

Section 1: 10-Q (10-Q)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019.

OR

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

For the transition period from ___ to ___

Commission file number 001-38156



TPG RE Finance Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

36-4796967
(I.R.S. Employer
Identification No.)

888 Seventh Avenue, 35th Floor
New York, New York 10106
(Address of principal executive offices)(Zip Code)

(212) 601-4700
(Registrant's telephone number, including area code)

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

As of April 26, 2019, there were 72,918,063 shares of the registrant's common stock, \$0.001 par value per share, and 1,143,313 shares of the registrant's Class A common stock, \$0.001 par value per share, outstanding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Such risks, uncertainties and other important factors include, among others, the risks, uncertainties and factors set forth under the heading Item 1A – “Risk Factors” in our Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 26, 2019, as such risk factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the general political, economic and competitive conditions in the markets in which we invest;
- the level and volatility of prevailing interest rates and credit spreads;
- adverse changes in the real estate and real estate capital markets;
- general volatility of the securities markets in which we participate;
- changes in our business, investment strategies or target assets;
- difficulty in obtaining financing or raising capital;
- reductions in the yield on our investments and increases in the cost of our financing;
- adverse legislative or regulatory developments, including with respect to tax laws;
- acts of God such as hurricanes, floods, earthquakes, wildfires, mudslides, volcanic eruptions, and other natural disasters, acts of war and/or terrorism and other events that may cause unanticipated and uninsured performance declines and/or losses to us or the owners and operators of the real estate securing our investments;
- changes in the availability of attractive loan and other investment opportunities, whether they are due to competition, regulation or otherwise;
- deterioration in the performance of properties securing our investments that may cause deterioration in the performance of our investments and potentially principal losses to us;
- defaults by borrowers in paying debt service on outstanding indebtedness;
- the adequacy of collateral securing our investments and declines in the fair value of our investments;
- adverse developments in the availability of desirable investment opportunities;
- difficulty in successfully managing our growth, including integrating new assets into our existing systems;
- the cost of operating our platform, including, but not limited to, the cost of operating a real estate investment platform and the cost of operating as a publicly traded company;
- the availability of qualified personnel and our relationship with our Manager (as defined below);
- conflicts with TPG (as defined below) and its affiliates, including our Manager, the personnel of TPG providing services to us, including our officers, and certain funds managed by TPG;
- our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes and our ability to maintain our exemption or exclusion from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”); and
- authoritative U.S. generally accepted accounting principles (or “GAAP”) or policy changes from such standard-setting bodies such as the Financial Accounting Standards Board, the SEC, the Internal Revenue Service, the New York Stock Exchange and other authorities that we are subject to, as well as their counterparts in any foreign jurisdictions where we might do business.

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

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

Except where the context requires otherwise, the terms “Company,” “we,” “us,” and “our” refer to TPG RE Finance Trust, Inc., a Maryland corporation, and its subsidiaries; the term “Manager” refers to our external manager, TPG RE Finance Trust Management, L.P., a Delaware limited partnership; and the term “TPG” refers to TPG Global, LLC, a Delaware limited liability company, and its affiliates.

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Part I. Financial Information

Item 1. Financial Statements

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

	March 31, 2019	December 31, 2018
ASSETS⁽¹⁾		
Cash and Cash Equivalents	\$ 55,431	\$ 39,720
Restricted Cash	400	1,000
Accounts Receivable	13	38
Accounts Receivable from Servicer/Trustee	10,145	96,464
Accrued Interest Receivable	24,470	20,731
Loans Held for Investment, net (includes \$2,663,678 and \$2,219,574 pledged as collateral under secured revolving repurchase and secured credit agreements)	4,712,134	4,293,787
Investment in Available-for-Sale Securities (Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities) (includes \$176,494 and \$36,307 pledged as collateral under secured revolving repurchase agreements)	308,294	74,381
Other Assets, Net	8,174	669
Total Assets	\$ 5,119,061	\$ 4,526,790
LIABILITIES AND STOCKHOLDERS' EQUITY⁽¹⁾		
Liabilities		
Accrued Interest Payable	\$ 7,964	\$ 6,146
Accrued Expenses	13,064	8,151
Collateralized Loan Obligations (net of deferred financing costs of \$10,161 and \$12,447)	1,251,393	1,509,930
Secured Revolving Repurchase, Senior Secured, and Secured Credit Agreements (net of deferred financing costs of \$9,415 and \$10,448)	2,065,449	1,494,078
Term Loan Facility (net of deferred financing costs of \$1,112 and \$758)	266,549	113,504
Asset-Specific Financings (net of deferred financing costs of \$105 and \$129)	32,395	32,371
Payable to Affiliates	6,486	5,996
Deferred Revenue	614	463
Dividends Payable	31,598	28,981
Total Liabilities	3,675,512	3,199,620
Commitments and Contingencies—See Note 14		
Stockholders' Equity:		
Preferred Stock (\$0.001 par value per share; 100,000,000 shares authorized; 125 and 0 shares issued and outstanding, respectively)	—	—
Common Stock (\$0.001 par value per share; 300,000,000 shares authorized; 72,018,063 and 66,020,387 shares issued and outstanding, respectively)	73	67
Class A Common Stock (\$0.001 par value per share; 2,500,000 shares authorized; 1,143,313 shares issued and outstanding)	1	1
Additional Paid-in-Capital	1,474,554	1,355,002
Accumulated Deficit	(29,200)	(25,915)
Accumulated Other Comprehensive (Loss)	(1,879)	(1,985)
Total Stockholders' Equity	1,443,549	1,327,170
Total Liabilities and Stockholders' Equity	\$ 5,119,061	\$ 4,526,790

(1) The Company's consolidated Total Assets and Total Liabilities at March 31, 2019 include assets and liabilities of variable interest entities ("VIEs") of \$1.7 billion and \$1.3 billion, respectively. The Company's consolidated Total Assets and Total Liabilities at December 31, 2018 include assets and liabilities of VIEs of \$1.9 billion and \$1.5 billion, respectively. These assets can be used only to satisfy obligations of the VIEs, and creditors of the VIEs have recourse only to these assets, and not to TPG RE Finance Trust, Inc. See Note 5 to the Consolidated Financial Statements for details.

See accompanying notes to the Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2019	2018
INTEREST INCOME		
Interest Income	\$ 76,601	\$ 59,365
Interest Expense	(39,367)	(25,998)
Net Interest Income	37,234	33,367
OTHER REVENUE		
Other Income, net	422	366
Total Other Revenue	422	366
OTHER EXPENSES		
Professional Fees	679	899
General and Administrative	1,325	1,108
Servicing and Asset Management Fees	513	767
Management Fee	5,143	4,704
Incentive Management Fee	1,365	926
Total Other Expenses	9,025	8,404
Income Before Income Taxes	28,631	25,329
Income Tax (Expense) Income, net	(219)	(215)
Net Income	\$ 28,412	\$ 25,114
Preferred Stock Dividends	(3)	(3)
Net Income Attributable to TPG RE Finance Trust, Inc.	\$ 28,409	\$ 25,111
Basic Earnings per Common Share	\$ 0.42	\$ 0.42
Diluted Earnings per Common Share	\$ 0.42	\$ 0.42
Weighted Average Number of Common Shares Outstanding		
Basic:	68,294,736	60,393,818
Diluted:	68,294,736	60,393,818
OTHER COMPREHENSIVE INCOME		
Net Income	\$ 28,412	\$ 25,114
Unrealized (Loss) Gain on Available-for-Sale Securities (Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities)	106	(214)
Comprehensive Net Income	\$ 28,518	\$ 24,900

See accompanying notes to the Consolidated Financial Statements

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

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Class A Common Stock</u>		<u>Additional Paid- in-Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>				
Balance at December 31, 2017	125	\$ —	59,440,112	\$ 60	1,178,618	\$ 1	\$1,216,112	\$ (14,808)	\$ (34)	\$1,201,331
Conversions of Class A Common Stock to Common Stock	—	—	24,071	—	(24,071)	—	—	—	—	—
Repurchases of Common Stock	—	—	(443,570)	—	—	—	(9)	(8,351)	—	(8,360)
Redemption of Series A Preferred Stock	(125)	—	—	—	—	—	(125)	—	—	(125)
Amortization of Share Based Compensation	—	—	—	—	—	—	177	—	—	177
Net Income	—	—	—	—	—	—	—	25,114	—	25,114
Other Comprehensive (Loss)	—	—	—	—	—	—	—	—	(214)	(214)
Dividends on Preferred Stock	—	—	—	—	—	—	—	(3)	—	(3)
Dividends on Common Stock (Dividends Declared per Share of \$0.42)	—	—	—	—	—	—	—	(24,822)	—	(24,822)
Dividends on Class A Common Stock (Dividends declared per Share of \$0.42)	—	—	—	—	—	—	—	(485)	—	(485)
Balance at March 31, 2018	<u>—</u>	<u>\$ —</u>	<u>59,020,613</u>	<u>\$ 60</u>	<u>1,154,547</u>	<u>\$ 1</u>	<u>\$1,216,155</u>	<u>\$ (23,355)</u>	<u>\$ (248)</u>	<u>\$1,192,613</u>
Balance at December 31, 2018	—	\$ —	66,020,387	\$ 67	1,143,313	\$ 1	\$1,355,002	\$ (25,915)	\$ (1,985)	\$1,327,170
Issuance of Common Stock	—	—	6,000,000	6	—	—	119,094	—	—	119,100
Repurchases of Common Stock	—	—	(2,324)	—	—	—	—	(42)	—	(42)
Issuance of Series A Preferred Stock	125	—	—	—	—	—	125	—	—	125
Equity Issuance and Equity Distribution Agreement Transaction Costs	—	—	—	—	—	—	(300)	—	—	(300)
Amortization of Share Based Compensation	—	—	—	—	—	—	633	—	—	633
Net Income	—	—	—	—	—	—	—	28,412	—	28,412
Other Comprehensive Income	—	—	—	—	—	—	—	—	106	106
Dividends on Preferred Stock	—	—	—	—	—	—	—	(3)	—	(3)
Dividends on Common Stock (Dividends Declared per Share of \$0.43)	—	—	—	—	—	—	—	(31,160)	—	(31,160)
Dividends on Class A Common Stock (Dividends declared per Share of \$0.43)	—	—	—	—	—	—	—	(492)	—	(492)
Balance at March 31, 2019	<u>125</u>	<u>\$ —</u>	<u>72,018,063</u>	<u>\$ 73</u>	<u>1,143,313</u>	<u>\$ 1</u>	<u>\$1,474,554</u>	<u>\$ (29,200)</u>	<u>\$ (1,879)</u>	<u>\$1,443,549</u>

