or if we default on our obligations under the secured credit facilities, we will likely incur a loss on our repurchase transactions. In addition, if a lender or counterparty files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to financing and increase our cost of capital. Interest rate fluctuations could increase our financing costs, which could materially and adversely affect us. Our primary interest rate exposures relate to the yield on our loans and the financing cost of our debt, as well as any interest rate swaps utilized for hedging purposes. Changes in interest rates affect our net interest income, which is the difference between the interest income we earn on our interest- earning assets and the interest expense we incur in financing these assets. In a period of rising interest rates, our interest expense on floating rate debt would increase, while any additional interest income we earn on floating rate assets may not compensate for such increase in interest expense and the interest income we earn on fixed rate assets would not change. Similarly, in a period of declining interest rates, our interest income on floating rate assets would decrease (subject to the existence of any interest rate floors), while any decrease in the interest we are charged on our floating rate debt may not compensate for such decrease in interest income, and the interest expense we incur on our fixed rate debt would not change. Consequently, changes in interest rates may significantly influence our net interest income. Interest rate fluctuations resulting in our interest expense exceeding interest income would result in operating losses, which could materially and adversely affect us. Changes in the level of interest rates also may affect our ability to originate or acquire loans or other investments, the value of our investments and our ability to realize gains from the disposition of assets. Moreover, changes in interest rates may affect borrower default rates. We may enter into hedging transactions that could expose us to contingent liabilities in the future and adversely impact our financial condition. Subject to maintaining our qualification as a REIT, we may enter into hedging transactions that could require us to fund cash payments in certain circumstances (e. g., the early termination of the hedging instrument caused by an event of default or other early termination event, or the decision by a counterparty to request margin securities it is contractually owed under the terms of the hedging instrument). The amount due would be equal to the unrealized loss of the open swap positions with the respective counterparty and could also include other fees and charges. Any such economic losses will be reflected in our results of operations, and our ability to fund these obligations will depend on the liquidity of our assets and access to capital at the time, and the need to fund these obligations could adversely impact our financial condition. In addition, certain of the hedging instruments that we may enter into could involve risks since they often are not traded on regulated exchanges, guaranteed by an exchange or its clearing house, or regulated by any U. S. or foreign governmental authorities. A liquid secondary market may not exist for hedging instruments that we may purchase or sell in the future, and we may be required to maintain a position until exercise or expiration, which could result in significant losses. In addition, subject to maintaining our qualification as a REIT, we may pursue various hedging strategies to seek to reduce our exposure to adverse changes in interest rates. We may fail to recalculate, readjust and execute hedges in an efficient manner. While we may enter into such transactions seeking to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio positions or liabilities being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. Furthermore, we intend to record any derivative and hedging transactions we enter into in accordance with GAAP. However, we may choose not to pursue, or fail to qualify for, hedge accounting treatment relating to such derivative instruments. As a result, our operating results may suffer because any losses on these derivative instruments may not be offset by a change in the fair value of the related hedged transaction or item. Our investments may be subject to fluctuations in interest rates that may not be adequately protected, or protected at all, by our hedging strategies. Our investments currently include loans with floating interest rates and, in the future, may include loans with fixed interest rates. Floating rate investments earn interest at rates that adjust from time to time (typically, in our case, monthly) based upon an index (in our case, **Term** ~~LIBOR or~~ SOFR). These floating rate loans are insulated from changes in value specifically due to changes in interest rates; however, the interest they earn fluctuates based upon interest rates (for example, **Term** ~~LIBOR or~~ SOFR) and, in a declining and / or low interest rate environment, these loans will earn lower rates of interest and this will impact our operating performance. ~~For more information about risks relating to changes to, or the elimination of, LIBOR, see " Risks Related to Our Lending and Investment Activities — The planned discontinuance of LIBOR has affected and will continue to affect financial markets generally, and may adversely affect our interest income, interest expense, or both. "~~ Fixed interest rate investments, however, do not have adjusting interest rates and the relative value of the fixed cash flows from these investments will decrease as prevailing interest rates rise or increase as prevailing interest rates fall, causing potentially significant changes in value. Our Manager may employ various hedging strategies on our behalf to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products. We believe that no strategy can completely insulate us from the risks associated with interest rate changes and there is a risk that hedging strategies may provide no protection at all and potentially compound the impact of changes in interest rates. Hedging transactions involve certain additional risks such as counterparty risk, leverage risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions and the risk that unanticipated and significant changes in interest rates may cause a significant loss of basis in the contract and a change in current period expense. We cannot make assurances that we will be able to enter into hedging transactions or that such hedging transactions will adequately protect us against the foregoing risks. Our use of leverage may create a mismatch with the duration and index of the investments that we are financing. We generally seek to structure our leverage such that we minimize the differences between the term of our investments and the leverage we use to finance such an investment. However, under certain circumstances, we may determine not to do so or we may otherwise be unable to do so. Accordingly, the extended term of the financed loan or other investment may not correspond to the term to extended maturity of the financing for such loan or other investment. In the event that our leverage is for a shorter term than the financed loan or other investment, we may not be able to extend or find appropriate replacement leverage and that would have an adverse impact on our liquidity and our returns. In the event that our leverage is for a longer term than the financed loan or other investment, we may not be able to repay such leverage or replace the financed loan or other investment with an optimal substitute or at all, which would negatively impact our desired leveraged returns. We generally attempt to structure our leverage such that we minimize the differences between the index of our investments and the index of our leverage (for example, financing floating rate investments with floating rate leverage and fixed rate investments with fixed rate leverage). If such **leverage** ~~a product~~ is not available to us from our lenders on reasonable terms, we may use hedging instruments **in an effort** to effectively create such a match. For example, in the case of future fixed rate investments, we may finance such investments with floating rate leverage, but effectively convert all or a portion of the attendant leverage to fixed rate using hedging strategies. ~~Our~~ **The success of our** attempts to mitigate such risk ~~are~~ **is** subject to factors outside our control, such as the availability of ~~favorable~~ financing and hedging options **on favorable terms** , ~~which is subject~~ **including with respect** to ~~a variety of factors, of which~~ duration and term matching ~~are only two~~ . The risks of a duration mismatch are magnified by the potential for the extension of loans in order to maximize the likelihood and magnitude of their recovery value in the event the loans experience credit or performance challenges. Employment of this asset management practice would effectively extend the duration of our investments, while **many of** our liabilities have set maturity dates. While our CLO liabilities have set maturity dates, repayment of these **liabilities** are dependent on timing of related collateral loan asset repayments after the reinvestment period concludes. Warehouse facilities that we may obtain in the future may limit our ability to originate or acquire assets, and we may incur losses if the collateral is liquidated. We may utilize, if available, warehouse facilities pursuant to which we would accumulate loans in anticipation of a securitization or other financing, which assets would be pledged as collateral for such facilities until the securitization or other transaction is consummated. To borrow funds to originate or acquire assets under any future warehouse facilities, we expect that our lenders thereunder would have the right to review the potential assets for which we seek financing. We may be unable to obtain the consent of a lender to originate or acquire assets that we believe would be beneficial to us and we may be unable to obtain alternate financing for such assets. In addition, no assurance can be given that a securitization or other financing would be consummated with respect to the assets being warehoused. If the securitization or other financing is not consummated, the lender could demand repayment of the facility, and in the event that we were unable to timely repay, could liquidate the warehoused collateral and we would then have to pay any amount by which the original purchase price of the collateral assets exceeds its sale price, subject to negotiated caps, if any, on our exposure. In addition, regardless of whether the securitization or other financing is consummated, if any of the warehoused collateral is sold before the securitization or other financing is completed, we would have to bear any resulting loss on the sale. We have utilized and may in the future utilize non- recourse securitizations to finance our investments, which may expose us to risks that could result in losses. We have utilized and may in the future utilize non- recourse securitizations of certain of our investments to generate cash for funding new investments and for other purposes. Such financing generally involves creating a special purpose vehicle, contributing a pool of our investments to the entity, and selling interests in the entity on a non- recourse basis to purchasers (whom we would expect to be willing to accept a lower interest rate to invest in investment- grade loan pools). We would expect to retain all or a portion of the equity and potentially other tranches in the securitized pool of portfolio investments. Prior to any such financings, we may use our secured credit agreements, or other short- term facilities, to finance the acquisition of investments until a sufficient quantity of investments had been accumulated, at which time we would refinance these facilities through a securitization, such as a CLO, or issuance of CMBS, or the private placement of loan participations or other long- term financing. When employing this strategy, we would be subject to the risk that we would not be able to acquire, during the period that our short- term credit facilities are available, a sufficient amount of eligible investments or loans to maximize the efficiency of a CLO, CMBS, or private placement issuance. We also would be subject to the risk that we would not be able to obtain short- term credit facilities or would not be able to renew any short- term credit facilities after they expire should we find it necessary to extend our short- term credit facilities to allow more time to seek and acquire the necessary eligible investments for a long- term financing. The inability to consummate securitizations to finance our investments on a long- term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or **unfavorable** price, which could adversely affect our performance and our ability to grow our business. Moreover, conditions in the capital markets, including volatility and disruption in the capital and credit markets, may not permit a securitization at any particular time or may make the issuance of any such securitization less attractive to us even when we do have sufficient eligible assets. We may also suffer losses if the value of the mortgage loans we acquire declines prior to securitization. Declines in the value of a mortgage loan can be due to, among other things, changes in interest rates and changes in the credit quality of the loan. In addition, we may suffer a loss due to the incurrence of transaction costs related to executing these transactions. To the extent that we incur a loss executing or participating in future securitizations for the reasons described above or for other reasons, it could materially and adversely impact our business and financial condition. The inability to securitize our portfolio may hurt our performance and our ability to grow our business. We may be subject to losses arising from guarantees of debt and contingent obligations of our subsidiaries or joint venture or co- investment partners. We conduct substantially all of our operations and own substantially all of our assets through our holding company subsidiary, Holdco. Holdco has guaranteed **certain** ~~repayment of 25 % of the principal amount borrowed and other payment~~ obligations **of our subsidiaries** under **various arrangements that** ~~each of our secured credit agreements secured by loans. Our secured credit agreements~~ provide for significant aggregate borrowings. Holdco may in the future guarantee the performance of additional subsidiaries' obligations. The guarantee agreements contain financial covenants covering liquid assets, debt- to- equity ratio, **interest coverage ratio,** and net worth requirements. Holdco' s failure to satisfy these covenants and other requirements could result in defaults under **the relevant** ~~each of our secured credit~~ agreements and acceleration of ~~the amount~~ **amounts** borrowed thereunder. Such defaults could have a material adverse effect on us. We may also agree to guarantee indebtedness incurred by a joint venture or co- investment partner. Such a guarantee may be on a joint and several basis with such joint venture or co- investment partner, in which case we may be liable in the event such partner defaults on its guarantee obligation. The non- performance of such obligations may cause losses to us in excess of the capital we initially may have invested or committed under such obligations and there is no assurance that we will have sufficient capital to cover any such losses. We are subject to counterparty risk associated with our debt obligations. Our counterparties for critical financial relationships may include both domestic and international financial institutions. These institutions could be severely impacted by credit market turmoil, changes in legislation, **changes in regulation,** allegations of civil or criminal wrongdoing and may as a result experience financial or other pressures. In addition, if a lender or counterparty files for bankruptcy or becomes insolvent, our borrowings under financing agreements with them may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to financing and increase our cost of capital. If any of our counterparties were to limit or cease operation, it could lead to financial losses for us. Certain of our current financing arrangements contain financial covenants that, if violated, could result in the diversion of cash flow from us to our lenders to pay interest due and reduce the principal amount outstanding of our borrowings until such time as the default is cured, which may reduce our cash available to pay interest and operating expenses, satisfy other obligations, and fund required distributions to common stockholders to maintain our qualification as a REIT. Our CRE CLO liabilities are issued by certain of our wholly- owned trust subsidiaries pursuant to indentures that include a range of covenants and operational tests, including: (a) a minimum ratio of aggregate pledged loan collateral (valued in accordance with the indenture) divided by the aggregate principal amount of bonds outstanding (the " overcollateralization test "); and (b) a minimum ratio of interest income collected with respect to pledged loan collateral divided by interest expense with respect to bonds outstanding. A failure of either or both tests generally entitles the trustee to divert (" sweep ") cash from the trust waterfall that would otherwise be distributed to us to pay interest and, to the extent sufficient cash remains after the payment of interest, to retire the senior- most bonds until the tests are satisfied. In certain circumstances, such diversions may last for extended periods depending upon the credit performance of the pledged loans. Our secured credit agreements are between wholly- owned subsidiaries and our lender counterparties. Each involves cross- collateralized pools of pledged loans, and one of our agreements includes a pool- wide debt yield test where failure to comply triggers a cash flow sweep to pay interest and retire borrowings until compliance is restored. The temporary or prolonged loss of these cash receipts by us may reduce our cash- on- hand to levels that threaten our ability to pay operating expenses, dividends due on our Series C Preferred Stock or distributions to our common shareholders in amounts sufficient to preserve our REIT status. Cash flow with respect to interest receipts that is swept by our lenders is considered as taxable income to us, and our distribution requirements as a REIT are not lessened. We depend on our Manager and the personnel of TPG provided to our Manager for our success. We may not find a suitable replacement for our Manager if our Management Agreement is terminated, or if key personnel cease to be employed by TPG or otherwise become unavailable to us, which would materially and adversely affect us. We are externally managed and advised by our Manager, an affiliate of TPG. We currently have no employees and all of our executive officers are employees of TPG. We are completely reliant on our Manager, which has significant discretion as to the implementation of our investment and operating policies and strategies. Our success depends to a significant extent upon the ongoing efforts, experience, diligence, skill, and network of business contacts of our executive officers and the other key personnel of TPG provided to our Manager and its affiliates. These individuals evaluate, negotiate, execute and monitor our loans and other investments and financings and advise us regarding maintenance of our REIT status and exclusion or exemption from regulation under the Investment Company Act. Our success depends on their skills and management expertise and continued service with our Manager and its affiliates. Furthermore, there is increasing competition among financial sponsors, investment banks and other real estate debt investors for hiring and retaining qualified investment professionals, and there can be no assurance that such professionals will continue to be associated with us, our Manager or its affiliates or that any replacements will perform well. **There is no guarantee that any non- competition and non- solicitation agreements to which TPG personnel are subject, together with TPG' s other arrangements with them, will prevent them from leaving, joining our competitors or otherwise competing with us. In addition, there is no assurance that such agreements will be enforceable in all cases, particularly as states enact legislation aimed at effectively prohibiting non- competition agreements. In addition, in January 2023, the U. S. Federal Trade Commission published a proposed rule that, if finally issued, would generally prohibit post- employment non- competition provisions (or other provisions with similar effect) in agreements between employers and their employees.** In addition, we can offer no assurance that our Manager will remain our investment manager or that we will continue to have access to our executive officers and the other key personnel of TPG who provide services to us. If we terminate our Management Agreement other than upon the occurrence of a cause event or if our Manager terminates our Management Agreement upon our material breach, we would be required to pay a very substantial termination fee to our Manager. See " — Termination of our Management Agreement would be costly. " Furthermore, if our Management Agreement is terminated and no suitable replacement is found to manage us, we may not be able to ~~execute~~ **achieve** our ~~business plan~~ **investment objectives** , which would materially and adversely affect us. Other than any dedicated or partially dedicated chief financial officer that our Manager may elect to provide to us, the TPG personnel provided to our Manager, as our external manager, are not required to dedicate a specific portion of their time to the management of our business. Other than with respect to any dedicated or partially dedicated chief financial officer that our Manager may elect to provide to us, neither our Manager nor any other TPG affiliate is obligated to dedicate any specific personnel exclusively to us nor are they or their personnel obligated to dedicate any specific portion of their time to the management of our business. Although our Manager has informed us that Robert Foley will continue to serve as our chief financial officer and that he will spend a substantial portion of his time on our affairs, key personnel, including Mr. Foley, provided to us by our Manager **have in the past and** may **in the future** become unavailable to us as a result of their departure from TPG or for any other reason. As a result, we cannot provide any assurances regarding the amount of time our Manager or its affiliates will dedicate to the management of our business and our Manager and its affiliates may have conflicts in allocating their time, resources and services among our business and any TPG Funds they may manage **, including the TRECO Funds** , and such conflicts may not be resolved in our favor. Each of our executive officers is also an employee of TPG, who has now or may be expected to have significant responsibilities for TPG Funds managed by TPG now or in the **future. For example, certain of the TPG personnel that provide services to us, including our executive officers, currently also provide services for the TRECO Funds and are expected to continue to provide services for the TRECO Funds for the foreseeable** future. Consequently, we may not receive the level of support and assistance that we otherwise might receive if we were internally managed. Our Manager and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities. **The integration of Angelo Gordon' s business into TPG' s business could strain our Manager' s resources. On November 1, 2023, TPG and certain affiliated entities completed the acquisition of Angelo, Gordon & Co., L. P. and certain affiliated entities (collectively, " Angelo Gordon "). Angelo Gordon is an alternative investment firm focused on credit and real estate investing. Although the investment objectives and guidelines applicable to Angelo Gordon' s credit and real estate investing businesses generally and currently do not overlap with ours, certain TPG personnel that provide services to us have in the past allocated and will likely in the future allocate a portion of their time to assisting with the integration of Angelo Gordon' s business and people into TPG' s businesses, which has reduced and could in the future reduce the amount of time that such TPG personnel can dedicate to our business. See " — Other than any dedicated or partially dedicated chief financial officer that our Manager may elect to provide to us, the TPG personnel provided to our Manager, as our external manager, are not required to dedicate a specific portion of their time to the management of our business. "** Our Manager manages our portfolio pursuant to broad investment guidelines and is not required to seek the approval of our board of directors for each investment, financing, asset allocation or hedging decision made by it, which may result in our making riskier loans and other investments and which could materially and adversely affect us. Our Manager is authorized to follow broad investment guidelines that provide it with substantial discretion regarding investment, financing, asset allocation and hedging decisions. Our board of directors will periodically review our investment guidelines and our portfolio but will not, and will not be required to, review and approve in advance all of our proposed loans and other investments or our Manager' s financing, asset allocation or hedging decisions. In addition, in conducting periodic reviews, our directors rely primarily on information provided, or recommendations made, to them by our Manager or its affiliates. Subject to maintaining our REIT qualification and our exclusion or exemption from regulation under the Investment Company Act, our Manager has significant latitude within the broad investment guidelines in determining the types of loans and other investments it makes for us, and how such loans and other investments are financed or hedged, which could result in investment returns that are substantially below expectations or losses, which could materially and adversely affect us. Our Manager' s fee structure may not create proper incentives or may induce our Manager and its affiliates to make certain loans or other investments, including speculative investments, which increase the risk of our portfolio. We pay our Manager base management fees calculated on equity without regard to performance of our portfolio. Our Manager' s entitlement to base management fees, which are not based solely upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking loans or other investments that provide attractive risk- adjusted returns for our stockholders. Because the base management fees are also based in part on our outstanding equity, our Manager may also be incentivized to advance strategies that increase our equity, and there may be circumstances where increasing our equity will not optimize the returns for our stockholders. Consequently, we are required to pay our Manager base management fees in a particular period despite experiencing a net loss or a decline in the value of our portfolio during that period. In addition, our Manager has the ability to earn incentive compensation each quarter based on our Core Earnings, as calculated in accordance with our Management Agreement, which may create an incentive for our Manager to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase our short- term net income and thereby increase the incentive compensation to which it is entitled. This could result in increased risk to our investment portfolio. If our interests and those of our Manager are not aligned, the execution of our business plan could be adversely affected, which could materially and adversely affect us. We ~~may~~ **have in the past and in the future will likely** compete with existing and future TPG **Funds, including the TRECO** Funds, which may present various conflicts of interest that restrict our ability to pursue certain investment opportunities or take other actions that are beneficial to our business and **/ or** result in decisions that are not in the best interests of our stockholders. We are subject to conflicts of interest arising out of our relationship with TPG, including our Manager and its affiliates. As of December 31, ~~2022~~ **2023** , three of our eight directors are employees of TPG. In addition, our chief financial officer and our other executive officers are also employees of TPG, and we are managed by our Manager, a TPG affiliate. There is no guarantee that the policies and procedures adopted by us, the terms and conditions of our Management Agreement or the policies and procedures adopted by our Manager, TPG and their affiliates, as the case may be, will enable us to identify, adequately address or mitigate these conflicts of interest. Some examples of conflicts of interest that may arise by virtue of our relationship with our Manager and TPG include: • TPG' s Policies and Procedures. Specified policies and procedures implemented by TPG, including our Manager, to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the advantages across TPG' s various businesses that TPG expects to draw on for purposes of pursuing attractive investment opportunities. Because TPG has many different asset management, advisory and other businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, TPG has implemented certain policies and procedures (for example, information walls) that may reduce the benefits that TPG expects to utilize for our Manager for purposes of identifying and managing our investments. For example, TPG may come into possession of material non- public information with respect to companies that are TPG' s advisory clients in which our Manager may be considering making an investment on our behalf. As a consequence, that information, which could be of benefit to our Manager or us, might become restricted to those other businesses and otherwise be unavailable to our Manager, and could also restrict our Manager' s activities. Additionally, the terms of confidentiality or other agreements with or related to companies in which any TPG Fund **(including any TRECO Fund)** has or has considered making an investment or which is otherwise an advisory client of TPG may restrict or otherwise limit the ability of TPG or our Manager to engage in businesses or activities competitive with such companies. • Allocation of Investment Opportunities. Certain inherent conflicts of interest arise from the fact that TPG and our Manager ~~will~~ provide investment management and other services both to us and to other persons or entities, whether or not the investment objectives or policies of any such other person or entity are similar to those of ours, including, without limitation, the sponsoring, closing and / or managing of any TPG Fund **(including the TRECO Funds)** . However, for so long as our Management Agreement is in effect and TPG controls our Manager, neither our Manager nor TPG Real Estate Management, LLC, which is the manager of TPG Real Estate Partners, will directly or indirectly form any other public vehicle in the U. S. whose strategy is to primarily originate, acquire and manage performing commercial mortgage loans. The respective investment guidelines and policies of our business and ~~the~~ **certain** TPG Funds ~~may or may not~~ **(including the TRECO Funds)** overlap ~~, in whole or~~ in part, and ~~if there~~ **where these** ~~is any such overlap~~ **overlaps exist** , investment opportunities will be allocated between us and the TPG Funds **, including one or more of the TRECO Funds,** in a manner that may result in fewer investment opportunities being allocated to us than would have otherwise been the case in the absence of such TPG Funds. The methodology applied between us and one or more of the TPG Funds **, including the TRECO Funds,** under TPG' s allocation policy may result in us not participating (and / or not participating to the same extent) in certain investment opportunities in which we would have otherwise participated had the related allocations been determined without regard to such allocation policy and / or based only on the circumstances of those particular investments. TPG and our Manager may also give advice to TPG Funds **, including the TRECO Funds,** that may differ from advice given to us even though such TPG Funds' investment objectives may be the same or similar to ours. To the extent any TPG Funds **, including a TRECO Fund,** otherwise have investment objectives or guidelines that overlap with ours, in whole or in part, then, pursuant to TPG' s allocation policy, investment opportunities that fall within such common objectives or guidelines will generally be allocated among our company and one or more of such TPG Funds **, including a TRECO Fund,** on a basis that our Manager and applicable TPG affiliates determine to be fair and reasonable in their sole discretion, subject to the following considerations: • our and the relevant TPG Funds' investment focuses and objectives; • the TPG professionals who sourced the investment opportunity; • the TPG professionals who are expected to oversee and monitor the investment; • the expected amount of capital required to make the investment, as well as our and the relevant TPG Funds' current and projected capacity for investing (including for any potential follow- on investments); • our and the relevant TPG Funds' targeted rates of return and investment holding periods; • the stage of development of the prospective portfolio company or borrower; • our and the relevant TPG Funds' respective existing portfolio of investments; • the investment opportunity' s risk profile; • our and the relevant TPG Funds' respective expected life cycles; • any investment targets or restrictions (e. g., industry, size, etc.) that apply to us and the relevant TPG Funds; • our ability and the ability of the relevant TPG Funds to accommodate structural, timing and other aspects of the investment process; and • legal, tax, contractual, regulatory or other considerations that our Manager and applicable TPG affiliates deem relevant. There is no assurance that any such conflicts arising out of the foregoing will be resolved in our favor. Our Manager and TPG affiliates are entitled to amend their investment objectives or guidelines at any time without prior notice to us or our consent. • Investments in Different Levels or Classes of an Issuer' s Securities. We and the TPG Funds **, including TRECO Funds,** may make investments at different levels of an issuer' s or borrower' s capital structure (for example, an investment by a TPG Fund **(such as a TRECO Fund)** in an equity **, debt** or mezzanine interest with respect to the same portfolio entity in which we own a debt interest or vice versa) or in a different tranche of debt or equity with respect to an entity in which we have an interest. We may make investments that are senior or junior to, or have rights and interests different from or adverse to, the investments made by ~~the~~ TPG Funds **(including TRECO Funds)** . Such investments may conflict with the interests of such TPG Funds in related investments, and the potential for any such conflicts of interests may be heightened in the event of a default or restructuring of any such investments. Actions may be taken for ~~the~~ TPG Funds **(including TRECO Funds)** that are adverse to us, including with respect to the timing and manner of sale and actions taken in circumstances of financial distress. In addition, in connection with such investments, TPG will generally seek to implement certain procedures to mitigate conflicts of interest which typically involve maintaining a non-controlling interest in any such investment and a forbearance of rights, including certain non- economic rights, relating to the TPG Funds, such as where TPG may cause us to decline to exercise certain control- and / or foreclosure- related rights with respect to a portfolio entity (including following the vote of other third- party lenders generally or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and / or exit opportunities, subject to certain limitations. Our Management Agreement requires our Manager to keep our board of directors reasonably informed on a periodic basis in connection with the foregoing, including with respect to transactions that involve investments at different levels of an issuer' s or borrower' s capital structure, as to which our Manager has agreed to provide our board of directors with quarterly updates. While TPG will seek to resolve any conflicts in a fair and equitable manner with respect to conflicts resolution among us and the TPG Funds generally, such transactions are not required to be presented to our board of directors for approval, and there can be no assurance that any such conflicts will be resolved in our favor. • Co- Investments with Other TPG Vehicles. We may co- invest together with TPG investment vehicles **(including TRECO Funds)** in some of our investment opportunities. In such circumstances, the size of the investment opportunity otherwise available to us may be less than it would otherwise have been, and we may participate in such opportunities on different and potentially less favorable economic terms than such parties if our Manager deems such participation as being otherwise in our best interests. Furthermore, when TPG investment vehicles have interests or requirements that do not align with our interests, including differing liquidity needs or desired investment horizons, conflicts may arise in the manner in which any voting or control rights are exercised with respect to the relevant investment, potentially resulting in an adverse impact on us. • Assignment and Sharing or Limitation of Rights. We may invest alongside TPG Funds **(including TRECO Funds)** and in connection therewith may, for legal, tax, regulatory or other reasons which may be unrelated to us, share with or assign to such TPG Funds certain of our rights, in whole or in part, or agree to limit our rights, including in certain instances certain control- and / or foreclosure- related rights with respect to such shared investments and / or otherwise agree to implement certain procedures to ameliorate conflicts of interest which may in certain circumstances involve a forbearance of our rights. Such sharing or assignment of rights could make it more difficult for us to protect our interests and could give rise to a conflict (which may be exacerbated in the case of financial distress) and could result in a TPG Fund exercising such rights in a way that is adverse to us. • Providing Debt Financings in connection with Acquisitions by Third Parties of Assets Owned by TPG Funds. We may provide financing (1) as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an investment in the underlying assets of) a portfolio entity owned by one or more TPG Funds or their affiliates of assets and / or (2) with respect to one or more portfolio entities or borrowers in connection with a proposed acquisition or investment by one or more TPG Funds or their affiliates relating to such portfolio entities and / or their underlying assets. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such investments. We may also make investments and provide debt financing with respect to portfolio entities in which TPG Funds and / or their affiliates hold or propose to acquire an interest. While the terms and conditions of any such debt commitments and related arrangements will generally be on market terms, the involvement of us and / or such TPG Funds or their affiliates in such transactions may affect the terms of such transactions or arrangements and / or may otherwise influence our Manager' s decisions with respect to the management of us and / or TPG' s management of such TPG Funds and / or the relevant portfolio entity, which will give rise to potential or actual conflicts of interests and which may adversely impact us. • Pursuit of Differing Strategies. TPG and our Manager may determine that an investment opportunity may not be appropriate for us but may be appropriate for one or more of the TPG Funds ~~,~~ **(such as a TRECO Fund)** or may decide that our company and certain of the TPG Funds **(including the TRECO Funds)** should take differing positions with respect to a particular investment. In these cases, TPG and our Manager may pursue separate transactions for us and one or more TPG Funds **(such as a TRECO Fund)** . This may affect the market price or the terms of the particular investment or the execution of the transaction, or both, to the detriment or benefit of us and one or more TPG Funds. For example, a TPG investment manager may determine that it would be in the interest of a TPG Fund to sell a security that we hold long, potentially resulting in a decrease in the market price of the security held by **us. • Obtaining Financing from Other TPG Vehicles. We may from time to time obtain financing from one or more TPG Funds (including the TRECO Funds). We and / or TPG may face conflicts of interest in connection with any borrowings or disputes related to such financing agreement (s) which may adversely impact** us. • Variation in Financial and Other Benefits. A conflict of interest arises where the financial or other benefits available to our Manager or its affiliates differ among us and the TPG Funds that it manages. If the amount or structure of the base management fees, incentive compensation and / or our Manager' s or its affiliates' compensation differs among us and the TPG Funds **(including the TRECO Funds)** (such as where certain TPG Funds pay higher base management fees, incentive compensation, performance- based management fees or other fees), our Manager or its affiliates might be motivated to help such TPG Funds **(including TRECO Funds)** over us. Similarly, the desire to maintain assets under management or to enhance our Manager' s or its affiliates' performance records or to derive other rewards, financial or otherwise, could influence our Manager or its affiliates in affording preferential treatment to TPG Funds **(including TRECO Funds)** over us. Our Manager may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such TPG Funds **(including TRECO Funds)** . Additionally, our Manager might be motivated to favor TPG Funds **, including TRECO Funds,** in which it has an ownership interest or in which TPG has ownership interests. Conversely, if an investment professional at our Manager or its affiliates does not personally hold an investment in us but holds investments in TPG Funds **(such as the TRECO Funds)** , such investment professional' s conflicts of interest with respect to us may be more acute. • Underwriting, Advisory and Other Relationships. As part of its regular business, TPG provides a broad range of underwriting, investment banking, placement agent and other services. In connection with selling investments by way of a public offering, a TPG broker- dealer has in the past and may again in the future act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities on that basis. TPG may retain any commissions, remuneration, or other profits and receive compensation from such underwriting activities, which have the potential to create conflicts of interest. TPG may also participate in underwriting syndicates from time to time with respect to us or portfolio companies of TPG Funds or may otherwise be involved in the private placement of debt or equity securities issued by us or such portfolio companies, or otherwise in arranging financings with respect thereto. Subject to applicable law, TPG has in the past and may again in the future receive underwriting fees, placement commissions or other compensation with respect to such activities, which were not and will not be shared with us or our stockholders. Where TPG serves as underwriter with respect to a portfolio company' s securities, we or the applicable TPG Fund holding such securities may be subject to a " lock- up " period following the offering under applicable regulations during which time our ability to sell any securities that we continue to hold is restricted. This may prejudice our ability to dispose of such securities at an opportune time. TPG has long- term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on our behalf, our Manager may consider those relationships (subject to its obligations under our Management Agreement), which may result in certain transactions that our Manager would not otherwise undertake or refrain from undertaking on our behalf in view of such relationships. • Service Providers. Certain of our service providers or their affiliates (including administrators, lenders, brokers, **property managers,** attorneys, consultants and investment banking or commercial banking firms) also provide goods or services to, or have business, personal or other relationships with, TPG. Such service providers may be sources of investment opportunities, co- investors or commercial counterparties or portfolio companies of TPG Funds. Such relationships may influence our Manager in deciding whether to select such service providers. In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to TPG or TPG Funds as compared to services provided to us, which in certain circumstances may result in more favorable rates or arrangements than those payable by, or made with, us. In addition, in instances where multiple TPG businesses may be exploring a potential individual investment, certain of these service providers may choose to be engaged by TPG rather than us. • Material, Non- Public Information. We, directly or through TPG, our Manager or certain of their respective affiliates ~~,~~ may come into possession of material non- public information with respect to an issuer or borrower in which we have invested or may invest. Should this occur, our Manager may be restricted from buying or selling securities, derivatives or loans of the issuer or borrower on our behalf until such time as the information becomes public or is no longer deemed material. Disclosure of such information to the personnel responsible for management of our business may be on a need- to- know basis only, and we may not be free to act upon any such information. Therefore, we and / or our Manager may not have access to material non- public information in the possession of TPG which might be relevant to an investment decision to be made by our Manager on our behalf, and our Manager may initiate a transaction or purchase or sell an investment which, if such information had been known to it, may not have been undertaken. Due to these restrictions, our Manager may not be able to initiate a transaction on our behalf that it otherwise might have initiated and may not be able to purchase or sell an investment that it otherwise might have purchased or sold, which could negatively affect us. • Possible Future Activities. Our Manager and its affiliates may expand the range of services that they provide over time. Except as and to the extent expressly provided in our Management Agreement, our Manager, TPG RE Management, LLC and their respective affiliates will not be restricted in the scope of their businesses or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Our Manager, TPG and their affiliates continue to develop relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by us. These clients may themselves represent appropriate investment opportunities for us or may compete with us for investment opportunities. • Transactions with TPG Funds. From time to time, we may enter into purchase and sale transactions with TPG Funds **, including TRECO Funds** . Such transactions will be conducted in accordance with, and subject to, the terms and conditions of our Management Agreement (including the requirement that sales to, or acquisitions of investments or receipt of financing from, TPG, any TPG Fund or any of their affiliates be approved in advance by a majority of our independent directors) and our code of business conduct and ethics and applicable laws and regulations. • Loan Refinancings. We may from time to time seek to participate in investments relating to the refinancing of loans held by TPG **Funds, including TRECO** Funds. While it is expected that our participation in connection with such refinancing transactions will be at arms' length and on market / contract terms, such transactions may give rise to potential or actual conflicts of interest. TPG may enter into one or more strategic relationships in certain geographical regions or with respect to certain types of investments that, although intended to provide greater opportunities for us, may require us to share such opportunities or otherwise limit the amount of an opportunity we can otherwise take. Further conflicts could arise once we and TPG have made our and their respective investments. For example, if a company goes into bankruptcy or reorganization, becomes insolvent or otherwise experiences financial distress or is unable to meet its payment obligations or comply with covenants relating to securities held by us or by TPG, TPG may have an interest that conflicts with our interests or TPG may have information regarding the company that we do not have access to. If additional financing is necessary as a result of financial or other difficulties, it may not be in our best interests to provide such additional financing. If TPG were to lose investments as a result of such difficulties, the ability of our Manager to recommend actions in our best interests might be impaired. Termination of our Management Agreement without cause would be difficult and costly. Our independent directors will review our Manager' s performance and the fees that may be payable to our Manager annually, and our Management Agreement may be terminated each year upon the affirmative vote of at least two- thirds of our independent directors, based upon their determination that (1) our Manager' s performance is unsatisfactory and materially detrimental to us and our subsidiaries taken as a whole or (2) the base management fee and incentive compensation, taken as a whole, payable to our Manager is not fair, subject to our Manager' s right to prevent any termination due to unfair fees by accepting a reduction of fees agreed to by at least two- thirds of our independent directors. We are required to provide our Manager with 180 days' prior written notice of any such termination. Additionally, upon such a termination unrelated to a cause event, or if we materially breach our Management Agreement and our Manager terminates our Management Agreement, our Management Agreement provides that we will pay our Manager a termination fee equal to three times the sum of (x) the average annual base management fee and (y) the average annual incentive compensation earned by our Manager, in each case during the 24- month period immediately preceding the most recently completed calendar quarter prior to the date of termination. These provisions increase the cost to us of terminating our Management Agreement and adversely affect our ability to terminate our Manager in the absence of a cause event. Our Manager maintains a contractual as opposed to a fiduciary relationship with us. Our Manager' s liability is limited under our Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. Pursuant to our Management Agreement, our Manager assumes no responsibility to us other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations, including as set forth in our investment guidelines. Our Manager maintains a contractual as opposed to a fiduciary relationship with us. Under the terms of our Management Agreement, our Manager and its affiliates, and their respective directors, officers, employees, members, partners and stockholders, will not be liable to us, any subsidiary of ours, our board of directors, our stockholders or any of our subsidiaries' stockholders, members or partners for acts or omissions performed in accordance with and pursuant to our Management Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence or reckless disregard of their duties under our Management Agreement. We have agreed to indemnify our Manager, its affiliates and the directors, officers, employees, members, partners and stockholders of our Manager and its affiliates from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees) in respect of or arising from any acts or omissions of such party performed in good faith under our Management Agreement and not constituting bad faith, willful misconduct, gross negligence or reckless disregard of duties of such party under our Management Agreement. As a result, we could experience poor performance or losses for which our Manager would not be liable. We do not own the TPG name, but we may use it as part of our corporate name pursuant to a trademark license agreement with an affiliate of TPG. Use of the name by other parties or the termination of our trademark license agreement may harm our business. We have entered into a trademark license agreement (the " trademark license agreement ") with an affiliate of TPG (the " licensor "), pursuant to which it has granted us a fully paid- up, royalty- free, non- exclusive, non- transferable, non- sublicensable license to use the name " TPG RE Finance Trust, Inc. " and the ticker symbol " TRTX. " Under this agreement, we have a right to use this name for so long as our Manager (or another TPG affiliate that serves as our manager) remains an affiliate of the licensor under the trademark license agreement. The trademark license agreement may be terminated by either party as a result of certain breaches or upon 90 days' prior written notice; provided that upon notification of such termination by us, the licensor may elect to effect termination of the trademark license agreement immediately at any time after 30 days from the date of such notification. The licensor will retain the right to continue using the " TPG " name. The trademark license agreement does not permit us to preclude the licensor from licensing or transferring the ownership of the " TPG " name to third parties, some of whom may compete with us. Consequently, we may be unable to prevent any damage to goodwill that may occur as a result of the activities of the licensor, TPG or others. Furthermore, in the event that the trademark license agreement is terminated, we will be required to, among other things, change our name and NYSE ticker symbol. Any of these events could disrupt our recognition in the marketplace, damage any goodwill we may have generated and otherwise have a material adverse effect on us. Our business may be adversely affected if our reputation, the reputation of the Manager or TPG, or the reputation of counterparties with whom we associate is harmed. We may be harmed by reputational issues and adverse publicity relating to us, the Manager or TPG. Issues could include real or perceived legal or regulatory violations or could be the result of a failure in performance, risk- management, governance, technology or operations, or claims related to employee misconduct, conflict of interests, ethical issues or failure to protect private information, among others. Similarly, market rumors and actual or perceived association with counterparties whose own reputation is under question could harm our business. Such reputational issues may depress the market price of our capital stock or have a negative effect on our ability to attract counterparties for our transactions, or otherwise adversely affect us. Our investment strategy and guidelines, asset allocation and financing strategy may be changed without stockholder consent. Our Manager is authorized to follow broad investment guidelines that have been approved by our board of directors. Those investment guidelines, as well as our target assets, investment strategy, financing strategy and hedging policies with respect