See accompanying notes to the Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2019	2018
Cash Flows from Operating Activities:		
Net Income	\$ 28,412	\$ 25,114
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Amortization and Accretion of Premiums, Discounts and Loan Origination Fees, net	(3,627)	(4,147)
Amortization of Deferred Financing Costs	4,698	3,658
Stock Compensation Expense	633	177
Cash Flows Due to Changes in Operating Assets and Liabilities:		
Accounts Receivable	25	—
Accrued Interest Receivable	(3,143)	(2,771)
Accrued Expenses	(3,616)	610
Accrued Interest Payable	1,818	245
Payable to Affiliates	490	648
Deferred Fee Income	151	(205)
Other Assets	192	125
Net Cash Provided by Operating Activities	26,033	23,454
Cash Flows from Investing Activities:		
Origination of Loans Held for Investment	(628,460)	(512,522)
Advances on Loans Held for Investment	(57,394)	(60,972)
Principal Repayments of Loans Held for Investment	359,065	156,258
Purchase of Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities	(263,868)	(63,654)
Principal Repayments of Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities	586	—
Net Cash (Used in) Investing Activities	(590,071)	(480,890)
Cash Flows from Financing Activities:		
Payments on Collateralized Loan Obligations	(233,557)	—
Proceeds from Collateralized Loan Obligations	—	745,904
Payments on Secured Financing Agreements	(265,002)	(762,695)
Proceeds from Secured Financing Agreements	988,739	514,347
Payment of Deferred Financing Costs	(1,176)	(9,519)
Payments to Redeem Series A Preferred Stock	—	(125)
Payments to Repurchase Common Stock	(42)	(8,360)
Proceeds from Issuance of Preferred Stock	125	—
Proceeds from Issuance of Common Stock	119,100	—
Dividends Paid on Common Stock	(28,546)	(22,620)
Dividends Paid on Class A Common Stock	(492)	(448)
Dividends Paid on Preferred Stock	—	(3)
Net Cash Provided by Financing Activities	579,149	456,481
Net Change in Cash, Cash Equivalents, and Restricted Cash	15,111	(955)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	40,720	75,737
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 55,831	\$ 74,782
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 34,567	\$ 22,096
Taxes Paid	10	215
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Principal Repayments of Loans Held for Investment Held by Servicer/Trustee, net	6,562	—
Principal Repayments of Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities Held by Servicer/Trustee, net	47	211
Dividends Declared, not paid	31,598	25,307
Accrued Equity Issuance and Equity Distribution Agreement Transaction Costs	300	—
Accrued Deferred Financing Costs	532	1,057
Unrealized (Loss) Gain on Available-for-Sale Securities (Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities)	106	(214)

See accompanying notes to the Consolidated Financial Statements

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

(1) Business and Organization

TPG RE Finance Trust, Inc. (together with its consolidated subsidiaries, “we,” “us,” “our” or the “Company”) is a Maryland corporation that was incorporated on October 24, 2014 and commenced operations on December 18, 2014 (“Inception”). We are organized as a holding company and conduct our operations primarily through TPG RE Finance Trust Holdco, LLC (“Holdco”), a Delaware limited liability company that is wholly owned by the Company, and Holdco’s direct and indirect subsidiaries. We conduct our operations as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our REIT taxable income to the extent that we annually distribute all of our REIT taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain an exclusion from registration under the Investment Company Act of 1940, as amended.

The Company’s principal business activity is to directly originate and acquire a diversified portfolio of commercial real estate related assets, consisting primarily of first mortgage loans and senior participation interests in first mortgage loans secured by institutional-quality properties in primary and select secondary markets in the United States and commercial real estate debt securities, including commercial mortgage-backed securities (“CMBS”) and commercial real estate collateralized loan obligation securities (“CRE CLO”). As of March 31, 2019, and December 31, 2018, the Company conducted substantially all of its operations through a Delaware limited liability company, TPG RE Finance Trust Holdco, LLC (“Holdco”), and the Company’s other wholly-owned subsidiaries.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The interim consolidated financial statements include the Company’s accounts, consolidated variable interest entities for which the Company is the primary beneficiary, and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of the interim consolidated financial statements in conformity with GAAP requires estimates of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements. Actual results could differ from management’s estimates, and such differences could be material. Significant estimates made in the interim consolidated financial statements include, but are not limited to: impairment; adequacy of provisions for loan losses; and valuation of financial instruments.

Principles of Consolidation

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

At each reporting date, the Company reconsiders its primary beneficiary conclusion to determine if its obligation to absorb losses of, or its rights to receive benefits from, the VIE could potentially be more than insignificant, and will consolidate or not consolidate accordingly (see Note 5 for details).

Revenue Recognition

Interest income on loans is accrued using the interest method based on the contractual terms of the loan, adjusted for credit impairment, if any. The objective of the interest method is to arrive at periodic interest income including recognition of fees and costs at a constant effective yield. Premiums, discounts, and origination fees are amortized or accreted into interest income over the lives of the loans using the interest method, or on a straight line basis when it approximates the interest method. Extension and modification fees are accreted into income on a straight line basis, when it approximates the interest method, over the related extension or modification period. Exit fees are accreted into income on a straight line basis, when it approximates the interest method, over the lives of the loans to which they relate unless they can be waived by the Company or a co-lender in connection with a loan refinancing. Prepayment penalties from borrowers are recognized as interest income when received. Certain of the Company's loan investments have in the past and may in the future provide for additional interest based on the borrower's operating cash flow or appreciation of the underlying collateral. Such amounts are considered contingent interest and are reflected as interest income only upon certainty of collection.

The Company considers a loan to be non-performing and places the loan on non-accrual status when: (1) management determines the borrower is incapable of, or has ceased efforts toward, curing the cause of a default; (2) the loan becomes 90 days delinquent; or (3) the loan experiences a maturity default. Based on the Company's judgment as to the collectability of principal, a loan on non-accrual status is either accounted for on a cash basis, where interest income is recognized only upon receipt of cash for principal and interest payments, or on a cost-recovery basis, where all cash receipts reduce the loan's carrying value, and interest income is only recorded when such carrying value has been fully recovered.

During the three months ended March 31, 2019 and the year end December 31, 2018, no loans were placed on non-accrual status and no losses or impairments were recorded to our loan portfolio.

Loans Held for Investment

Loans that the Company has the intent and ability to hold for the foreseeable future, or until maturity or repayment, are reported at their outstanding principal balances net of any premiums, discounts, loan origination fees and loan loss allowances, if any. Loan origination fees and direct loan origination costs are deferred and recognized in interest income over the estimated life of the loans using the interest method, or on a straight line basis when it approximates the interest method, adjusted for actual prepayments.

The Company evaluates each loan classified as a loan held for investment for impairment on a quarterly basis. Impairment occurs when it is deemed probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan. If the loan is considered to be impaired, a loan loss allowance is recorded to reduce the carrying value of the loan to the present value of the expected future cash flows discounted at the loan's contractual effective rate, or the fair value of the collateral securing the impaired loan, less estimated costs to sell such collateral, if recovery of the Company's investment is expected solely from the sale of such collateral. As part of the quarterly impairment review, the Company evaluates the risk of each loan and assigns a risk rating based on a variety of factors, grouped as follows to include, among other factors: (i) loan and credit structure, including the as-is loan-to-value ("LTV") and structural features; (ii) quality and stability of real estate value and operating cash flow, including debt yield, property type, dynamics of the geographic, property-type and local market, physical condition, stability of cash flow, leasing velocity and quality and diversity of tenancy; (iii) performance against underwritten business plan; and (iv) quality, experience and financial condition of sponsor, borrower and guarantor(s). Based on a 5-point scale, the Company's loans are rated "1" through "5," from least risk to greatest risk, respectively, which ratings are defined as follows:

- 1- Outperform—Exceeds performance metrics (for example, technical milestones, occupancy, rents, net operating income) included in original or current credit underwriting and business plan;
- 2- Meets or Exceeds Expectations—Collateral performance meets or exceeds substantially all performance metrics included in original or current underwriting / business plan;
- 3- Satisfactory—Collateral performance meets or is on track to meet underwriting; business plan is met or can reasonably be achieved;
- 4- Underperformance—Collateral performance falls short of original underwriting, material differences exist from business plan, or both; technical milestones have been missed; defaults may exist, or may soon occur absent material improvement; and
- 5- Risk of Impairment/Default—Collateral performance is significantly worse than underwriting; major variance from business plan; loan covenants or technical milestones have been breached; timely exit from loan via sale or refinancing is questionable.

Since Inception, the Company has not recognized any impairments on its loan portfolio and has not recorded any loan loss allowances against any of the loans in its portfolio. The Company's determination of asset-specific loan loss reserves, should any such reserves be necessary, relies on material estimates regarding the fair value of loan collateral. 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. Significant judgment is required when evaluating loans for impairment.

The Company's loans are typically collateralized by real estate, or in the case of mezzanine loans, by a partnership or similar equity interest in an entity that owns real estate. As a result, the Company regularly evaluates on a loan-by-loan basis the extent and impact of any credit deterioration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor. The Company also evaluates the financial strength of loan guarantors, if any, and the borrower's competency in managing and operating the property or properties. In addition, the Company considers the overall economic environment, real estate sector, and geographic sub-market in which the borrower operates. Such impairment analyses are completed and reviewed by asset management personnel and evaluated by senior management, who utilize various data sources, including (i) periodic financial data such as property occupancy, tenant profile, rental rates, operating expenses, the borrower's exit plan, and capitalization and discount rates, (ii) site inspections, (iii) sales and financing comparables, (iv) current credit spreads for refinancing and (v) other market data.

Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities

The Company acquires CMBS and CRE CLO investments primarily for cash management purposes, and also for investment purposes. The Company designates CMBS and CRE CLO investments as available-for-sale on the acquisition date. CMBS and CRE CLO investments that are classified as available-for-sale are recorded at fair value through other comprehensive income (loss) in the Company's consolidated financial statements. Additionally, CMBS and CRE CLO investments that are not classified as held-to-maturity and which the Company does not hold for the purpose of selling in the near-term, but may dispose of prior to maturity, are also designated as available-for-sale and are carried at fair value. The Company's recognition of interest income from its CMBS and CRE CLO investments, including its amortization of premium and discount, follows the Company's revenue recognition policy as described under "Revenue Recognition" above. The Company uses a specific identification method when determining the cost of a security sold and the amount of unrealized gain or loss reclassified from accumulated other comprehensive income (loss) into earnings. Unrealized losses on securities that, in the judgment of management, are other than temporary are charged against earnings as a loss in the consolidated statements of income and comprehensive income. Significant valuation inputs are Level II in the fair value hierarchy as described below under "Fair Value Measurements".

Portfolio Financing Arrangements

The Company finances certain loan and CMBS and CRE CLO investments using secured revolving repurchase agreements, asset-specific financing arrangements, senior secured and secured credit agreements, collateralized loan obligations, and a term loan facility. The related borrowings are recorded as separate liabilities on the Company's consolidated balance sheets. Interest income earned on the investments and interest expense incurred on the related borrowings are reported separately on the Company's consolidated statements of income and comprehensive income. In certain instances, the Company creates structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party. For all such syndications the Company has completed through March 31, 2019, the Company has transferred 100% of the senior mortgage loan that the Company originated on a non-recourse basis to a third-party lender and has retained as a loan investment a separate mezzanine loan investment secured by a pledge of the equity in the mortgage borrower.

With respect to the senior mortgage loan transferred, the Company retains: no control over the mortgage loan; no economic interest in the mortgage loan; and no recourse to the purchaser or the borrower. Consequently, based on these circumstances and because the Company does not have any continuing involvement with the transferred senior mortgage loan, these syndications are accounted for as sales under GAAP and are removed from the Company's consolidated financial statements at the time of transfer. The Company's consolidated balance sheets only include the separate mezzanine loan remaining after the transfer, and not the non-consolidated senior loan interest sold or co-originated that the Company transferred.

As of December 31, 2018, the Company revised its "Note Payable" naming convention in its consolidated balance sheet to "Asset-Specific Financings". No amounts reported in prior periods were reclassified between financial statement line items and there was no impact to the Company's financial statements resulting from this naming convention change during the current fiscal year.

Fair Value Measurements

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

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

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

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

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

Income Taxes

The Company qualifies and has elected to be taxed as a REIT for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended, commencing with its initial taxable year ended December 31, 2014. To the extent that it annually distributes at least 90% of its REIT taxable income to stockholders and complies with various other requirements as a REIT, the Company generally will not be subject to U.S. federal income taxes on its distributed REIT taxable income. If the Company fails to continue to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, the Company will be subject to U.S. federal and state income taxes at regular corporate rates beginning with the year in which it fails to qualify and may be precluded from being able to elect to be treated as a REIT for the Company’s four subsequent taxable years. Even though the Company currently qualifies for taxation as a REIT, the Company may be subject to certain U.S. federal, state, local and foreign taxes on the Company’s income and property and to U.S. federal income and excise taxes on the Company’s undistributed REIT taxable income.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period in which the enactment date occurs. Under ASC Topic 740, *Income Taxes* (“ASC 740”), a valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized. The Company intends to continue to operate in a manner consistent with, and to continue to meet the requirements to be treated as, a REIT for tax purposes and to distribute all of its REIT taxable income. Accordingly, the Company does not expect to pay corporate level federal taxes.

Earnings per Common Share

The Company utilizes the two-class method when assessing participating securities to calculate earnings per common share. Basic and diluted earnings per common share is computed by dividing net income attributable to common stockholders (i.e., holders of common stock and Class A common stock), by the weighted-average number of common shares (both common stock and Class A common stock) outstanding during the period. The preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of the Class A common stock are identical to the common stock, except (1) the Class A common stock is not a “margin security” as defined in Regulation U of the Board of Governors of the U.S. Federal Reserve System (and rulings and interpretations thereunder) and may not be listed on a national securities exchange or a

national market system and (2) each share of Class A common stock is convertible at any time or from time to time, at the option of the holder, for one fully paid and non-assessable share of common stock. The Class A common stock votes together with the common stock as a single class. Shares of Class A common stock have been issued to, and are owned by, TPG RE Finance Trust Management, L.P., a Delaware limited partnership (the “Manager”), and certain individuals or entities who are or were affiliated with the Manager, and the sale or conversion to common stock by investors of such shares of Class A common stock is subject to certain restrictions.

Diluted earnings per common share is calculated by including the effect of dilutive securities. The Company accounts for unvested share-based payment awards that contain non-forfeitable dividend rights or dividend equivalents (whether paid or unpaid) as participating securities, which are included in the computation of earnings per share pursuant to the two-class method.

Share-Based Compensation

Share-based compensation consists of awards issued by the Company to certain employees of affiliates of our Manager and certain members of our Board of Directors. These share-based awards generally vest in installments over a fixed period of time. Compensation expense is recognized in net income on a straight-line basis over the applicable awards’ vesting period. Forfeitures of share-based awards are recognized as they occur.

Deferred Financing Costs

Deferred financing costs are reflected net of the collateralized loan obligations and secured financing arrangements on the Company’s consolidated balance sheets. These costs are amortized in interest expense using the interest method or on a straight line basis when it approximates the interest method over the life of the related obligations.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in banks or invested in money market funds with original maturities of less than 90 days. The Company deposits its cash and cash equivalents with high credit quality institutions to minimize credit risk exposure. The Company maintains cash accounts at several financial institutions, which are insured up to a maximum of \$250,000 per account as of March 31, 2019 and December 31, 2018. The balances in these accounts may exceed the insured limits.

Restricted Cash

Restricted cash primarily represents deposit proceeds from potential borrowers which may be returned to borrowers, after deducting transaction costs paid by the Company for the benefit of the borrowers, upon the closing of a loan transaction.

Accounts Receivable from Servicer/Trustee

Accounts receivable from Servicer/Trustee represents cash proceeds from loan and CMBS and CRE CLO investment activities that have not been remitted to the Company based on contractual procedures previously agreed upon. Amounts are generally held by the Servicer/Trustee for less than 60 days before being remitted to the Company.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 will replace the “incurred loss” model under existing guidance with an “expected loss” model for instruments measured at amortized cost, and require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. Upon adoption, and resulting from this change, the Company expects that it will be required to record a loan loss reserve at origination or acquisition of an individual loan or a loan portfolio. ASU 2016-13 also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 and is to be adopted through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company is currently evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

(3) Loans Held for Investment

The Company currently originates and acquires first mortgage and mezzanine loans secured by commercial properties. These loans can potentially subject the Company to concentrations of credit risk as measured by various metrics, including without limitation property type collateralizing the loan, loan size, loans to a single sponsor and loans in a single geographic area. The Company's loans held for investment are accounted for at amortized cost.

During the three months ended March 31, 2019, the Company originated 11 loans with a total commitment of approximately \$713.6 million, an initial unpaid principal balance of \$633.1 million, and unfunded commitments at closing of \$80.5 million. The following tables present an overview of the loan investment portfolio as of March 31, 2019 and December 31, 2018 (dollars in thousands):

Loans Receivable	March 31, 2019		
	Outstanding Principal	Unamortized Premium (Discount), Loan Origination Fees, net	Carrying Amount
Senior loans	\$ 4,732,962	\$ (20,828)	\$ 4,712,134
Subordinated and mezzanine loans	—	—	—
Subtotal before allowance	4,732,962	(20,828)	4,712,134
Allowance for loan losses	—	—	—
Total	\$ 4,732,962	\$ (20,828)	\$ 4,712,134

Loans Receivable	December 31, 2018		
	Outstanding Principal	Unamortized Premium (Discount), Loan Origination Fees, net	Carrying Amount
Senior loans	\$ 4,313,591	\$ (19,804)	\$ 4,293,787
Subordinated and mezzanine loans	—	—	—
Subtotal before allowance	4,313,591	(19,804)	4,293,787
Allowance for loan losses	—	—	—
Total	\$ 4,313,591	\$ (19,804)	\$ 4,293,787

For the three months ended March 31, 2019, loan portfolio activity was as follows (dollars in thousands):

	Carrying Value
Balance at December 31, 2018	\$ 4,293,787
Additions during the period:	
Loans originated	628,460
Additional fundings	57,394
Amortization of discount and origination fees	3,628
Deductions during the period:	
Collection of principal	(271,135)
Balance at March 31, 2019	\$ 4,712,134

At March 31, 2019 and December 31, 2018, there was no unamortized loan discount or premium included in loans held for investment at amortized cost on the consolidated balance sheets.

The table below summarizes the carrying values and results of the Company's internal risk rating review performed as of March 31, 2019 and December 31, 2018 (dollars in thousands):

Rating	Carrying Value	
	March 31, 2019	December 31, 2018
1	\$ —	\$ 29,923
2	1,161,728	959,314
3	3,416,582	3,099,401
4	133,824	205,149
5	—	—
Totals	\$ 4,712,134	\$ 4,293,787
Weighted Average Risk Rating ⁽¹⁾	2.8	2.8

(1) Weighted Average Risk Rating calculated based on unpaid principal balance at period end.

The weighted average risk rating at March 31, 2019 and December 31, 2018 was 2.8. During the three months ended March 31, 2019, three loans were moved from the Company's Category 3 risk rating into its Category 2 risk rating, resulting from recent improvements in the operating performance of the underlying collateral. Additionally, during the three months ended March 31, 2019, the Company moved one loan from its Category 2 risk rating into its Category 3 risk rating based on the current operating performance of the underlying collateral.

At March 31, 2019 and December 31, 2018, there were no loans on non-accrual status or that were impaired; thus, the Company did not record any allowance for loan losses.

(4) Available-for-Sale Securities

During the three months ended March 31, 2019, the Company purchased for short-term cash management and investment purposes 10 CRE CLO investments for an aggregate purchase price of \$234.2 million. The purchased CRE CLO investments consist of floating rate debt securities which, in the aggregate, had a weighted average coupon of LIBOR plus 2.2%. As of March 31, 2019 and December 31, 2018, the Company had 14 and four CMBS and CRE CLO investments, respectively, designated as available-for-sale securities. Details of the carrying and fair values of the Company's CMBS and CRE CLO investment portfolio are as follows (dollars in thousands):

	March 31, 2019			
	Face Amount	Unamortized Premium (Discount), net	Gross Unrealized (Loss)	Estimated Fair Value
Investments, at Fair Value				
CMBS and CRE CLO Investments	\$ 310,192	\$ (19)	\$ (1,879)	\$ 308,294
	December 31, 2018			
	Face Amount	Unamortized Premium (Discount), net	Gross Unrealized (Loss)	Estimated Fair Value
Investments, at Fair Value				
CMBS and CRE CLO Investments	\$ 76,404	\$ (38)	\$ (1,985)	\$ 74,381

CMBS and CRE CLO investment fair values are considered Level II fair value measurements within the fair value hierarchy of ASC 820-10. The CMBS and CRE CLO investment fair values are based upon market, broker, and counterparty or pricing services quotations, which provide valuation estimates, based upon reasonable market order indications. The Company reviews the fair value quotations, which are subject to significant variability based on market conditions such as interest rates, credit spreads and market liquidity, for reasonableness and consistency.