to investments, originations, acquisitions, growth, operations, indebtedness, capitalization and distributions, may be changed at any time without notice to, or the consent of, our stockholders. This could result in an investment portfolio with a different risk profile. A change in our investment strategy may increase our exposure to interest rate risk, default risk and real estate market fluctuations. Furthermore, a change in our asset allocation could result in our making investments in asset categories different from those described in this Form 10- K. These changes could materially and adversely affect us. We may not be able to operate our business successfully or implement our operating policies and investment strategy. We cannot assure you that our past experience will be sufficient to enable us to operate our business successfully or implement our operating policies and investment strategy as described in this Form 10- K. Furthermore, we may not be able to generate sufficient operating cash flows to pay our operating expenses or service our indebtedness. Our operating cash flows will depend on many factors, including the performance of our existing portfolio, the availability of attractive investment opportunities for the origination and selective acquisition of additional assets, the level and volatility of interest rates, readily accessible short- term and long- term financing, conditions in the financial markets, the real estate market and the economy, and our ability to successfully operate our business and execute our investment strategy. We face substantial competition in originating and acquiring attractive loans and other investments, which could adversely impact the returns from new loans and other investments. TPG and our Manager may not be able to hire and retain qualified investment professionals or grow and maintain our relationships with key borrowers and loan brokers, and if they are unable to do so, we could be materially and adversely affected. We depend on TPG and our Manager to generate borrower clients by, among other things, developing relationships with property owners, developers, mortgage brokers and investors and others, which we believe leads to repeat and referral business. Accordingly, TPG and our Manager must be able to attract, motivate and retain skilled investment professionals. The market for investment professionals is highly competitive and may lead to increased costs to hire and retain them. We cannot guarantee that TPG and our Manager will be able to attract or retain qualified investment professionals. If TPG and our Manager cannot attract, motivate or retain a sufficient number of skilled investment professionals, or even if they can motivate or retain them but at higher costs, we could be materially and adversely affected. We also depend on TPG and our Manager for a network of loan brokers, which generates a significant portion of our loan originations. While TPG and our Manager will strive to continue to cultivate long- standing broker relationships that generate repeat business for us, brokers are free to transact business with other lenders and have done so in the past and will do so in the future. Our competitors also have relationships with some of our brokers and actively compete with us in bidding on loans marketed by these brokers, which could impair our loan origination volume and reduce our returns. There can be no assurance that TPG and our Manager will be able to maintain or develop new relationships with additional brokers. Maintenance of our exemptions from registration as an investment company under the Investment Company Act imposes significant limits on our operations. Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act. We conduct, and intend to continue to conduct, our operations so that we are not required to register as an " investment company " as defined in Section 3 (a) (1) (A) or Section 3 (a) (1) (C) of the Investment Company Act. We believe we are not an investment company under Section 3 (a) (1) (A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. Rather, through our wholly- owned or majority- owned subsidiaries, we are primarily engaged in non- investment company businesses related to real estate. In addition, we **conduct and** intend to **continue to** conduct **,** our operations so that we do not come within the definition of an investment company under Section 3 (a) (1) (C) of the Investment Company Act because less than 40 % of the value of our total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis ~~will~~ consist of " investment securities " (the " 40 % test "). Excluded from the term " investment securities " (as that term is defined in the Investment Company Act) are securities issued by majority- owned subsidiaries that are themselves not investment companies and are not relying on the exclusions from the definition of investment company set forth in Section 3 (c) (1) or Section 3 (c) (7) of the Investment Company Act. Our interests in wholly- owned or majority- owned subsidiaries that qualify for the exclusion pursuant to Section 3 (c) (5) (C), as described below, Rule 3a- 7, as described below, or another exclusion or exception under the Investment Company Act (other than Section 3 (c) (1) or Section 3 (c) (7) thereof), do not constitute " investment securities. " To maintain our status as a non- investment company, the securities issued to us by any **of our existing** wholly- owned or majority- owned subsidiaries **or subsidiaries** that we may form in the future **,** that are excluded from the definition of investment company under Section 3 (c) (1) or Section 3 (c) (7) of the Investment Company Act, together with any other investment securities we may own, may not have a value in excess of 40 % of the value of our total assets on an unconsolidated basis. We ~~will~~ monitor our holdings to ensure ongoing compliance with this test, but there can be no assurance that we will be able to maintain an exclusion or exemption from registration **under the Investment Company Act** . The 40 % test limits the types of businesses in which we may engage through our subsidiaries. In addition, the assets we and our subsidiaries may originate or acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act, which may materially and adversely affect us. We hold our assets primarily through direct or indirect wholly- owned or majority- owned subsidiaries, certain of which are excluded from the definition of investment company pursuant to Section 3 (c) (5) (C) of the Investment Company Act. We will classify our assets ~~for purposes of certain~~ of our subsidiaries ~~,~~ **relying on the** Section 3 (c) (5) (C) exemption from the Investment Company Act based upon positions set forth by the SEC staff. Based on such positions, to qualify for the exclusion pursuant to Section 3 (c) (5) (C), each such subsidiary generally is required to hold at least (i) 55 % of its assets in " qualifying " real estate assets, which we refer to as " Qualifying Interests, " and (ii) at least 80 % of its assets in Qualifying Interests and real estate- related assets. Qualifying Interests for this purpose include senior mortgage loans, certain B- Notes and certain mezzanine loans that satisfy various conditions as set forth in SEC staff no- action letters and other guidance, and other assets that the SEC staff in various no- action letters and other guidance has determined are Qualifying Interests for the purposes of the Investment Company Act. We treat as real estate- related assets B- Notes, CRE debt securities and mezzanine loans that do not satisfy the conditions set forth in the relevant SEC staff no- action letters and other guidance, and debt and equity securities of companies primarily engaged in real estate businesses. The SEC has not published guidance with respect to the treatment of the pari passu participation interests in senior mortgage loans held by certain of our subsidiaries for purposes of the Section 3 (c) (5) (C) exclusion. Unless the SEC or its staff issues guidance applicable to the participation interests, we intend to treat such participation interests as real estate- related assets. Because of the composition of the assets of our subsidiaries that own such participation interests, we currently treat such subsidiaries as excluded from the definition of investment company under Section 3 (c) (1) or Section 3 (c) (7) of the Investment Company Act, and treat the securities issued by them to us as " investment securities " for purposes of the 40 % test. Certain of our subsidiaries rely on Rule 3a- 7 under the Investment Company Act. We refer to these subsidiaries as our " CLO subsidiaries. " Rule 3a- 7 under the Investment Company Act is available to certain structured financing vehicles that are engaged in the business of holding financial assets that, by their terms, convert into cash within a finite time period and that issue fixed income securities entitling holders to receive payments that depend primarily on the cash flows from these assets, provided that, among other things, the structured finance vehicle does not engage in certain portfolio management practices resembling those employed by management investment companies (e. g., mutual funds). Accordingly, each of these CLO subsidiaries is subject to an indenture (or similar transaction documents) that contains specific guidelines and restrictions limiting the discretion of the CLO subsidiary and its collateral manager, if applicable. In particular, these guidelines and restrictions prohibit the CLO subsidiary from acquiring and disposing of assets primarily for the purpose of recognizing gains or decreasing losses resulting from market value changes. Thus, a CLO subsidiary cannot acquire or dispose of assets primarily to enhance returns to the owner of the equity in the CLO subsidiary; however, subject to this limitation, sales and purchases of assets may be made so long as doing so does not violate guidelines contained in the CLO subsidiary' s relevant transaction documents. A CLO subsidiary generally can, for example, sell an asset if the collateral manager believes that its credit characteristic qualifies it as an impaired asset, subject to fulfilling the requirements set forth in Rule 3a- 7 under the Investment Company Act and the CLO subsidiary' s relevant transaction documents. As a result of these restrictions, our CLO subsidiaries may suffer losses on their assets and we may suffer losses on our investments in those CLO subsidiaries. SEC no- action positions are based on specific factual situations that differ in some regards from the factual situations we and our subsidiaries may face, and as a result, we may have to apply SEC staff guidance that relates to other factual situations by analogy. A number of these no- action positions were issued more than twenty years ago. There may be no guidance from the SEC staff that applies directly to our factual situations, and the SEC may disagree with our conclusion that the published guidance applies in the manner we have concluded. No assurance can be given that the SEC or its staff will concur with our classification of our assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require us to re- classify our assets for purposes of the Investment Company Act, including for purposes of our subsidiaries' compliance with the exclusions provided in Section 3 (c) (5) (C) or Rule 3a- 7 of the Investment Company Act. There is no guarantee that we will be able to adjust our assets in the manner required to maintain our exclusion or exemption from the Investment Company Act and any adjustment in our strategy or assets could have a material adverse effect on us. To the extent that the SEC or its staff provides more specific guidance regarding any of the matters bearing upon the definition of investment company and the exemptions to that definition, we may be required to adjust our strategy accordingly. On August 31, 2011, the SEC issued a concept release and request for comments regarding the Section 3 (c) (5) (C) exclusion (Release No. IC- 29778) in which it contemplated the possibility of issuing new rules or providing new interpretations of the exemption that might, among other things, define the phrase " liens on and other interests in real estate " or consider sources of income in determining a company' s " primary business. " Any additional guidance from the SEC or its staff could further inhibit our ability to pursue the strategies we have chosen. Because registration as an investment company would significantly affect our (or our subsidiaries') ability to engage in certain transactions or be structured in the manner we currently are, we intend to conduct our business so that we and our wholly- owned subsidiaries and majority- owned subsidiaries will continue to satisfy the requirements to avoid regulation as an investment company. However, there can be no assurance that we or our subsidiaries will be able to satisfy these requirements and maintain our and their exclusion or exemption from such registration. If we or our wholly- owned subsidiaries or our majority- owned subsidiaries do not meet these requirements, we could be forced to alter our investment portfolio by selling or otherwise disposing of a substantial portion of the assets that do not satisfy the applicable requirements or by acquiring a significant position in assets that are Qualifying Interests. Such investments may not represent an optimum use of capital when compared to the available investments we and our subsidiaries target pursuant to our investment strategy. These investments may present additional risks to us, and these risks may be compounded by our inexperience with such investments. Altering our investment portfolio in this manner may materially and adverse affect us if we are forced to dispose of or acquire assets in an unfavorable market. There can be no assurance that we and our subsidiaries will be able to successfully avoid operating as an unregistered investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, that third parties could seek to obtain rescission of transactions undertaken during the period for which it was established that we were an unregistered investment company, and that we would be subject to limitations on corporate leverage that would have an adverse impact on our investment returns. If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act) and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration and other matters. Compliance with the Investment Company Act would, accordingly, limit our ability to make certain investments and require us to significantly restructure our business plan, which could materially and adversely affect our ability to pay distributions to our stockholders. Because affiliate transactions generally are prohibited under the Investment Company Act, we would not be able to enter into transactions with any of our affiliates if we fail to maintain our exclusion or exemption, and our Manager may terminate our Management Agreement if we become required to register as an investment company, with such termination deemed to occur immediately before such event. If our Management Agreement is terminated, it could constitute an event of default under our financing arrangements and financial institutions may then have the right to accelerate their outstanding loans to us and terminate their arrangements and their obligation to advance funds to us in the future. In addition, we may not be able to secure a replacement manager on favorable terms, if at all. Thus, compliance with the requirements of the Investment Company Act imposes significant limits on our operations, and our failure to comply with those requirements would likely have a material adverse effect on us. If the market value or income potential of our assets declines, we may need to acquire additional assets and / or liquidate certain types of assets in order to maintain our REIT qualification or our exclusion or exemption from the Investment Company Act. If the decline in the market value and / or income of our assets occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of the assets that we may own. We may have to make investment decisions that we otherwise would not make absent the REIT qualification and Investment Company Act considerations, which could materially and adversely affect us. Failure to obtain, maintain or renew required licenses and authorizations necessary to operate our mortgage- related activities may materially and adversely affect us. We and our Manager are required to obtain, maintain or renew certain licenses and authorizations (including " doing business " authorizations and licenses to act as a commercial mortgage lender) from U. S. federal or state governmental authorities, government sponsored entities or similar bodies in connection with some or all of our mortgage- related activities. There is no assurance that we or our Manager will be able to obtain, maintain or renew any or all of the licenses and authorizations that we require or that we or our Manager will avoid experiencing significant delays in connection therewith. The failure of our company or our Manager to obtain, maintain or renew licenses will restrict our options and ability to engage in desired activities, and could subject us to fines, suspensions, terminations and various other adverse actions if it is determined that we or our Manager have engaged without the requisite licenses or authorizations in activities that required a license or authorization, which could have a material adverse effect on us. Changes in laws or regulations governing our operations or those of our competitors, or changes in the interpretation thereof, or newly enacted laws or regulations, could result in increased competition for our target assets, require changes to our business practices and collectively could adversely impact our revenues and impose additional costs on us, which could materially and adversely affect us. The laws and regulations governing our operations or those of our competitors, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. We may be required to adopt or suspend certain business practices as a result of any changes, which could impose additional costs on us, which could materially and adversely affect us. Furthermore, if " regulatory capital " or " capital adequacy " requirements — whether under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the " Dodd- Frank Act "), Basel III, or other regulatory action — are further strengthened or expanded with respect to lenders that provide us with debt financing, or were to be imposed on us directly, they or we may be required to limit, or increase the cost of, financing they provide to us or that we