The Company's CMBS and CRE CLO investments have a weighted average contractual maturity, based on estimated fair value, of 16.3 years. The amortized cost and estimated fair value of the Company's available-for-sale CMBS and CRE CLO investments by contractual maturity are shown in the following table (dollars in thousands):

Maturity Date	March 31, 2019	
	Amortized Cost	Estimated Fair Value
Within five years	\$ 37,920	\$ 37,582
After five years	272,328	270,712
Total investment in CMBS and CRE CLO securities, at amortized cost and estimated fair value	\$ 310,248	\$ 308,294

Maturity Date	December 31, 2018	
	Amortized Cost	Estimated Fair Value
After one, within five years	\$ 37,929	\$ 38,076
After five years	38,436	36,305
Total investment in CMBS and CRE CLO securities, at amortized cost and estimated fair value	\$ 76,365	\$ 74,381

As of March 31, 2019, certain CMBS investments within the Company's CMBS and CLO investment holdings were in an unrealized loss position. During the three months ended March 31, 2019 and year ended December 31, 2018, these CMBS investments traded at, or near, their carrying values, and interest and principal payments are current. Additionally, as of March 31, 2019, substantially all of the unrealized loss position relates to CMBS investments issued by a government sponsored enterprise. Currently, all of the underlying mortgage loans are performing. No other-than-temporary impairments were recognized through income during the three months ended March 31, 2019 or the year ended December 31, 2018.

(5) Variable Interest Entities and Collateralized Loan Obligations

On November 29, 2018 (the "FL2 Closing Date"), TPG RE Finance Trust CLO Sub-REIT, a subsidiary of the Company ("Sub-REIT"), entered into a collateralized loan obligation ("TRTX 2018-FL2") through its wholly-owned subsidiaries TRTX 2018-FL2 Issuer, Ltd., an exempted company incorporated in the Cayman Islands with limited liability, as issuer (the "FL2 Issuer"), and TRTX 2018-FL2 Co-Issuer, LLC, a Delaware limited liability company, as co-issuer (the "FL2 Co-Issuer" and together with the FL2 Issuer, the "FL2 Issuers"). On the FL2 Closing Date, FL2 Issuer issued \$872.6 million principal amount of notes (the "FL2 Notes"). The FL2 Co-Issuer co-issued \$795.1 million principal amount of investment grade-rated notes which were purchased by third party investors. Concurrently with the issuance of the FL2 Notes, the FL2 Issuer also issued preferred shares, par value \$0.001 per share and with an aggregate liquidation preference and notional amount equal to \$1,000 per share (the "FL2 Preferred Shares" and, together with the FL2 Notes, the "FL2 Securities"), to TRTX 2018-FL2 Retention Holder, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Sub-REIT ("FL2 Retention Holder"). Through FL2 Retention Holder, the Sub-REIT retained ownership of \$205.0 million of FL2 Notes issued and FL2 Preferred Shares. Additionally, the Company purchased \$19.7 million (principal amount) of FL2 Notes during the three months ended March 31, 2019.

Proceeds from the issuance of the FL2 Securities were used by the FL2 Issuers to purchase two commercial real estate whole loans (the "FL2 Whole Loans") and 23 fully-funded *pari passu* participations (the "FL2 *Pari Passu* Participations," and, together with the FL2 Whole Loans and the FL2 Additional Interests (as defined below), the "FL2 Mortgage Assets") in certain commercial real estate mortgage loans. The FL2 Mortgage Assets were purchased by the FL2 Issuer from TRTX CLO Loan Seller 2, LLC, a Delaware limited liability company, wholly-owned subsidiary of the Company and an affiliate of the FL2 Issuers. TRTX 2018-FL2 contains a reinvestment feature that, subject to certain eligibility criteria, allows the Company to contribute new loans or participation interests (the "FL2 Additional Interests") in loans to TRTX 2018-FL2 in exchange for cash, which provides additional liquidity to the Company to originate new loan investments as underlying loans repay.

For the three months ended March 31, 2019, the Company utilized the reinvestment feature twice, contributing FL2 Additional Interests of \$31.8 million, and receiving net cash proceeds of \$6.4 million, after the repayment of \$25.4 million of existing borrowings, including accrued interest, secured by the FL2 Additional Interests.

The Company incurred approximately \$8.7 million of issuance costs which are amortized on an effective yield basis over the shorter of the remaining life of the loans that collateralized the FL2 Notes, or the FL2 Notes. As of March 31, 2019, the Company's unamortized issuance costs were \$7.9 million.

Interest expense on the outstanding FL2 Notes is payable monthly. For the three months ended March 31, 2019, interest expense (excluding amortization of deferred financing costs) of \$7.7 million is included in the Company's consolidated statements of income and comprehensive income.

As of March 31, 2019, FL2 Mortgage Assets represented 21.1% of the aggregate unpaid principal balance of the Company's loan investment portfolio and had an aggregate principal balance of approximately \$993.6 million.

On February 14, 2018 (the "FL1 Closing Date"), the Sub-REIT entered into a collateralized loan obligation ("TRTX 2018-FL1") through its wholly-owned subsidiaries TPG Real Estate Finance 2018-FL1 Issuer, Ltd., an exempted company incorporated in the Cayman Islands with limited liability, as issuer (the "FL1 Issuer"), and TPG RE Finance Trust 2018-FL1 Co-Issuer, LLC, a Delaware limited liability company, as co-issuer (the "FL1 Co-Issuer" and together with the FL1 Issuer, the "FL1 Issuers"). On the FL1 Closing Date, FL1 Issuer issued \$820.5 million principal amount of notes (the "FL1 Notes"). The FL1 Co-Issuer co-issued \$745.9 million principal amount of investment grade-rated notes which were purchased by third party investors. Concurrently with the issuance of the FL1 Notes, the FL1 Issuer also issued preferred shares, par value \$0.001 per share and with an aggregate liquidation preference and notional amount equal to \$1,000 per share (the "FL1 Preferred Shares" and, together with the FL1 Notes, the "FL1 Securities"), to TPG RE Finance Trust 2018-FL1 Retention Holder, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Sub-REIT ("FL1 Retention Holder"). Through FL1 Retention Holder, the Sub-REIT retained ownership of \$186.5 million of the FL1 Notes issued and FL1 Preferred Shares. Additionally, the Company holds as an investment \$12.4 million (principal amount) of FL1 Notes, of which \$9.9 million were purchased during the three months ended March 31, 2019.

Proceeds from the issuance of the FL1 Securities were used by the FL1 Issuers to purchase one commercial real estate whole loan (the "FL1 Whole Loan") and 25 fully-funded *pari passu* participations (the "FL1 *Pari Passu* Participations," and, together with the FL1 Whole Loan and the FL1 Contributed Companion Participation Interests (as defined below), the "FL1 Mortgage Assets") in certain commercial real estate mortgage loans. The FL1 Mortgage Assets were purchased by the FL1 Issuer from TPG RE Finance Trust CLO Loan Seller, LLC, a Delaware limited liability company, wholly-owned subsidiary of the Company and an affiliate of the FL1 Issuers. TRTX 2018-FL1 contains a replenishment feature that, subject to certain limitations, allows the Company to contribute companion participation interests ("FL1 Contributed Companion Participation Interests") in loans in which TRTX 2018-FL1 already owns an interest in exchange for cash, which provides additional liquidity to the Company to originate new loan investments as underlying loans repay. As of March 31, 2019, the replenishment feature was fully utilized and approximately 50.3%, or \$247.4 million, of TRTX 2018-FL1 Class A Notes have repaid since the FL1 Closing Date.

The Company incurred approximately \$9.8 million of issuance costs which are amortized on an effective yield basis over the shorter of the remaining life of the loans that collateralized the FL1 Notes, or the FL1 Notes. As of March 31, 2019, the Company's unamortized issuance costs were \$2.3 million.

Interest expense on the outstanding FL1 Notes is payable monthly. For the three months ended March 31, 2019, interest expense (excluding amortization of deferred financing costs) of \$5.4 million is included in the Company's consolidated statements of income and comprehensive income.

As of March 31, 2019, FL1 Mortgage Assets represent 14.5% of the aggregate unpaid principal balance of the Company's loan investment portfolio and had an aggregate principal balance of approximately \$685.0 million.

In accordance with ASC 810, the Company evaluated the key attributes of the FL2 Issuers and the FL1 Issuers to determine if they were VIEs and, if so, whether the Company was the primary beneficiary of their operating activities. This analysis caused the Company to conclude that the FL2 Issuers and FL1 Issuers were VIEs and that the Company was the primary beneficiary. The Company is the primary beneficiary of the VIEs because it has the ability to control the most significant activities of the FL2 Issuers and the FL1 Issuers, the obligation to absorb losses, and the right to receive benefits, that could potentially be significant to these entities. As a result, the Company consolidates the FL2 Issuers and FL1 Issuers.

The Company's total assets and total liabilities as of March 31, 2019 and December 31, 2018 included the following VIE assets and liabilities of TRTX 2018-FL2 and TRTX 2018-FL1 (dollars in thousands):

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,032	\$ 3,896
Accounts Receivable from Servicer/Trustee	6,562	94,763
Accrued Interest Receivable	3,130	3,672
Loans Held for Investment	1,678,629	1,824,281
Total Assets	<u>\$ 1,689,353</u>	<u>\$ 1,926,612</u>
LIABILITIES		
Accrued Interest Payable	\$ (2,632)	\$ (2,637)
Accrued Expenses	(619)	(668)
Collateralized Loan Obligations	(1,283,520)	(1,514,790)
Total Liabilities	<u>\$ (1,286,771)</u>	<u>\$ (1,518,095)</u>

The following table outlines TRTX 2018-FL2 and TRTX 2018-FL1 loan collateral and borrowings under the TRTX 2018-FL2 and TRTX 2018-FL1 collateralized loan obligations as of March 31, 2019 and December 31, 2018 (dollars in thousands):

<u>As of March 31, 2019</u>			
<u>Collateral (loan investments)</u>		<u>Debt (notes issued)</u>	
<u>Outstanding Principal</u>	<u>Carrying Value</u>	<u>Face Value</u>	<u>Carrying Value</u>
\$ 1,678,629	\$ 1,678,629	\$ (1,261,554)	\$ (1,251,393)
<u>As of December 31, 2018</u>			
<u>Collateral (loan investments)</u>		<u>Debt (notes issued)</u>	
<u>Outstanding Principal</u>	<u>Carrying Value</u>	<u>Face Value</u>	<u>Carrying Value</u>
\$ 1,824,281	\$ 1,824,281	\$ (1,527,237)	\$ (1,514,790)

Assets held by the FL2 Issuers and the FL1 Issuers are restricted and can only be used to settle obligations of the related VIE. The liabilities of the FL2 Issuers and the FL1 Issuers are non-recourse to the Company and can only be satisfied from the assets of the related VIE.

(6) Secured Revolving Repurchase Agreements, Senior Secured and Secured Credit Agreements, Term Loan Facility, and Asset-Specific Financing

At March 31, 2019 and December 31, 2018, the Company had secured revolving repurchase agreements, senior secured and secured credit agreements, a term loan facility and an asset-specific financing for certain of the Company's originated loans. In general, these financing arrangements bear interest at a rate equal to LIBOR plus a credit spread determined primarily by advance rate and property type. The financing arrangements contain covenants that include certain financial requirements, including maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio, current ratio and limitations on capital expenditures, indebtedness, distributions, transactions with affiliates and maintenance of positive net income as defined in the agreements.

The following table presents certain information regarding the Company's secured revolving repurchase agreements, senior secured and secured credit agreements, and asset-specific financing as of March 31, 2019 and December 31, 2018. Except as otherwise noted, all agreements are on a non-recourse basis (dollars in thousands):

As of March 31, 2019									
Asset-specific Financing	Maturity Date	Index Rate	Weighted Average Credit Spread	Interest Rate	Commitment Amount	Maximum Current Availability	Balance Outstanding	Principal Balance of Collateral	
BMO Harris Bank ⁽¹⁾	04/09/20	1 Month LIBOR	2.7%	4.0%	\$ 32,500	—	\$ 32,500	\$ 45,000	
Subtotal					\$ 32,500	—	\$ 32,500	\$ 45,000	
Secured Revolving Repurchase Agreements									
Goldman Sachs ⁽¹⁾	08/19/19	1 Month LIBOR	2.2%	4.7%	\$ 750,000	\$ 397,738	\$ 352,262	\$ 550,082	
Wells Fargo ⁽¹⁾	05/25/19	1 Month LIBOR	1.7	4.2	750,000	383,024	366,976	518,183	
Morgan Stanley ⁽¹⁾	05/04/19	1 Month LIBOR	2.2	4.7	500,000	286,293	213,707	283,514	
JP Morgan ⁽¹⁾	08/20/21	1 Month LIBOR	2.2	4.6	400,000	194,702	205,298	279,270	
US Bank ⁽¹⁾	10/09/21	1 Month LIBOR	1.8	4.3	233,883	17,243	216,640	273,137	
Goldman Sachs (CMBS and CRE CLO) ⁽²⁾	04/25/19	1 Month OIS	0.6	3.1	50,666	—	50,666	61,051	
JP Morgan (CMBS and CRE CLO) ⁽²⁾	04/27/19	1 Month LIBOR	1.0	3.5	182,587	—	182,587	210,090	
Wells Fargo (CMBS and CRE CLO) ⁽²⁾	04/29/19	1 Month LIBOR	1.0	3.5	26,933	—	26,933	30,811	
Royal Bank of Canada (CMBS and CRE CLO) ⁽²⁾	N/A	N/A	N/A	N/A	—	—	—	—	
Subtotal					\$ 2,894,069	\$ 1,279,000	\$ 1,615,069	\$ 2,206,138	
Senior Secured and Secured Credit Agreements									
Bank of America ⁽¹⁾	09/29/20	1 Month LIBOR	1.8%	4.3%	\$ 500,000	\$ 101,560	398,440	512,699	
Citibank ⁽³⁾	07/12/20	1 Month LIBOR	2.3	4.8	160,000	98,644	61,355	87,651	
Subtotal					\$ 660,000	\$ 200,204	\$ 459,795	\$ 600,350	
Total					\$ 3,586,569	\$ 1,479,204	\$ 2,107,364	\$ 2,851,488	

- (1) Borrowings under secured revolving repurchase agreements, a senior secured credit agreement, and one asset-specific financing arrangement with a guarantee for 25% recourse.
- (2) Borrowings under secured revolving repurchase agreements with a guarantee for 100% recourse. Maturity Date represents the sooner of the next maturity date of the CMBS and CRE CLO investment secured revolving repurchase agreement, or roll over date for the applicable underlying trade confirmation, subsequent to March 31, 2019.
- (3) Borrowings under the secured credit agreement with a guarantee for 100% recourse.

As of December 31, 2018

Asset-specific Financing	Maturity Date	Index Rate	Weighted Average Credit Spread	Interest Rate	Commitment Amount	Maximum Current Availability	Balance Outstanding	Principal Balance of Collateral
BMO Harris Bank ⁽¹⁾	04/09/20	1 Month LIBOR	2.7%	4.0%	\$ 32,500	—	\$ 32,500	\$ 45,000
Subtotal					\$ 32,500	—	\$ 32,500	\$ 45,000
Secured Revolving Repurchase Agreements								
Goldman Sachs ⁽¹⁾	08/19/19	1 Month LIBOR	2.2%	4.6%	\$ 750,000	\$ 558,836	\$ 191,164	\$ 474,243
Wells Fargo ⁽¹⁾	05/25/19	1 Month LIBOR	1.8	4.3	750,000	503,792	246,208	339,012
Morgan Stanley ⁽¹⁾	05/04/19	1 Month LIBOR	2.2	4.7	500,000	317,493	182,507	244,936
JP Morgan ⁽¹⁾	08/20/21	1 Month LIBOR	2.2	4.6	400,000	214,471	185,529	254,026
US Bank ⁽¹⁾	10/09/21	1 Month LIBOR	1.8	4.3	212,840	6,800	206,040	262,929
Goldman Sachs (CMBS and CRE CLO) ⁽²⁾	01/02/19	1 Month OIS	0.6	2.9	100,000	67,303	32,697	38,517
Royal Bank of Canada (CMBS and CRE CLO) ⁽²⁾	N/A	N/A	N/A	N/A	100,000	100,000	—	—
Subtotal					\$ 2,812,840	\$ 1,768,695	\$ 1,044,145	\$ 1,613,663
Senior Secured and Secured Credit Agreements								
Bank of America ⁽¹⁾	09/29/20	1 Month LIBOR	1.9%	4.2%	\$ 500,000	\$ 112,560	387,440	494,247
Citibank ⁽³⁾	07/12/20	1 Month LIBOR	2.3	4.8	160,000	87,059	72,941	169,134
Subtotal					\$ 660,000	\$ 199,619	\$ 460,381	\$ 663,381
Total					\$ 3,505,340	\$ 1,968,314	\$ 1,537,026	\$ 2,322,044

- (1) Borrowings under secured revolving repurchase agreements, a senior secured credit agreement, and one asset-specific financing arrangement with a guarantee for 25% recourse.
- (2) Borrowings under secured revolving repurchase agreements with a guarantee for 100% recourse. Maturity Date represents the sooner of the next maturity date of the CMBS and CRE CLO investment secured revolving repurchase agreement, or roll over date for the applicable underlying trade confirmation, subsequent to December 31, 2018.
- (3) Borrowings under the secured credit agreement with a guarantee for 100% recourse.

Asset-Specific Financing

As of March 31, 2019 and December 31, 2018, the Company had one asset-specific financing arrangement to finance certain of its lending activities. The borrowing allows for additional advances up to a specified cap and is secured by one loan held for investment. Holdco has delivered a payment guarantee in favor of BMO Harris, the lender, as additional credit support for the financing. The liability of Holdco under this guarantee is generally capped at 25% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the financing. In addition, Holdco has delivered a non-recourse carveout guarantee, which can trigger recourse to Holdco as a result of certain “bad boy” defaults for losses incurred by BMO Harris or the entire outstanding obligations of the financing borrower, depending on the nature of the “bad boy” default in question.

The asset specific financing at March 31, 2019 and December 31, 2018 is guaranteed by Holdco, and the agreement includes guarantor covenants regarding liquid assets and net worth requirements. The Company was in compliance with all covenants as of March 31, 2019 and December 31, 2018.

Secured Revolving Repurchase Agreements

The Company frequently utilizes secured revolving repurchase agreements to finance the direct origination or acquisition of commercial real estate mortgage loans, and CMBS and CRE CLO investments. Under these secured revolving repurchase agreements, the Company transfers all of its rights, title and interest in the loans, CMBS and CRE CLO investments to the repurchase counterparty in exchange for cash, and simultaneously agrees to reacquire the asset at a future date for an amount equal to the cash exchanged plus an interest factor. The repurchase counterparty collects all principal and interest on related loans or CMBS and CRE CLO investments and remits to the Company only the net after collecting its interest and other fees. The loan and CMBS and CRE CLO investment related secured revolving repurchase agreements are 25% and 100% recourse to Holdco, respectively.

At March 31, 2019 and December 31, 2018, the Company had five secured revolving repurchase agreements to finance its loan investing activities. Credit spreads vary depending upon the collateral type and advance rate. Assets pledged at March 31, 2019 and December 31, 2018 consisted of 53 and 51 mortgage loans, or participation interests therein, respectively. The Company's secured revolving repurchase agreements secured by commercial mortgage loans are considered long-term borrowings.

At March 31, 2019 and December 31, 2018, the Company had four and two secured revolving repurchase agreements to finance its CMBS and CRE CLO investment activities. Credit spreads vary depending upon the collateral type and advance rate. CMBS and CRE CLO investments pledged consisted of 10 CRE CLO investments and two CMBS investments at March 31, 2019 and two CMBS investments at December 31, 2018. The Company's secured revolving repurchase agreements secured by CMBS and CRE CLO investments are considered short-term borrowings.

The following table summarizes certain characteristics of the Company's secured revolving repurchase agreements secured by commercial mortgage loans and CMBS and CRE CLO investments, including counterparty concentration risks, at March 31, 2019 (dollars in thousands):

March 31, 2019							
Loan Financings	Commitment Amount	UPB of Collateral	Carrying Value of Collateral (1)	Amounts Payable(2)	Net Counterparty Exposure(3)	Percent of Stockholders' Equity	Days to Extended Maturity(4)
Goldman Sachs Bank	\$ 750,000	\$ 550,082	\$ 549,703	\$ 353,241	\$ 196,462	13.6%	141
Wells Fargo Bank	750,000	518,183	518,900	367,380	151,520	10.5	786
Morgan Stanley Bank(4)	500,000	283,514	282,512	214,487	68,025	4.7	N/A
JP Morgan Chase Bank	400,000	279,270	278,240	205,752	72,488	5.0	1,603
US Bank	233,883	273,137	271,761	216,946	54,815	3.8	1,836
Subtotal / Weighted Average	\$ 2,633,883	\$ 1,904,186	\$ 1,901,116	\$ 1,357,806	\$ 543,310		933
CMBS and CRE CLO Investment							
Financings							
Goldman Sachs Bank	\$ 50,666	\$ 61,051	\$ 59,047	\$ 51,005	\$ 8,042	0.6%	26
JP Morgan(2)	182,587	210,090	211,402	182,982	28,420	2.0	28
Wells Fargo(2)	26,933	30,811	30,863	26,983	3,880	0.3	29
Royal Bank of Canada	—	—	—	—	—	—	—
Subtotal / Weighted Average	\$ 260,186	\$ 301,952	\$ 301,312	\$ 260,970	\$ 40,342		28
Total / Weighted Average - Loans, CMBS and CRE CLO	<u>\$ 2,894,069</u>	<u>\$ 2,206,138</u>	<u>\$ 2,202,428</u>	<u>\$ 1,618,776</u>	<u>\$ 583,652</u>		765

- (1) Loan amounts shown in the table include interest receivable of \$12.8 million and are net of premium, discount and origination fees of \$15.8 million. CMBS and CRE CLO investment amounts shown in the table include interest receivable of \$1.0 million and are net of premium, discount, and unrealized gains of \$1.6 million.
- (2) Loan amounts shown in the table include interest payable of \$2.9 million and do not reflect unamortized deferred financing fees of \$6.2 million. CMBS and CRE CLO investments shown in the table include interest payable of \$0.8 million.
- (3) Loan amounts represent the net carrying value of the commercial real estate assets sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest. CMBS and CRE CLO investment amounts represents the net carrying value of available-for-sale securities sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.
- (4) The secured revolving repurchase agreement provided by Morgan Stanley Bank is excluded from the "Days to Extended Maturity" column because it does not have a limit on the maximum number of permitted extensions. CMBS and CRE CLO investment extended maturity represents the sooner of the next maturity date of the CMBS and CRE CLO investment secured revolving repurchase agreement, or roll date for the applicable underlying trade confirmation, subsequent to March 31, 2019.