provide to others. Among other things, this could potentially increase our financing costs, reduce our ability to originate or acquire loans and other investments and reduce our liquidity or require us to sell assets at an inopportune time or **unfavorable** price. In addition, various laws and regulations currently exist that restrict the investment activities of banks and certain other financial institutions but do not apply to us, which we believe creates opportunities for us to originate loans and participate in certain other investments that are not available or attractive to these more regulated institutions. However, proposals for legislation that would change how the financial services industry is regulated are continually being introduced in the U. S. Congress and in state legislatures. Federal financial regulatory agencies may adopt regulations and amendments intended to effect regulatory reforms including reforms to certain Dodd- Frank- related regulations. Changes in the regulatory and business landscape as a result of the Dodd- Frank Act and as a result of other current or future legislation and regulation may decrease the restrictions on banks and other financial institutions and allow them to compete with us for investment opportunities that were previously not available or attractive to, or otherwise pursued by, them, which could have a material adverse impact on us. See " — Risks Related to Our Lending and Investment Activities — We operate in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit our ability to originate or acquire attractive investments in our target assets, which could have a material adverse effect on us. " Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non- bank financial sector will become subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it may take, increased regulation of non- bank lending could negatively impact our results of operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise materially and adversely affect us. In addition, the Iran Threat Reduction and Syria Human Rights Act of 2012 (the " ITRA ") expands the scope of U. S. sanctions against Iran and Syria. In particular, Section 219 of the ITRA amended the Exchange Act to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain sanctions promulgated by the Office of Foreign Assets Control of the U. S. Treasury Department engaged in by the reporting company or any of its affiliates during the period covered by the relevant periodic report. These companies are required to separately file with the SEC a notice that such activities have been disclosed in the relevant periodic reports, and the SEC is required to post this notice of disclosure on its website and send the report to the U. S. President and certain U. S. Congressional committees. The U. S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation with respect to certain disclosed activities, to determine whether sanctions should be imposed. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business. Actions of the U. S. government, including the U. S. Congress, Federal Reserve Board, U. S. Treasury Department and other governmental and regulatory bodies, designed to stabilize or reform the financial markets, or market response to those actions, may not achieve the intended effect and could materially and adversely affect us. In July 2010, the Dodd- Frank Act was signed into law, which imposes significant investment restrictions and capital requirements on banking entities and other organizations that are significant to U. S. financial stability. For instance, the so- called " Volcker Rule " provisions of the Dodd- Frank Act impose significant restrictions on the proprietary trading activities of banking entities and on their ability to sponsor or invest in private equity and hedge funds. It also subjects nonbank financial companies that have been designated as " systemically important " by the Financial Stability Oversight Council to increased capital requirements and quantitative limits for engaging in such activities, as well as consolidated supervision by the Federal Reserve Board. The Dodd- Frank Act also seeks to reform the asset- backed securitization market (including the mortgage- backed securities market) by requiring the retention of a portion of the credit risk inherent in the pool of securitized assets and by imposing additional registration and disclosure requirements. In October 2014, five U. S. federal banking and housing agencies and the SEC issued final credit risk retention rules, which generally require sponsors of asset-backed securities to retain at least 5 % of the credit risk relating to the assets that underlie such asset- backed securities. These rules, which generally became effective in 2016 with respect to new securitization transactions backed by mortgage loans other than residential mortgage loans, could restrict credit availability and could negatively affect the terms and availability of credit to fund our investments. See " — Risks Related to Our Financing — We have utilized and may in the future utilize non-recourse securitizations to finance our investments, which may expose us to risks that could result in losses. " The Dodd- Frank Act' s extensive requirements may have a significant effect on the financial markets and may affect the availability or terms of financing from our lender counterparties and the availability or terms of mortgage- backed securities, which may, in turn, have a material adverse effect on us. On December 16, 2015, the U. S. Commodity Futures Trading Commission (the " CFTC ") published a final rule governing margin requirements for uncleared swaps entered into by registered swap dealers and major swap participants who are not supervised by the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Administration and the Federal Housing Finance Agency (collectively, the " Prudential Regulators "), referred to as " covered swap entities ", and such rule was amended on November 19, 2018. The final rule generally requires covered swap entities, subject to certain thresholds and exemptions, to collect and post margin in respect of uncleared swap transactions with other covered swap entities and financial end- users. In particular, the final rule requires covered swap entities and financial end- users having " material swaps exposure, " defined as an average aggregate daily notional amount of uncleared swaps exceeding a certain specified amount, to collect and / or post (as applicable) a minimum amount of " initial margin " in respect of each uncleared swap; the specified amounts for material swaps exposure differ subject to a phase- in schedule, when the average aggregate daily notional amount will thenceforth be $ 8. 0 billion as calculated from June, July and August of the previous calendar year. Following the CFTC' s publication of a final rule in November 2020 which extended the last implementation phase of the initial margin requirements for uncleared swaps these requirements ultimately took effect on September 1, 2022. In addition, the final rule requires covered swap entities entering into uncleared swaps with other covered swap entities or financial- end users, regardless of swaps exposure, to post and / or collect (as applicable) " variation margin " in reflection of changes in the mark- to- market value of an uncleared swap since the swap was executed or the last time such margin was exchanged. The CFTC final rule is broadly consistent with a similar rule requiring the exchange of initial and variation margin adopted by the Prudential Regulators in October 2015, as amended, which apply to registered swap dealers, major swap participants, security- based swap dealers and major security- based swap participants that are supervised by one or more of the Prudential Regulators. These rules on margin requirements for uncleared swaps could adversely affect our business, including our ability to enter such swaps or our available liquidity. The current regulatory environment may be impacted by future legislative developments, such as amendments to key provisions of the Dodd- Frank Act, including provisions setting forth capital and risk retention requirements. Financial services regulation, including regulations applicable to us, has increased significantly in recent years, and may in the future be subject to further enhanced governmental scrutiny and / or increased regulation. Although we cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, changes to legal rules and regulations, or interpretation or enforcement of them, could have a negative effect on our business. We depend on our Manager to develop appropriate systems and procedures to control operational risk. We depend on our Manager and its affiliates to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in our operations may cause us to suffer financial losses, the disruption of our business, liability to third parties, regulatory intervention or damage to our reputation. We rely heavily on our Manager' s financial, accounting and other data processing systems. The ability of our systems to accommodate transactions could also constrain our ability to properly manage our portfolio. Generally, our Manager will not be liable for losses incurred due to the occurrence of any such errors. ~~Operational risks, including the risks of cyberattacks, may disrupt our businesses, result in losses or limit our growth.~~ We rely heavily on ~~our and~~ TPG' s financial, accounting, communications and other data processing systems. Such systems may fail to operate properly or become disabled as a result of tampering or a breach of the network security systems or otherwise. In addition, such systems are from time to time subject to cyberattacks, which **are continually evolving and** may ~~continue to~~ increase in sophistication and frequency in the future. Attacks on TPG and its affiliates and their portfolio companies' and service providers' systems could involve attacks that are intended to obtain unauthorized access to our proprietary information or personal identifying information of our stockholders, destroy data or disable, degrade or sabotage ~~our~~ **the TPG** systems **on which we rely**, or divert or otherwise steal funds, including through the introduction of " phishing " attempts and other forms of social engineering, computer viruses and other malicious code. Cybersecurity incidents and cyber- attacks **, denial of service attacks, ransomware attacks, and social engineering attempts (including business email compromise attacks)** have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future **(including as a consequence of the COVID- 19 pandemic and the increased frequency of virtual working arrangements)**. ~~Our~~ **There have been a number of recent highly publicized cases involving the dissemination, theft and destruction of corporate information or other assets, as a result of a failure to follow procedures by employees or contractors or as a result of actions by a variety of third parties, including nation state actors and terrorist or criminal organizations. TPG, we and our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions, and their operations rely on the secure access to, and processing, storage and transmission of confidential and other information in their systems and those of their respective third- party service providers. These information, technology and communications systems are subject to a number of different threats or risks that could adversely affect TPG or us. For example, the** information and technology systems ~~as well as those~~ of TPG, its portfolio entities and other related parties, such as service providers, may be vulnerable to damage or interruption from ~~cyber security~~ **cybersecurity** breaches, computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and other security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cyberattacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. Cyberattacks and other security threats could also originate from the malicious or accidental acts of insiders. There has been an increase in the frequency and sophistication of the cyber and security threats TPG faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target TPG because TPG holds a significant amount of confidential and sensitive information about its and our investors, its portfolio companies and **its and our** potential investments. As a result, we and TPG may face a heightened risk of a security breach or disruption with respect to this information. If successful, these types of attacks on ~~our or~~ TPG' s network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in the operation of our business and damage to our **or TPG' s** reputation. There can be no assurance that measures that TPG takes to ensure the integrity of its systems will provide protection, especially because cyberattack techniques change frequently ~~or are~~ **, may persist undetected over extended periods of time, and may** not ~~recognized until successful~~ **be mitigated in a timely manner to prevent or minimize the impact of an attack on TPG or its affiliates**. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to stockholders (and their beneficial owners) and material nonpublic information. Although TPG has implemented, and its portfolio entities and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. **There also have been several publicized cases of ransomware where hackers have requested ransom payments in exchange for not disclosing client or customer information or restoring access to information technology or communications systems. Although TPG has processes to oversee and identify material risks associated with the use of third party service providers,** TPG does not control the ~~cyber security~~ **cybersecurity** plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to TPG, its portfolio entities and us, each of which could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in TPG' s, its affiliates', their portfolio entities' or our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders, material nonpublic information and the intellectual property and trade secrets and other sensitive information in the possession of TPG and its portfolio entities. We, TPG or a portfolio entity could be required to make a significant investment to remedy the effects of any such failures, harm to **our or** their reputations, legal claims that **we or** they and their respective affiliates may be subjected to, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity and other events that may affect **our and** their ~~business~~ **businesses** and financial performance. **Even if we or TPG are not targeted directly, cyberattacks on the U. S. and foreign governments, financial markets, financial institutions, or other businesses, including borrowers, vendors, software creators, cybersecurity service providers, and other third parties with whom we or TPG do business, may occur, and such events could disrupt our or TPG' s normal business operations and networks in the future.** In addition, **we and** TPG ~~operates~~ - **operate** in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cybersecurity has become a top priority for regulators around the world. The SEC recently ~~proposed~~ **adopted** amendments to its rules related to cybersecurity risk management, strategy, governance, and incident reporting, and many jurisdictions in which we and TPG operate have, or are considering adopting, laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation in the

European Union that went into effect in May 2018 and the California Consumer Privacy Act that became effective on January 1, 2020. Virginia, Colorado, Utah and Connecticut recently enacted similar data privacy legislation ~~that will go into effect in 2023~~ . Some jurisdictions have also enacted **or proposed** laws requiring companies to notify individuals and government agencies of data security breaches involving certain types of personal data. Breaches in security, whether malicious in nature or through inadvertent transmittal or other loss of data, could potentially jeopardize our or TPG' s, its employees', or our investors' or counterparties' confidential, proprietary and other information processed and stored in, and transmitted through, ~~our or~~ TPG' s computer systems and networks, or otherwise cause interruptions or malfunctions in our or TPG' s, its employees', or our investors', our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our business, liability to our investors and other counterparties, regulatory intervention or reputational damage. Furthermore, if we or TPG fail to comply with the relevant laws and regulations or fail to provide the appropriate regulatory or other notifications of a breach in a timely manner, it could result in regulatory investigations and penalties, which could lead to negative publicity **and reputational harm** and may cause our investors or investors in the TPG Funds and TPG clients to lose confidence in the effectiveness of our or TPG' s security measures. Finally, most of the personnel of TPG provided to our Manager are located in TPG' s New York City and Fort Worth offices, and we depend on continued access to this office for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. TPG' s disaster recovery program may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all. We depend on Situs Asset Management, LLC (" SitusAMC ") for asset management services. We may not find a suitable replacement for SitusAMC if our agreement with SitusAMC is terminated, or if key personnel cease to be employed by SitusAMC or otherwise become unavailable to us. We are party to an agreement with SitusAMC pursuant to which SitusAMC provides us with dedicated asset management employees for performing asset management services pursuant to our proprietary guidelines. Our ability to monitor the performance of our investments will depend to a significant extent upon the efforts, experience, diligence and skill of SitusAMC and its employees. In addition, we can offer no assurance that SitusAMC will continue to be able to provide us with dedicated asset management employees for performing asset management services for us. Any interruption or deterioration in the performance of SitusAMC or failures of SitusAMC' s information systems and technology could impair the quality of our operations and could affect our reputation and hence materially and adversely affect us. If our agreement with SitusAMC is terminated and no suitable replacement is found to manage our portfolio, we may not be able to monitor the performance of our investments. Furthermore, we may incur certain costs in connection with a termination of our agreement with SitusAMC. Accounting rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact our ability to timely prepare consolidated historical financial statements, which could materially and adversely affect us. Accounting rules for transfers of financial assets, consolidation of variable interest entities, **allowance for** loan ~~loss~~ **losses** ~~reserves~~ , valuation of assets and liabilities, and other aspects of our operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders. Changes in accounting interpretations or assumptions could impact our consolidated historical financial statements and our ability to timely prepare our consolidated historical financial statements. Our inability to timely prepare our consolidated historical financial statements in the future could materially and adversely affect us. If we fail to remain qualified as a REIT, we will be subject to tax as a C corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our stockholders. We currently intend to operate in a manner that will allow us to continue to qualify as a REIT for U. S. federal income tax purposes. We have not requested nor obtained a ruling from the IRS as to our REIT qualification. Our continued qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair values of our investments, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT **annual** income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for U. S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries or in securities of other issuers will not cause a violation of the REIT requirements. If we were to fail to qualify as a REIT in any taxable year, we would be subject to U. S. federal income tax and applicable state and local taxes on our taxable income at regular corporate rates, and distributions made to our stockholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could materially and adversely affect us and the value of our common stock. Unless we were entitled to relief under certain Internal Revenue Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year in which we failed to qualify as a REIT. The maximum tax rate applicable to income from " qualified dividends " payable to domestic stockholders that are taxed at individual rates is currently 20 %, plus the 3. 8 % surtax on net investment income, if applicable. Dividends payable by REITs, however, are generally not eligible for the reduced rates on qualified individual income. Rather, REIT dividends constitute " qualified business income " (to the extent the income is classified as ordinary income) and thus a 20 % deduction is available to individual taxpayers with respect to such dividends. To qualify for this deduction, the U. S. stockholder receiving such dividends must hold the dividend- paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91- day period beginning 45 days before the stock becomes exdividend and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The 20 % deduction results in a 29. 6 % maximum U. S. federal tax rate (plus the 3. 8 % surtax on net investment income, if applicable) for individual U. S. stockholders. Without further legislative action, the 20 % deduction applicable to REIT dividends will expire on January 1, 2026. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. We generally must distribute annually at least 90 % of our REIT taxable income, subject to certain adjustments and excluding any net capital gain, in order to qualify as a REIT for U. S. federal income tax purposes. To the extent that we satisfy this distribution requirement but distribute less than 100 % of our REIT taxable income, we will be subject to U. S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U. S. federal tax laws. We intend to continue to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code. From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur **, which in each case would increase the amount we are required to distribute to shareholders without corresponding receipt of cash** . For example, we may be required to accrue income from mortgage loans, CRE debt securities and other types of debt investments or interests in debt investments before we receive any payments of interest or principal on such assets. We may also acquire distressed debt investments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding debt are " significant modifications " under the applicable U. S. Treasury Regulations, the modified debt may be considered to have been reissued to us at a gain in a debt- for- debt exchange with the borrower, with gain recognized by us to the extent that the principal amount of the modified debt exceeds our cost of purchasing it prior to modification. Moreover, we generally are required to take certain amounts into income no later than the time such amounts are reflected on certain financial statements. The application of this rule may require the accrual of income with respect to our debt instruments, such as original issue discount or market discount, earlier than would be the case under the general tax rules, **which** ~~although the precise application of this rule is unclear at this time. To the extent that this rule requires the accrual of income earlier than under the general tax rules, it~~ could increase our " phantom income ~~.~~ " **and REIT distribution requirement.** We may also be required under the terms of indebtedness that we incur to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income **and increasing our REIT distribution requirement** but not having a corresponding amount of cash available for distribution to our stockholders. As a result, we may find it difficult or impossible to meet **the REIT** distribution requirements from our ordinary operations in certain circumstances. In particular, where we experience differences in timing between the recognition of taxable income and the actual receipt of cash, the requirement to distribute a substantial portion of our taxable income could cause us to do any of the following in order to comply with the REIT requirements: (i) sell assets in adverse market conditions, (ii) raise funds on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt or (iv) make a taxable distribution of shares of our common stock, as part of a distribution in which stockholders may elect to receive shares (subject to a limit measured as a percentage of the total distribution). These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could materially and adversely affect us. We may choose to make distributions to our stockholders in our own common stock, in which case our stockholders could be required to pay income taxes in excess of the cash dividends they receive. We may in the future distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U. S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sale proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we or the applicable withholding agent may be required to withhold U. S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. The IRS has issued Revenue Procedure 2017- 45 authorizing elective cash / stock dividends to be made by publicly offered REITs (i. e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act). Pursuant to Revenue Procedure 2017- 45, the IRS will treat the distribution of stock pursuant to an elective cash / stock dividend as a distribution of property under Section 301 of the Internal Revenue Code (i. e., a dividend), as long as at least 20 % of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. This threshold has been temporarily reduced in the past, and may be reduced in the future, by IRS guidance. Although we have no current intention of paying dividends in our own common stock, if in the future we choose to pay dividends in our own common stock, our stockholders may be required to pay tax in excess of the cash that they receive. Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow, which could materially and adversely affect us. Even if we remain qualified for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes, such as mortgage recording taxes. In addition, in order to continue to meet the REIT qualification requirements, prevent the recognition of certain types of non- cash income or to avert the imposition of a 100 % tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold a significant amount of our investments through ~~taxable REIT~~

~~subsidiaries (“~~ TRSs ~~”)~~ or other subsidiary corporations that will be subject to corporate- level income tax at regular rates. In addition, if a TRS borrows funds either from us or a third party, it may be unable to deduct all or a portion of the interest paid, resulting in a higher corporate- level tax liability. Specifically, deductions for business interest expense (even if paid to third parties) are limited to the sum of a taxpayer’ s business interest income and 30 % of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, net operating losses or the pass-through income deduction. The TRS rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm’ s- length basis. Any of these taxes would reduce our cash flow, which could materially and adversely affect us. Complying with REIT requirements may cause us to forego otherwise attractive investment opportunities. To continue to qualify as a REIT for U. S. federal income tax purposes, we must satisfy ongoing tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our stockholders and the ownership of our stock. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source- of- income or asset- diversification requirements for qualifying as a REIT. In addition, in certain cases, the modification of a debt instrument could result in the conversion of the instrument from a qualifying real estate asset to a wholly or partially non- qualifying asset that must be contributed to a TRS or disposed of in order for us to maintain our REIT status. Compliance with the source- of- income requirements may also limit our ability to acquire debt instruments at a discount from their face amount. Thus, compliance with the REIT requirements may cause us to forego or, in certain cases, to maintain ownership of, otherwise attractive investment opportunities. Complying with REIT requirements may force us to liquidate or restructure otherwise attractive investments. To continue to qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75 % of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of CRE debt securities. The remainder of our investments in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20 % of the value of our total securities can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate or restructure otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. We may be required to report taxable income from certain 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. The discount at which such debt instruments are acquired may reflect doubts about their ultimate collectability rather than current market interest rates. The amount of such discount will nevertheless generally be treated as “ market discount ” for U. S. federal income tax purposes. Accrued market discount is 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. In addition, we may acquire distressed debt investments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding debt are “ significant modifications ” under applicable U. S. Treasury Regulations, the modified debt may be considered to have been reissued to us at a gain in a debt- for- debt exchange with the borrower. In that event, we may be required to recognize taxable gain to the extent the principal amount of the modified debt exceeds our adjusted tax basis in the unmodified debt, even if the value of the debt or the payment expectations have not changed. Moreover, for CRE debt securities that we may in the future acquire, some may be 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 CRE debt securities will be made. If such CRE debt securities turn out not to be fully collectible, an offsetting loss deduction will become available only in the later year that uncollectibility is probable. Additionally, we generally are required to take certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule may require the accrual of income with respect to our debt instruments, such as original issue discount or market discount, earlier than would be the case under the general tax rules, **which** ~~although the precise application of this rule is unclear at this time. To the extent that this rule requires the accrual of income earlier than under the general tax rules, it~~ could increase our “ phantom income. ” Finally, in the event that any debt instruments or CRE debt securities 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. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter. The “ taxable mortgage pool ” rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations. Our securitizations have, and could in the future, result in the creation of taxable mortgage pools (“ TMPs ”), for U. S. federal income tax purposes. As a REIT, so long as we own (or a subsidiary REIT of ours owns) 100 % of the equity interests in a TMP, we generally will not be adversely affected by the characterization of the securitization as a TMP. A subsidiary REIT of ours currently owns 100 % of the equity interests in each TMP created by our securitizations. To the extent that we (as opposed to our subsidiary REIT) own equity interests in a TMP, certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax- exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the TMP. In addition, in such a case, to the extent that our common stock is owned by tax- exempt " disqualified organizations, " such as certain government- related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of our income from the TMP. In that case, we may reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax. While we believe that we have structured our securitizations such that the above taxes would not apply to our stockholders with respect to TMPs held by our subsidiary REIT, our subsidiary REIT is in part owned by a TRS of ours, which will pay corporate level tax on any dividends it may receive from the subsidiary REIT. Moreover, we are precluded from selling equity interests in our securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for U. S. federal income tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions. The tax on prohibited transactions limits our ability to engage in transactions, including certain methods of securitizing mortgage loans, which 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 % U. S. federal income tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we were to dispose of or securitize loans in a manner that was treated as a sale of the loans for U. S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales of loans at the REIT level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. Our investments in construction loans will require us to make estimates about the fair value of land improvements that may be challenged by the IRS. We have invested and may in the future invest in construction loans, the interest from which will be qualifying income for purposes of the REIT income tests, provided that the loan value of the real property securing the construction loan is equal to or greater than the highest outstanding principal amount of the construction loan during any taxable year. For purposes of construction loans, the loan value of the real property is the fair value of the land plus the reasonably estimated cost of the improvements or developments (other than personal property) that will secure the loan and that are to be constructed from the proceeds of the loan. There can be no assurance that the IRS would not challenge our estimate of the loan value of the real property. The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to continue to qualify as a REIT. We have invested and will continue to invest in 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 certain 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 REIT 75 % income test. Certain of our mezzanine loans may 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, the IRS could challenge such loan' s treatment as a real estate asset for purposes of the REIT asset and income tests and, if such a challenge were sustained, we could fail to qualify as a REIT. The failure of assets subject to secured credit agreements to qualify as real estate assets could adversely affect our ability to continue to qualify as a REIT. We have entered into secured credit agreements and may in the future enter into additional secured credit facilities pursuant to which we would agree, from time to time, to nominally sell certain of our assets to a counterparty and repurchase these assets at a later date in exchange for a purchase price. Economically, repurchase transactions are financings which are secured by the assets sold pursuant thereto. We believe that we would be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such repurchase transaction notwithstanding that such agreement may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the repurchase transaction, in which case we could fail to continue to qualify as a REIT. **Liquidation of assets may jeopardize our REIT qualification or create additional tax liability for us.** To continue to qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100 % U. S. federal income tax on any resultant gain if we sell assets **in transactions** that are treated as **prohibited transactions** ~~dealer property or inventory~~ . Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. The REIT provisions of the Internal Revenue Code substantially limit our ability to hedge our assets and liabilities. Any income from a properly identified hedging transaction we enter into either (i) to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets, (ii) to manage risk of currency fluctuations with respect to items of income that qualify for purposes of the REIT 75 % or 95 % gross income tests or assets that generate such income, or (iii) to hedge another instrument that hedges risks described in clause (i) or (ii) for a period following the extinguishment of the liability or the disposition of the asset that was previously hedged by the instrument, and, in each case, such instrument is properly identified under applicable U. S. Treasury Regulations, does not constitute " gross income " for purposes of the 75 % or 95 % gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non- qualifying income for purposes of both of the gross income tests. As a result of these rules, we intend to limit our use of advantageous hedging techniques or implement those hedges through a ~~domestic~~ TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in a TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in such TRS. If our subsidiary REIT failed to qualify as a REIT, we could be subject to higher taxes and could fail to remain qualified as a REIT. We indirectly (through disregarded subsidiaries and a TRS) own 100 % of the common shares of a subsidiary that has elected to be taxed as a REIT for U. S. federal income tax purposes. Our subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If our subsidiary REIT were to fail to qualify as a REIT, then (i) such subsidiary REIT would become subject to U. S. federal income tax and applicable state and local taxes on its taxable income at regular corporate rates and (ii) our ownership of shares in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs. If our subsidiary REIT were to fail to qualify as a REIT, it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. We have made ~~a~~ **annual** " protective " TRS ~~election~~ **elections** with respect to our subsidiary REIT and may implement other protective arrangements intended to avoid such an outcome if our subsidiary REIT were not to qualify as a REIT, but there can be no assurance that such " protective " elections and other arrangements will be effective to avoid the resulting adverse consequences to us. Moreover, even if the " protective " TRS ~~election~~ **elections** were to be effective in the event of the failure of our subsidiary REIT to qualify as a REIT, such subsidiary REIT would be subject to U. S. federal income tax and applicable state and local taxes on its taxable income at regular corporate rates and we cannot assure you that we would not fail to satisfy the requirement that not more than 20 % of the value of our total assets may be represented by the securities of one or more TRSs. In this event, we would fail to qualify as a REIT unless we or such subsidiary REIT could avail ourselves or itself of certain relief provisions. Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. In addition, our ability to satisfy the requirements to continue to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U. S. federal income tax purposes. New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to remain qualified as a REIT or have other adverse effects on us. The present U. S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U. S. federal income tax treatment of an investment in us. The U. S. federal income tax rules dealing with REITs are constantly under review by persons involved in the legislative process, the IRS and the U. S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. Any such changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our stockholders or us. We cannot predict how changes in the tax laws might affect our stockholders or us. Stockholders are urged to consult with their tax advisors with respect to potential changes to the tax laws and any other regulatory or administrative developments and proposals and their potential effect on an investment in our common stock. The market price for our common stock may fluctuate significantly. Our common stock trades on the NYSE under the symbol " TRTX ". The capital and credit markets have on occasion experienced periods of extreme volatility and disruption. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. Accordingly, no assurance can be given as to the ability of our stockholders to sell their common stock or the price that our stockholders may obtain for their common stock. Some of the factors that could negatively affect the market price of our common stock include: • our actual or projected operating results, financial condition, cash flows and liquidity, or changes in investment strategy or prospects; • actual or perceived changes in the value of our investment portfolio; • actual or perceived conflicts of interest with TPG, including our Manager, and the personnel of TPG provided to our Manager, including our executive officers, and TPG Funds; • equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur; • loss of a major funding source or inability to obtain new favorable funding sources in the future; • increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock and would result in increased interest expense on our debt; • our financing strategy and leverage; • actual or anticipated accounting problems; • publication of research reports **, including by short sellers, or speculation in the press or the investment community,** about us or the commercial real estate industry; • adverse market reaction to additional indebtedness we incur or securities we may issue in the future; • additions to or departures of key personnel of TPG, including our Manager; • changes in market valuations or operating performance of companies comparable to us; • price and volume fluctuations in the overall stock market from time to time; • short- selling pressure with respect to shares of our common stock or REITs generally; • speculation in the press or investment community; • any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts; • failure to maintain our REIT qualification or exclusion or exemption from Investment Company Act regulation or listing on the NYSE; • changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to REITs; • general market and economic conditions and trends, including inflationary concerns and the current state of the credit and capital markets; and • the other factors described in this Item 1A- " Risk Factors. " As noted above, market factors unrelated to our performance could also negatively impact the market price of our common stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution yield, if any, as a percentage of our stock price relative to market interest rates. If market interest rates continue to increase, prospective investors may demand a higher distribution yield or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in the capital markets can affect the market price of our common stock. Common stock eligible for future sale may have adverse effects on the market price of our common stock. Prior to the completion of our initial public offering on July 25, 2017, we entered into a registration rights agreement with TPG Holdings III, L. P. and certain of our other stockholders. The registration rights agreement provides these stockholders with certain demand, shelf and piggyback registration rights. Pursuant to the registration rights agreement, each of the holders may make up to three requests that we register the resale of all or any part of such holder' s registrable securities under the Securities Act at any time. The registration rights agreement also provides the holders with certain shelf registration rights. Accordingly, a holder may request that we file a shelf registration statement pursuant to Rule 415 under the Securities Act relating to the resale of the registrable securities held by such holder from time to time in accordance with the methods of distribution elected by such holder. In any demand or shelf registration, subject to certain exceptions, the other holders will have the right to participate in the registration on a pro rata basis, subject to certain conditions. By exercising these rights and selling a significant number of shares of our common stock, the market price of our common stock could decline significantly. The registration rights agreement provides the holders with piggyback registration rights that require us to register the resale of shares of our common stock held by the holders in the event we register for sale, either for our own account or for the account of others, shares of our common stock in future offerings. The holders will be able to participate in such registration on a pro rata basis, subject to certain terms and conditions. In May 2020, we issued warrants (the " Warrants ") entitling the third- party holder **, PE Holder, L. L. C.,** to purchase up to 12, 000, 000 shares of our common stock. The Warrants ~~have~~ **had** an initial exercise price of $ 7. 50 per share **. The exercise price of the Warrants is subject to certain adjustments. Pursuant to the warrant agreement between the Company and PE Holder, L. L. C., and due to the Company' s payment of non-qualifying dividends during the year ended December 31, 2023, the exercise price of the Warrants has been reduced to $ 6. 89 per share. The Warrants are exercisable on a net- settlement basis** and expire on May 28, 2025 **. The Company and PE Holder, L. L. C. have also entered into a registration rights agreement pursuant to which PE Holder, L. L. C. is entitled to customary registration rights with respect to the shares of our common stock for which the Warrants may be exercised** . Exercise of the Warrants will dilute our then- existing stockholders' interests in us ~~. On May 28, 2020, we entered into a registration rights agreement with PE Holder, L. L. C. as part of our issuance of Series B Preferred Stock and warrant issuance. Pursuant to this agreement, PE Holder, L. L. C. was granted customary demand, piggy- back and shelf registration rights with respect to the common stock underlying the warrants. Pursuant to the registration rights agreement, PE Holder, L. L. C. has the right to make up to three requests to us for registration of all or part of the registrable securities held by the stockholder. The registration rights agreement also provides PE Holder, L. L. C. with certain shelf registration rights. Upon the written request of the stockholder from time to time, the Company shall promptly file with the SEC a shelf registration statement pursuant to Rule 415 under the Securities Act relating to the offer and sale of registrable securities held by such holder from time to time in accordance with the methods of distribution elected by such stockholders, and the Company shall use its reasonable best efforts to cause such shelf registration statement to promptly (within 90 days, or within 60 days if the Company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act). The registration rights agreement provides that the holder with piggyback registration rights that require the Company to register the resale of shares of our common stock held by the holders in the event we register for sale, either for our own account or for the account of others, shares of our common stock in future offerings~~ . In addition, a substantial amount of our shares of common stock held by our stockholders prior to our initial public offering are eligible for resale subject to the requirements of Rule 144 under the Securities Act. We have also filed a registration statement on Form S- 8 registering the issuance of an aggregate of 4, 600, 463 shares of our common stock issuable under the TPG RE Finance Trust, Inc. 2017 Equity Incentive Plan (the " Incentive Plan "). The issuance of these shares and their subsequent sale could cause the market price of our common stock to decline. We cannot predict the effect, if any, of future issuances or sales of our stock, or the availability of shares for future issuances or sales, on the market price of our common stock. Issuances or sales of substantial amounts of stock or the perception that such issuances or sales could occur may adversely affect the prevailing market price for our common stock. We may issue shares of restricted stock and other equity- based awards under the Incentive Plan. Also, we may issue additional shares of our stock in public offerings or private placements to make new investments or for other general corporate purposes. We are not required to offer any such shares to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future stock issuances, which may dilute the then existing stockholders' interests in us. We are generally required to distribute to our stockholders at least 90 % of our REIT taxable income each year for us to maintain our qualification as a REIT under the Internal Revenue Code, which requirement we currently intend to satisfy through quarterly distributions of at least 90 % of our REIT taxable income in such year, subject to certain adjustments. We have not established a minimum distribution payment level and our ability to make distributions may be adversely affected by a number of factors, including the risk factors described in this Form 10- K. Distributions to our stockholders, if any, will be authorized by our board of directors in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including our historical and projected results of operations, cash flows and financial condition, our financing covenants, maintenance of our REIT qualification, applicable provisions of the Maryland General Corporation Law (the " MGCL ") and such other factors as our board of directors deems relevant. We believe that a change in any one of the following factors could adversely affect our results of operations and cash flows and impair our ability to make distributions to our stockholders: • our ability to make attractive investments; • margin calls or other expenses that reduce our cash flows; • defaults or prepayments in our investment portfolio or decreases in the value of our investment portfolio; • the impact of changes in interest rates on our net interest income; and • the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates. **We have** ~~In light of the negative impact on our liquidity caused by the economic and market turmoil resulting from COVID- 19,~~ in ~~March 2020 we announced~~ the **past** ~~deferral~~ **deferred** ~~of~~ the payment of our cash ~~dividend~~ **dividends and** ~~for the first quarter of 2020 to July 2020. We also~~ reduced the authorized amount of our cash ~~dividend~~ **dividends** ~~payable on our common stock commencing in the second quarter of 2020~~ . No assurance can be given that we will be able to make distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us. In addition, distributions that we make to our stockholders will generally be taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as long- term capital gains to the extent that they are attributable to capital gain income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for U. S. federal income tax purposes. A return of capital is not taxable but has the effect of reducing the basis of a stockholder' s investment in our common stock. Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the MGCL may have the effect of deterring a third party from making a proposal to acquire us or of inhibiting a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price of our common stock. Under the MGCL, certain " business combinations " (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (as defined in the statute) or an affiliate of such an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (1) 80 % of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (2) two- thirds of the votes entitled to be cast by holders of shares of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation' s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has ~~by~~ **adopted a** resolution ~~exempted~~ **exempting** any business combination between us and any other person, provided that such business combination is first approved by our board of directors. In addition, our board of directors has specifically exempted PE Holder, L. L. C. (or any of its affiliates) (the " Purchase Parties ") from the provisions of the business combination provisions of the MGCL, and such exemption may not be revoked, altered or repealed, in whole or in part, until such time as the Purchase Parties no longer own any shares of our stock. The MGCL provides that holders of " control shares " of our company (defined as shares of voting stock that, if aggregated with all other shares of capital stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of issued and outstanding " control shares ") have no voting rights except to the extent approved at a special meeting of stockholders by the affirmative vote of at least two- thirds of all of the votes entitled to be cast on the matter, excluding all votes cast by holders of interested shares. Our bylaws currently exempt any and all acquisitions by any person of shares of our stock from the control share provisions of the MGCL. The " unsolicited takeover " provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement takeover defenses, including a classified board structure, if we have a class of equity securities registered under the Exchange Act and at least three independent directors (both of which we currently have). These provisions may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then- current market price. Our charter contains a provision whereby we have elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors. Pursuant to this provision, any and all vacancies on our board of directors may be filled only by the affirmative vote of a majority of the directors remaining in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies. Our charter authorizes us to issue additional authorized but unissued shares of our common stock and preferred stock. In addition, a majority of our entire board of directors may, without stockholder approval, amend our charter to increase or decrease the aggregate number of shares of our capital stock or the number of shares of our capital stock of any class or series that we have authority to issue and classify or reclassify any unissued shares of our common stock or preferred stock and set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the classified or reclassified shares. As a result, our board of directors may establish a class or series of common stock or preferred stock that could delay, defer or prevent a transaction or a change in control that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders. In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50 % of the value of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Our charter, with certain exceptions, authorizes our board of directors to take the actions that are necessary or appropriate to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9. 8 % in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board may grant an exemption prospectively or retroactively in its sole discretion, subject to such representations, covenants and undertakings as it may deem appropriate. These ownership limitations in our charter are standard in REIT charters and are intended to provide added assurance of compliance with the tax law requirements, and to reduce administrative burdens. However, these ownership limits might also delay, defer or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders or result in the transfer of shares acquired in excess of the ownership limits to a trust for the benefit of one or more charitable beneficiaries and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares. Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, a director may be removed **from office at any time, but** only for cause (as defined in our charter) and then only by the affirmative vote of at least two- thirds of all the votes of stockholders entitled to be cast generally in the election of directors. Vacancies on our board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any individual elected to fill such a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies. These requirements make it more difficult for our stockholders to effect changes to our management by removing and replacing directors and may prevent a change in control of our company that is otherwise in the best interests of our stockholders. Our charter contains provisions that limit the responsibilities of our directors and officers with respect to certain business opportunities. Our charter provides that, if any director or officer of our company who is also a partner, advisory board member, director, officer, manager, member or shareholder of TPG or any of TPG' s affiliates (any such director or officer, a " TPG Director / Officer ") 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 from time to time by Maryland law. Accordingly, to the maximum extent permitted from time to time by Maryland law, (1) no TPG Director / Officer is required to present, communicate or offer any business opportunity to us or any of our subsidiaries and (2) the TPG Director / Officer, on his or her own behalf or on behalf of TPG or any of TPG' s affiliates, 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 or entity other than us and our subsidiaries **. In addition, the taking by a TPG Director / Officer for himself or herself, or the offering or other transfer to another person or entity, of any potential business opportunity whether pursuant to our charter or otherwise, will not constitute or be construed or interpreted as (a) an act or omission of the TPG Director / Officer committed in bad faith or as the result of active or deliberate dishonesty or (b) receipt by the TPG Director / Officer of an improper benefit or profit in money, property, services or otherwise** . Accordingly, any TPG Director / Officer may hold and make use of any business opportunity or direct such opportunity to any person or entity other than us and our subsidiaries and, as a result, those business opportunities may not be available to us and our subsidiaries. Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests. Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and officers will not have any liability to us or our stockholders for money damages except for liability resulting from: • actual receipt of an improper personal benefit or profit in money, property or services; or • active and deliberate dishonesty by the director or executive officer that is established by a final judgment and is material to the cause of action adjudicated. Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to: • any individual who is a present or former director or executive officer of our company and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or • any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, trustee, member, manager or partner of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity. Our charter and bylaws also permit us **, with the approval of our board of directors,** to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions not in your best interests. We are a holding company with no direct operations and, as such, we rely on funds received from Holdco to pay liabilities and distributions to our stockholders, and the interests of our stockholders are structurally subordinated to all liabilities and any preferred equity of Holdco and its subsidiaries. We are a holding company and conduct substantially all of our operations through Holdco. We do not have, apart from an interest in Holdco, any independent operations. As a result, we rely on distributions from Holdco to pay any dividends that our board of directors may authorize, and we may declare on shares of our stock. We also rely on distributions from Holdco to meet any of our obligations, including any tax liability on taxable income allocated to us from Holdco. In addition, because we are a holding company, your claims as stockholders are structurally subordinated to all existing and future liabilities (whether or not for borrowed money) and any preferred equity of Holdco and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets, and those of Holdco and its subsidiaries will be available to satisfy the claims of our stockholders only after all of Holdco' s and its subsidiaries' liabilities and any preferred equity have been paid in full. Investing in our common stock may involve a high degree of risk. The investments that we make in accordance with our investment objectives may result in a high amount of risk when compared to alternative investment options and volatility or loss of principal. Our investments may be highly speculative and aggressive, and therefore an investment in our common stock may not be suitable for someone with lower risk tolerance. General Risk Factors Geopolitical instability, including ~~the conflict~~ **conflicts** between **Hamas and Israel and** Russia and Ukraine, actual and potential shifts in U. S. and foreign trade, economic and other policies, and rising trade tensions between the United States and China, as well as other global events have significantly increased macroeconomic uncertainty at a global level. The current macroeconomic environment is characterized by ~~high~~ inflation, supply chain challenges, labor shortages, high interest rates, foreign currency exchange volatility, volatility in global capital markets and growing recession risk. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. We cannot assure you that market disruptions, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy. The risks associated with our business are more severe during periods of economic slowdown or recession and if these periods are accompanied by declining real estate values, our business can be materially adversely affected. Additionally, certain properties that secure a portion of our mortgage loan portfolio, such as those for offices, hospitality or residential tenants, could be especially vulnerable to various macroeconomic pressures. For example, in times of economic downturn ~~, such as the current times~~ , office tenants typically reduce their average occupancy as employment levels are reduced, lowering their need for office space. Similarly, consumer behavior related to discretionary spending and traveling, including demand for hotels, may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth resulting from macroeconomic pressures. Further, with increased employer flexibility and employee demand for work- from- home arrangements, current and prospective residents may be less likely to live in dense urban centers or multifamily housing and office tenants may further reduce their average occupancy of office space. Any negative macroeconomic impact on these types of properties specifically, or the economy generally, could have a material adverse effect on our future business, results of operations, financial condition and the value of our common stock. Our investment model may be adversely affected by prolonged economic downturns or recessions where declining real estate values reduce the level of new mortgage and other real estate- related loan originations, since borrowers often use appreciation in the value of their existing properties to support the purchase or investment in additional properties. Further, declining real estate values may make it difficult for our borrowers to refinance our loans and significantly increase the likelihood that we will incur losses on our loans in the event of default because the value of our collateral may be insufficient to cover our loan amount. The obligations associated with being a public company require significant resources and attention from our Manager' s senior leadership team. As a public company with listed equity securities, we are obligated to comply with certain laws, regulations and requirements, including the requirements of the Exchange Act, certain corporate governance provisions of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "), related regulations of the SEC and requirements of the NYSE. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business, financial condition, cash flows and results of operations. The Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting and that our management and independent registered public accounting firm report annually on the effectiveness of our internal control over financial reporting. ~~On March 21, 2022, the SEC issued proposed rules that would, if adopted, require extensive qualitative disclosures on climate risk in annual reporting to the SEC and the inclusion of climate risks in audited financials. These rules, if adopted, whether in the form proposed or in revised form, may place strains on our Manager' s administrative, operational, and accounting resources and require us to make significant expenditures to attain and maintain compliance.~~ These reporting and other obligations place significant demands on our Manager' s senior leadership team, administrative, operational and accounting resources and cause us to incur significant expenses. We may need to upgrade our systems or create new systems, implement additional financial and other controls, reporting systems and procedures, and create or outsource an internal audit function. If we are unable to maintain these functions in an effective fashion, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies could be impaired. If we fail to maintain an effective system of internal control, we may be unable to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining an effective system of internal control over our financial reporting and financial processes. Furthermore, as our business grows, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. Additionally, the existence of any material weakness or significant deficiency would require our Manager to devote significant time and us to incur significant expense to remediate any such material weaknesses or significant deficiencies and our Manager may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our financial results, which could materially and adversely affect us. Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to ESG matters, that could expose us to numerous risks. Recently, there has been growing concern from advocacy groups, government agencies and the general public on ESG matters and increasingly regulators, customers, investors, employees and other stakeholders are focusing on ESG matters and related disclosures. Such governmental, investor and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope, and complexity of matters that we are required to manage, assess and report. We are subject to changing rules and regulations...... our investment processes. Further, we may choose to communicate certain initiatives **, commitments** and goals, regarding environmental matters, ~~diversity~~ **human capital management** , responsible sourcing and social investments and other ESG **-** related matters ~~,~~ in our SEC filings or in other ~~public~~ disclosures. ~~These~~ **Any such current or future** initiatives **, commitments** and **/ or** goals ~~within~~ **are aspirational and there is no guarantee that all or any such initiative, commitment or goal will be achieved ;** ~~the~~ **they** ~~scope of ESG~~ could be difficult and expensive to implement and we could be criticized for the accuracy, adequacy or completeness of ~~our~~ **the** disclosure. Statements about our ESG **-** related initiatives **, commitments** and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives **, commitments** or **goals, any failure or perceived failure to demonstrate progress towards such commitments and** goals, or for any revisions to these **commitments and** goals. **Further, as part of our ESG practices, we may rely from time to time on third- party data, services and methodologies and such services, data and methodologies could prove to be incomplete or inaccurate.** If ~~we~~

our or such third parties' ESG- related data, processes or reporting are **incomplete** ~~unable to adequately address such ESG matters~~ or **inaccurate,** if we fail to achieve progress with respect to our **ESG initiatives, commitments and** goals ~~within the scope of ESG~~ on a timely basis, or at all, ~~or~~ **our reputation and business results could be adversely affected, particularly if in connection with any such matters we were to become exposed to potential " greenwashing " liability. Further, developing and implementing ESG initiatives, and collecting, measuring and reporting ESG- related information and metrics can be costly, difficult and time- consuming, and are subject to evolving reporting standards that lack harmonization on a global basis, all of which expose our business to additional risk. Investors and other stakeholders have become more focused on understanding how companies address a variety of ESG factors. As they evaluate investment decisions, many investors look not only at company disclosures but also to ESG rating systems that have been developed by third parties to allow ESG comparisons among companies. The criteria used in these ratings systems may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us accurately or other companies accurately or that other companies have provided them with accurate data. If our ESG ratings, disclosures or practices do not meet the standards set by such investors or our stockholders, they may choose not to invest in our securities. Relatedly, we risk damage to our reputation,** if we ~~growing regulatory interest across jurisdictions in improving transparency regarding the definition,measurement and disclosure of ESG factors in order to allow investors to validate and better understand sustainability claims,and we~~ are subject to changing rules and regulations promulgated by a number of governmental and self- regulatory organizations,including the SEC,the NYSE and the FASB.These rules and regulations continue to evolve in scope and complexity and many new requirements have been created in response to laws enacted by Congress,making compliance more difficult and uncertain.Further,new and emerging regulatory initiatives in the U.S.related to climate change and ESG could adversely affect our business. ~~On March 21~~ **These changing rules** , **regulations** ~~2022,the SEC issued a proposed rule regarding the enhancement~~ and **stakeholder expectations have** ~~standardization of mandatory climate- related~~ - **resulted in** ~~disclosures for investors.The proposed rule would mandate extensive disclosure of climate- related data,risks~~ ,and ~~opportunities~~ **are likely to continue to result in,increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations.ESG and other sustainability matters and our response to these matters could harm our business** ,including ~~financial impacts~~ **in areas such as diversity** , ~~physical~~ **equity** and **inclusion** ~~transition risks~~ , ~~related~~ **human rights,climate change and environmental stewardship,support for local communities,corporate** governance and ~~strategy~~ **transparency** and ~~greenhouse gas emissions~~ **considering ESG factors in our investment processes.Further** , **we** ~~for certain public companies~~ or our borrowers fail or are perceived to fail to comply with ~~all laws~~ **applicable rules** , regulations ~~, policies~~ and ~~related interpretations~~ **stakeholder expectations** , it could negatively impact our reputation and our business results **.** **Further, our business could become subject to additional regulations, penalties and / or risks of regulatory scrutiny and enforcement in the future. We cannot guarantee that our current ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increased management burdens and costs. Generally, we expect investor demands and the prevailing legal environment to require us to devote additional resources to ESG matters in our review of prospective investments and management of existing investments, which could increase our expenses** . Social, political, and economic instability, unrest, and other circumstances beyond our control could adversely affect our business operations. Our business may be adversely affected by social, political, and economic instability, unrest, or disruption, including protests, demonstrations, strikes, riots, civil disturbance, disobedience, insurrection and looting in geographic regions where the properties securing our investments are located. Such events may result in property damage and destruction and in restrictions, curfews, or other governmental actions that could give rise to significant changes in regional and global economic conditions and cycles, which may adversely affect our financial condition and operations. There have been demonstrations and protests, some of which involved violence, looting, arson and property destruction, in cities throughout the U. S., ~~including Atlanta, Seattle, Los Angeles, Washington, D. C., New York City, Minneapolis and Portland,~~ as well as globally ~~, including in Hong Kong~~ . While protests were peaceful in many locations, looting, vandalism and fires occurred in cities, which led to the imposition of mandatory curfews and, in some locations, deployment of the U. S. National Guard. Governmental actions taken to protect people and property, including curfews and restrictions on business operations, may disrupt operations, harm perceptions of personal well- being and increase the need for additional expenditures on security resources. The effect and duration of the demonstrations, protests or other factors is uncertain, and there may be further political or social unrest in the future or other events that could lead to further social, political and economic instability. If such events or disruptions persist for a prolonged period of time, our overall business and results of operations may be adversely affected. Any or all of the foregoing could have a material adverse effect on our financial condition, results of operations and cash flows, or the market price of our common stock. Future offerings of debt or equity securities, which would rank senior to our common stock, may adversely affect the market price of our common stock. If we decide to issue debt or equity securities in the future, which would rank senior to our common stock, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or effect of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us. ~~57~~