The following table summarizes certain characteristics of the Company's secured revolving repurchase agreements secured by commercial mortgage loans and CMBS and CRE CLO investments, including counterparty concentration risks, at December 31, 2018 (dollars in thousands):

December 31, 2018							
	Commitment Amount	UPB of Collateral	Carrying Value of Collateral (1)	Amounts Payable(2)	Net Counterparty Exposure(3)	Percent of Stockholders' Equity	Days to Extended Maturity(4)
Loan Financings							
Goldman Sachs Bank	\$ 750,000	\$ 474,243	\$ 472,797	\$ 191,705	\$ 281,092	21.2%	231
Wells Fargo Bank	750,000	339,012	338,531	246,635	91,896	6.9	876
Morgan Stanley Bank(4)	500,000	244,936	245,932	183,901	62,031	4.7	N/A
JP Morgan Chase Bank	400,000	254,026	253,145	185,892	67,253	5.1	1,693
US Bank	212,840	262,929	261,916	206,422	55,494	4.2	1,743
Subtotal / Weighted Average	\$ 2,612,840	\$ 1,575,146	\$ 1,572,321	\$ 1,014,555	\$ 557,766		1,125
CMBS and CRE CLO Investment Financings							
Goldman Sachs Bank	\$ 100,000	\$ 38,517	\$ 36,414	\$ 32,984	\$ 3,430	0.3%	2
Royal Bank of Canada	100,000	—	—	—	—	—	—
Subtotal / Weighted Average	\$ 200,000	\$ 38,517	\$ 36,414	\$ 32,984	\$ 3,430		2
Total / Weighted Average - Loans, CMBS and CRE CLO	\$ 2,812,840	\$ 1,613,663	\$ 1,608,735	\$ 1,047,539	\$ 561,196		1,083

- (1) Loan amounts shown in the table include interest receivable of \$14.5 million and are net of premium, discount and origination fees of \$17.3 million. CMBS and CRE CLO investment amounts shown in the table include interest receivable of \$0.1 million and are net of premium, discount, and unrealized gains of \$2.2 million.
- (2) Loan amounts shown in the table include interest payable of \$3.1 million and do not reflect unamortized deferred financing fees of \$6.7 million. CMBS and CRE CLO investment amounts shown in the table include interest payable of \$0.3 million.
- (3) Loan amounts represent the net carrying value of the commercial real estate assets sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest. CMBS and CRE CLO investment amounts represent the net carrying value of available-for-sale securities sold under agreements to repurchase, including accrued interest plus any cash or assets on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.
- (4) The secured revolving repurchase agreement provided by Morgan Stanley Bank is excluded from the "Days to Extended Maturity" column because it does not have a limit on the maximum number of permitted extensions. CMBS and CRE CLO investment extended maturity represents the sooner of the next maturity date of the CMBS and CRE CLO secured revolving repurchase agreement, or roll date for the applicable underlying trade confirmation, subsequent to December 31, 2018.

The agreements include various covenants covering net worth, liquidity, recourse limitations, and debt coverage. The Company was in compliance with all covenants as of March 31, 2019 and December 31, 2018.

Senior Secured and Secured Credit Agreements

The Company has a senior secured credit agreement with Bank of America N.A. that has a maximum commitment amount of \$500 million and \$398.4 million outstanding as of March 31, 2019. The senior secured credit agreement bears interest at LIBOR plus 1.81%. The current extended maturity of this agreement is September 29, 2022.

The Company has a secured credit agreement (the "Credit Agreement"), as borrower, with Citibank, N.A. as administrative agent and lender, and Citigroup Global Markets Inc. as sole lead arranger and sole lead book running manager. The Credit Agreement governs a secured revolving credit agreement with aggregate secured borrowing capacity of up to \$160.0 million, subject to borrowing base availability and certain other conditions, which the Company occasionally uses to finance originations or acquisitions of eligible loans on an interim basis until permanent financing is arranged. The Credit Agreement has an initial maturity date of July 12, 2020, and borrowings bear interest at an interest rate per annum equal to one-month LIBOR or the applicable base rate plus a margin of 2.25%. The initial advance rate on borrowings under the Credit Agreement with respect to individual pledged assets can vary up to 70%, and may decline over the borrowing term of up to a 90-day period, after which borrowings against that respective asset must be repaid. At March 31, 2019, \$61.4 million was outstanding on the Credit Agreement.

The agreements include various covenants covering net worth, liquidity, recourse limitations, and debt coverage. The Company was in compliance with all covenants as of March 31, 2019 and December 31, 2018.

Term Loan Facility

The Company entered into a term loan facility, as the borrower, with an institutional asset manager as the lender. The term loan facility has capacity up to \$750 million, bears interest at LIBOR plus 1.85%, and allows for an advance rate of no less than 70% and up to 85% based on the loans pledged to the facility. As of March 31, 2019, the Company pledged five loan investments to the term loan facility supporting outstanding borrowings of \$267.7 million.

The agreement includes various covenants covering net worth, liquidity, recourse limitations, and debt coverage. The Company was in compliance with all covenants as of March 31, 2019 and December 31, 2018.

(7) Schedule of Maturities

The future principal payments for the five years subsequent to March 31, 2019 and thereafter are as follows (in thousands):

	Collateralized loan obligations	Secured revolving repurchase agreements	Senior secured and secured credit agreements	Term loan facility	Asset-specific financing
2019	\$ 577,781	\$ 1,281,331	\$ —	\$ —	\$ —
2020	404,761	98,128	459,795	114,020	32,500
2021	208,658	235,610	—	34,827	—
2022	70,354	—	—	88,654	—
2023	—	—	—	30,160	—
Thereafter	—	—	—	—	—
Total	\$ 1,261,554	\$ 1,615,069	\$ 459,795	\$ 267,661	\$ 32,500

(8) Fair Value Measurements

The Company's consolidated balance sheet includes Level I fair value measurements related to cash equivalents, restricted cash, accounts receivable, and accrued liabilities. At March 31, 2019, the Company had \$52.3 million invested in money market funds with original maturities of less than 90 days. The carrying values of these financial assets and liabilities are reasonable estimates of fair value because of the short-term maturities of these instruments. The consolidated balance sheet also includes Loans Held for Investment, the assets and liabilities of TRTX 2018-FL1 and TRTX 2018-FL2 (collateralized loan obligations as of March 31, 2019 and December 31, 2018), and secured financing arrangements that are considered Level III fair value measurements that are not measured at fair value on a recurring basis, but are subject to fair value adjustments utilizing the fair value of the underlying collateral when there is evidence of impairment. The Company did not have any non-recurring fair value items as of March 31, 2019 and December 31, 2018.

The following tables provide information about financial assets and liabilities not carried at fair value on a recurring basis in our consolidated balance sheet (dollars in thousands):

	March 31, 2019			
	Carrying Value	Fair Value		
		Level I	Level II	Level III
Financial Assets				
Loans Held for Investment	\$ 4,712,134	—	—	\$ 4,741,978
Financial Liabilities				
Term Loan Facility	266,549	—	—	266,549
Collateralized Loan Obligations	1,251,393	—	—	1,251,393
Secured Financing Arrangements	2,097,844	—	—	2,097,844
	December 31, 2018			
	Carrying Value	Fair Value		
		Level I	Level II	Level III
Financial Assets				
Loans Held for Investment	\$ 4,293,787	—	—	\$ 4,317,844
Financial Liabilities				
Term Loan Facility	113,504	—	—	113,504
Collateralized Loan Obligations	1,509,930	—	—	1,509,930
Secured Financing Arrangements	1,526,449	—	—	1,526,449

Level III fair values were determined based on standardized valuation models and significant unobservable market inputs, including holding period, discount rates based on loan to value, property type and loan pricing expectations developed by the Manager that were corroborated with other institutional lenders to determine a market spread that was added to the one-month LIBOR forward curve. There were no transfers of financial assets or liabilities within the fair value hierarchy during the three months ended March 31, 2019 or December 31, 2018.

At March 31, 2019 and December 31, 2018, the estimated fair value of Loans Held for Investment was \$4.7 billion and \$4.3 billion, respectively. The weighted average gross spread at March 31, 2019 and December 31, 2018 was 3.9% and 3.9%, respectively. The weighted average years to maturity at March 31, 2019 and December 31, 2018 was 3.8 years and 3.9 years, respectively, assuming full extension of all loans.

At March 31, 2019 and December 31, 2018, the carrying value of the secured financing agreements approximates fair value as current borrowing spreads reflect market terms. At March 31, 2019 and December 31, 2018, the carrying value of the assets and liabilities of TRTX 2018-FL1 and TRTX 2018-FL2 approximates fair value as current borrowing spreads reflect market terms.

(9) Income Taxes

The Company indirectly owns 100% of the equity of multiple taxable REIT subsidiaries (collectively “TRSs”), including certain of its TRTX 2018-FL1 and TRTX 2018-FL2 subsidiaries. Taxable REIT subsidiaries are subject to applicable U.S. federal, state, local and foreign income tax on their taxable income. In addition, as a REIT, the Company also may be subject to a 100% excise tax on certain transactions between it and its TRSs that are not conducted on an arm’s-length basis. The Company files income tax returns in the United States federal jurisdiction as well as various state and local jurisdictions. The filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires, with open tax years for all years since the Company’s initial capitalization in 2014. The years open to examination generally range from 2015 to present.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. As of March 31, 2019 and December 31, 2018, based on the Company’s evaluation, there is no reserve for any uncertain income tax positions.

The Company’s policy is to classify interest and penalties associated with underpayment of U.S. federal and state income taxes, if any, as a component of general and administrative expense on its consolidated statements of income and comprehensive income. For the three months ended March 31, 2019 and 2018, the Company did not have interest or penalties associated with the underpayment of any income taxes.

For the three months ended March 31, 2019 and 2018, the Company incurred no federal, state and local tax expense relating to its TRSs. For the three months ended March 31, 2019 and 2018, the Company recognized \$0.2 million of federal, state and local tax expense. At March 31, 2019 and 2018, the Company’s effective tax rate was 0.8%.

At March 31, 2019 and December 31, 2018, the Company had no deferred tax assets or liabilities.

(10) Related Party Transactions

Management Agreement

The Company is externally managed and advised by the Manager pursuant to the terms of a management agreement, dated July 25, 2017, between the Company and the Manager (as amended, the “Management Agreement”). On May 2, 2018, the Company and the Manager amended the Management Agreement solely for the purpose of amending the definitions of “Equity,” “Core Earnings” and “Incentive Compensation” in the Management Agreement. The changes were effected to include equity issued by subsidiaries of the Company in the definition of Equity, and to exclude distributions on equity issued by subsidiaries from the calculation of the Manager’s Incentive Compensation.

Pursuant to the Management Agreement, the Company pays the Manager a base management fee equal to the greater of \$250,000 per annum (\$62,500 per quarter) and 1.50% per annum (0.375% per quarter) of the Company’s “Equity.” The base management fee is payable in cash, quarterly in arrears. As amended, “Equity” means (a) the sum of (1) the net proceeds received by the Company and, without duplication, the Company’s subsidiaries, from all issuances of the Company’s and the subsidiaries’ equity securities, including for the avoidance of doubt issuances of common stock and Class A common stock by the Company prior to the completion of the Company’s initial public offering (for purposes of calculating this amount, the net proceeds received by the

Company from all issuances of the Company's outstanding common stock and Class A common stock prior to the completion of the Company's initial public offering equals approximately \$1.0 billion), plus (2) the value of contributions, including, without limitation, contributions of assets or interests in assets in exchange for equity securities, made by persons other than the Company or a subsidiary of the Company, from time to time, to the capital of the Company or another subsidiary of the Company plus (3) the Company's cumulative Core Earnings for the period commencing on the completion of the Company's initial public offering to the end of the most recently completed calendar quarter, and (b) less (1) any distributions made by the Company to the holders of the Company's equity securities and any distributions made by the Company's subsidiaries to the holders of the subsidiaries' equity securities (other than to the Company or another subsidiary of the Company) following the completion of the Company's initial public offering, (2) any amount that the Company or any of the Company's subsidiaries has paid to repurchase for cash the Company's common stock or Class A common stock following the completion of the Company's initial public offering and (3) any Incentive Compensation earned by the Manager following the completion of the Company's initial public offering. With respect to that portion of the period from and after the completion of the Company's initial public offering that is used in the calculation of Incentive Compensation or the base management fee, all items in the foregoing sentence (other than the Company's cumulative Core Earnings) will be calculated on a daily weighted average basis.

The Manager is entitled to incentive compensation which is calculated and payable in cash with respect to each calendar quarter following the completion of the Company's initial public offering (or part thereof that the Management Agreement is in effect) in arrears in an amount, not less than zero, equal to the difference between: (1) the product of (a) 20% and (b) the difference between (i) the Company's Core Earnings for the most recent 12-month period (or such lesser number of completed calendar quarters, if applicable), including the calendar quarter (or part thereof) for which the calculation of incentive compensation is being made (the "applicable period"), and (ii) the product of (A) the Company's Equity in the most recent 12-month period (or such lesser number of completed calendar quarters, if applicable), including the applicable period, and (B) 7% per annum; and (2) the sum of any incentive compensation paid to the Manager with respect to the first three calendar quarters of the most recent 12-month period (or such lesser number of completed calendar quarters preceding the applicable period, if applicable). No incentive compensation is payable to the Manager with respect to any calendar quarter unless Core Earnings for the 12 most recently completed calendar quarters (or such lesser number of completed calendar quarters following the completion of the Company's initial public offering) is greater than zero. For purposes of calculating the Manager's incentive compensation, the Management Agreement, as amended, specifies that equity securities of the Company or any of the Company's subsidiaries that are entitled to a specified periodic distribution or have other debt characteristics will not constitute equity securities and will not be included in "Equity" for the purpose of calculating incentive compensation. Instead, the aggregate distribution amount that accrues to such equity securities during the calendar quarter of such calculation will be subtracted from Core Earnings, before incentive compensation for purposes of calculating incentive compensation, unless such distribution is otherwise excluded from Core Earnings.

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

The Company is required to reimburse the Manager or its affiliates for documented costs and expenses incurred by it and its affiliates on the Company's behalf except those specifically required to be borne by the Manager or its affiliates under the Management Agreement. The Company's reimbursement obligation is not subject to any dollar limitation. The Manager or its affiliates is responsible for, and the Company will not reimburse the Manager or its affiliates for, the expenses related to the personnel of the Manager and its affiliates who provide services to the Company. However, the Company will reimburse the Manager for the Company's allocable share of the compensation (including, without limitation, annual base salary, bonus, any related withholding taxes and employee benefits) paid to (1) the Manager's personnel serving as the Company's chief financial officer based on the percentage of his or her time spent managing the Company's affairs and (2) other corporate finance, tax, accounting, internal audit, legal risk management, operations, compliance and other non-investment personnel of the Manager or its affiliates who spend all or a portion of their time managing the Company's affairs, based on the percentage of time devoted by such personnel to the Company's and the Company's subsidiaries' affairs.

Management Fees Incurred and Paid for the three months ended March 31, 2019 and March 31, 2018

For the three months ended March 31, 2019 and 2018, the Company incurred and paid the following management fees and incentive management fees pursuant to the Management Agreement (dollars in thousands):

	Three Months Ended March 31,	
	2019	2018
Management Agreement fees incurred	\$ 6,508	\$ 5,630
Management Agreement fees paid	6,100	5,232

Management fees and incentive management fees included in payable to affiliates on the consolidated balance sheets at March 31, 2019 and December 31, 2018 are \$6.5 million and \$6.1 million, respectively.

The Company is responsible for reimbursing the Manager for certain expenses paid by the Manager on behalf of the Company or for certain services provided by the Manager to the Company. Expenses incurred by the Manager and reimbursed by the Company are reflected in the respective consolidated statements of income and comprehensive income expense category or the consolidated balance sheets based on the nature of the item. For the three months ended March 31, 2019, the Manager incurred \$0.3 million of expenses that were reimbursable by the Company. As of March 31, 2019, no amounts remained outstanding that were reimbursable by the Company to the Manager. For the three months ended March 31, 2018, \$0.3 million was incurred by the Manager and reimbursable by the Company.

On March 19, 2019, in conjunction with the Company's common stock offering of 6 million shares, the Manager reimbursed offering costs of \$0.3 million. See Note 12 to the Consolidated Financial Statements for details.

Termination Fee

A termination fee will be payable to the Manager upon termination of the Management Agreement by the Company absent a cause event. The termination fee would also be payable to the Manager upon termination of the Management Agreement by the Manager if the Company materially breaches the Management Agreement. The termination fee is equal to three times the sum of (x) the average annual base management fee and (y) the average annual incentive compensation earned by the Manager, in each case during the 24-month period immediately preceding the most recently completed calendar quarter prior to the date of termination or, if such termination occurs prior to July 25, 2019, and such termination fee is payable, the base management fees and the incentive compensation will be annualized for the period from July 25, 2017 to July 25, 2019 based on such fees actually received by the Manager during such period.

(11) Earnings per Share

The Company calculates its basic and diluted earnings per share using the two-class method for all periods presented, as the unvested restricted shares of its common stock granted to certain current and former employees and affiliates of the Manager, qualify as participating securities. These restricted shares have the same rights as the Company's other shares of common stock and Class A common stock, including participating in any dividends, and therefore have been included in the Company's basic and diluted earnings per share calculation. For the three months ended March 31, 2019 and 2018, \$0.1 million and \$0.03 million, respectively of common stock dividends declared and undistributed net income attributable to common stockholders were allocated to unvested shares of our common stock pursuant to stock grants made under the Company's Incentive Plan (see Note 13 for details).

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

	Three Months Ended March 31,	
	2019	2018
Net Income Attributable to TPG RE Finance Trust, Inc.	\$ 28,409	\$ 25,111
Participating Securities' Share in Earnings	(141)	—
Net Income Attributable to Common Stockholders	\$ 28,268	\$ 25,111
Weighted Average Common Shares Outstanding, Basic and Diluted	68,294,736	60,393,818
Per Common Share Amount, Basic and Diluted	\$ 0.42	\$ 0.42

(12) Stockholders' Equity

Equity Distribution Agreement

On March 7, 2019, the Company and the Manager entered into an equity distribution agreement with each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, JMP Securities LLC, Wells Fargo Securities, LLC and TPG Capital BD, LLC (each a "Sales Agent" and, collectively, the "Sales Agents") relating to the issuance and sale by the Company of shares of its common stock, \$0.001 par value per share, pursuant to a continuous offering program. In accordance with the terms of the equity distribution agreement, the Company may, at its discretion and from time to time, offer and sell shares of its common stock having an aggregate gross sales price of up to \$125.0 million through the Sales Agents, each acting as the Company's agent. The offering of shares of the Company's common stock pursuant to the equity distribution agreement will terminate upon the earlier of (1) the sale of shares of the Company's common stock subject to the equity distribution agreement having an aggregate gross sales price of \$125.0 million and (2) the termination of the equity distribution agreement by the Sales Agents or the Company at any time as set forth in the equity distribution agreement.

Each Sales Agent will be entitled to commissions in an amount not to exceed 1.75% of the gross sales prices of shares of the Company's common stock sold through it, as the Company's agent. For the three months ended March 31, 2019, no shares of common stock were sold pursuant to the equity distribution agreement.

Common Stock Issuance

On March 19, 2019, the Company completed a common stock offering of 6.0 million shares at a price to the underwriters of \$19.80 per share, generating net proceeds of \$118.8 million, after underwriting discounts. The Manager reimbursed offering costs of \$0.3 million. The Company intends to use the proceeds from the offering to originate or acquire commercial mortgage loans consistent with its investment strategy and investment guidelines.

10b5-1 Purchase Plan

The Company entered into an agreement and related amendments (the "10b5-1 Purchase Plan") with Goldman Sachs & Co. LLC, as our agent, to buy in the open market up to \$35.0 million in shares of our common stock in the aggregate during the period beginning on or about August 21, 2017 and ending 12 months thereafter or, if sooner, the date on which all the capital committed has been exhausted. On August 1, 2018, the Company's Board of Directors authorized the Company to extend the repurchase period for the remaining capital committed to the 10b5-1 Purchase Plan. No other changes to the terms of the 10b5-1 Purchase Plan were authorized. Under the amended 10b5-1 Purchase Plan, the repurchase period was extended to February 28, 2019 or, if sooner, the date on which all the capital committed to the 10b5-1 Purchase Plan has been exhausted.

The 10b5-1 Purchase Plan requires Goldman Sachs & Co. LLC to purchase for us shares of our common stock when the market price per share is below the threshold price specified in the 10b5-1 Purchase Plan which is based on our book value per common share. During the three months ended March 31, 2019, the Company repurchased 2,324 shares of common stock, at a weighted average price of \$18.27 per share, for total consideration (including commissions and related fees) of \$0.04 million. The 10b5-1 Purchase Plan expired by its terms on February 28, 2019.

Dividends

Upon the approval of the Company's Board of Directors, dividends are accrued by the Company. Dividends are paid first to the holders of the Company's Series A preferred stock at the rate of 12.5% of the total \$0.001 million liquidation preference per annum plus all accumulated and unpaid dividends thereon, and then to the holders of the Company's common stock and Class A common stock. The Company intends to distribute each year substantially all of its taxable income to its stockholders to comply with the REIT provisions of the Internal Revenue Code of 1986, as amended.

Preferred Stock

During the three months ended March 31, 2019, a subsidiary of the Company issued 125 shares of Series A preferred stock for proceeds of \$0.1 million. On February 28, 2018, the Company's previously issued shares of Series A preferred stock were redeemed for \$0.1 million.

Common and Class A Common Stock

On March 19, 2019, the Company's Board of Directors declared a dividend for the first quarter of 2019 in the amount of \$0.43 per share of common stock and Class A common stock, or \$31.6 million in the aggregate, which dividend was payable on April 25, 2019 to holders of record of our common stock and Class A common stock as of March 29, 2019. On March 19, 2018, the Company declared a dividend for the first quarter of 2018 in the amount of \$0.42 per share of common stock and Class A common stock, or \$25.3 million in the aggregate, which was paid on April 25, 2018 to holders of record of our common stock and Class A common stock as of March 29, 2018.

For the three months ended March 31, 2019 and 2018, common stock and Class A common stock dividends in the amount of \$31.6 million and \$25.3 million were declared and approved, respectively.

As of March 31, 2019 and December 31, 2018, \$31.6 million and \$29.0 million, respectively, remain unpaid and are reflected in dividends payable on the Company's consolidated balance sheets.

Other Comprehensive (Loss) Income

For the three months ended March 31, 2019 and 2018, other comprehensive (loss) income was \$0.1 million and \$(0.2) million, respectively. Other comprehensive (loss) income is a result of unrealized (losses) gains on available-for-sale securities (CMBS and CRE CLO investments held at period end).

(13) Share-based Incentive Plan

The Company does not have any employees as it is externally managed by the Manager. However, as of March 31, 2019, certain individuals employed by an affiliate of the Manager and certain members of the Company's Board of Directors were compensated, in part, through the issuance of share-based instruments.

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

Generally, the shares vest in installments over a four-year period, pursuant to the terms of the award and the Incentive Plan. As of March 31, 2019, there were 327,901 shares of common stock that will vest as follows: 100,305 shares in 2019; 93,876 shares in 2020; 93,877 shares in 2021; and 39,843 shares in 2022. As of March 31, 2019, total unrecognized compensation cost relating to unvested share-based compensation arrangements was \$5.2 million. This cost is expected to be recognized over a weighted average period of 1.6 years from March 31, 2019. For the three months ended March 31, 2019, the Company recognized \$0.6 million of share-based compensation expense as general and administrative expense in the consolidated statements of income and comprehensive income.

(14) Commitments and Contingencies

Unfunded Commitments

As of March 31, 2019 and December 31, 2018, the Company had \$640.7 million and \$634.2 million, respectively, of unfunded commitments related to loans held for investment. These commitments are not reflected on the consolidated balance sheets.

Litigation

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

As of March 31, 2019 and December 31, 2018, the Company was not involved in any material legal proceedings and has not recorded an accrued liability for loss contingencies.

(15) Concentration of Credit Risk

Property Type

A summary of the loan portfolio by property type as of March 31, 2019 and December 31, 2018 based on total loan commitment and current unpaid principal balance (“UPB”) is as follows (dollars in thousands):

Property Type	As of March 31, 2019				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
Office	\$ 1,926,459	\$ 312,218	35.9%	\$ 1,614,241	34.2%
Multifamily	1,384,512	129,447	25.8	1,255,065	26.5
Mixed Use	919,485	107,801	17.1	811,684	17.1
Hotel	667,793	37,188	12.4	630,605	13.3
Retail	233,554	48,844	4.3	184,710	3.9
Condominium	129,868	5,211	2.4	124,657	2.6
Industrial	—	—	—	—	—
Other	112,000	—	2.1	112,000	2.4
Total	\$ 5,373,671	\$ 640,709	100.0%	\$ 4,732,962	100.0%

Property Type	As of December 31, 2018				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
Office	\$ 1,898,511	\$ 316,510	38.5%	\$ 1,582,001	36.8%
Multifamily	1,247,860	131,177	25.2	1,116,683	25.9
Mixed Use	838,200	114,748	16.9	723,452	16.8
Hotel	508,450	10,896	10.3	497,554	11.5
Retail	233,555	50,247	4.7	183,308	4.2
Condominium	154,673	10,580	3.1	144,093	3.3
Industrial	66,500	—	1.3	66,500	1.5
Other	—	—	—	—	—
Total	\$ 4,947,749	\$ 634,158	100.0%	\$ 4,313,591	100.0%

Geography

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

Geographic Region	March 31, 2019				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
East	\$ 2,070,677	\$ 159,512	38.6%	\$ 1,911,165	40.5%
South	1,586,916	259,802	29.5	1,327,114	28.0
West	902,274	77,586	16.8	824,688	17.4
Midwest	725,704	122,509	13.5	603,195	12.7
Various	88,100	21,300	1.6	66,800	1.4
Total	\$ 5,373,671	\$ 640,709	100.0%	\$ 4,732,962	100.0%

Geographic Region	December 31, 2018				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
East	\$ 2,084,807	\$ 170,131	42.1%	\$ 1,914,676	44.4%
South	1,525,173	270,933	30.8	1,254,240	29.1
West	760,416	100,422	15.4	659,994	15.3
Midwest	577,353	92,672	11.7	484,681	11.2
Various	—	—	—	—	—
Total	\$ 4,947,749	\$ 634,158	100.0%	\$ 4,313,591	100.0%

Category

A summary of the loan portfolio by category as of March 31, 2019 and December 31, 2018 based on total loan commitment and current UPB is as follows (dollars in thousands):

Loan Category	March 31, 2019				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
Bridge	\$ 2,661,392	\$ 193,047	49.5%	\$ 2,468,345	52.1%
Light Transitional	1,460,627	168,838	27.2	1,291,789	27.3
Moderate Transitional	1,251,652	278,824	23.3	972,828	20.6
Total	<u>\$ 5,373,671</u>	<u>\$ 640,709</u>	<u>100.0%</u>	<u>\$ 4,732,962</u>	<u>100.0%</u>

Loan Category	December 31, 2018				
	Loan Commitment	Unfunded Commitment	% of Loan Commitment	Loan UPB	% of Loan UPB
Bridge	\$ 2,414,456	\$ 199,397	48.8%	\$ 2,215,059	51.3%
Light Transitional	1,513,227	212,290	30.6	1,300,937	30.2
Moderate Transitional	1,020,066	222,471	20.6	797,595	18.5
Total	<u>\$ 4,947,749</u>	<u>\$ 634,158</u>	<u>100.0%</u>	<u>\$ 4,313,591</u>	<u>100.0%</u>

Loan commitments represent principal commitments made by the Company at March 31, 2019 and December 31, 2018, respectively.

(16) Subsequent Events

The following events occurred subsequent to March 31, 2019:

Investment Activity

From April 1, 2019 through April 29, 2019, the Company has closed, or is in the process of closing, six first mortgage loans with a total loan commitment amount of \$613.7 million. In addition, the Company purchased six floating rate CRE CLO investments for \$98.9 million which have a weighted average coupon of LIBOR plus 2.4%. These investments will be funded with a combination of cash-on-hand and borrowings.

Senior Mortgage Loan Repayments

From April 1, 2019 through April 29, 2019, the Company received full loan repayments related to one of its first mortgage loans with a total loan commitment and unpaid principal balance of \$63.2 million and \$57.3 million, respectively. The risk rating for the loan that was repaid was 3 as of March 31, 2019.

Common Stock Offering Option Exercise

On April 12, 2019, Morgan Stanley & Co. LLC, as representative of the underwriters, exercised in full the underwriters' option to purchase 900,000 additional shares of common stock. As a result, and pursuant to the terms of the underwriting agreement, the Company issued and sold 900,000 additional shares of common stock to the underwriters on April 16, 2019, generating additional net proceeds, before transaction expenses, of approximately \$17.4 million from the issuance and sale of such shares.

Cash Dividend

On April 25, 2019, the Company paid a cash dividend on its common stock and Class A common stock of \$0.43 per share, or \$31.6 million, to stockholders of record as of March 29, 2019.

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

The following discussion and analysis should be read in conjunction with the unaudited and audited consolidated financial statements and the accompanying notes included elsewhere in this Form 10-Q and in our Form 10-K filed with the SEC on February 26, 2019. In addition to historical data, this discussion contains forward-looking statements about our business, results of operations, cash flows, and financial condition based on current expectations that involve risks, uncertainties and assumptions. See "Cautionary Note Regarding Forward-Looking Statements". Our actual results may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed under the heading Item 1A – "Risk Factors" in our Form 10-K filed with the SEC on February 26, 2019.

Overview

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

As of March 31, 2019, our portfolio consisted of 66 first mortgage loans (or interests therein) with an aggregate unpaid principal balance of \$4.7 billion, a weighted average credit spread of 3.9%, a weighted average all-in yield of 6.7%, a weighted average term to extended maturity (assuming all extension options have been exercised by borrowers) of 3.8 years, and a weighted average LTV of 64.2%. As of March 31, 2019, 100.0% of the loan commitments in our portfolio consisted of floating rate, first mortgage loans. We also had \$640.7 million of unfunded loan commitments as of March 31, 2019, our funding of which is subject to borrower satisfaction of certain milestones.

In addition, as of March 31, 2019, we held for cash management and short-term investment purposes 14 CMBS and CRE CLO investments, with an aggregate face amount of \$310.2 million and a weighted average coupon, including LIBOR, of 4.4%.

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

Our Manager

We are externally managed by our Manager, TPG RE Finance Trust Management, L.P., an affiliate of TPG. TPG manages investments across multiple asset classes, including private equity, real estate, energy, infrastructure, credit and hedge funds. Our Manager manages our investments and our day-to-day business and affairs in conformity with our investment guidelines and other policies that are approved and monitored by our board of directors. Our Manager is responsible for, among other matters, (A) the selection, origination or purchase and sale of our portfolio investments, (B) our financing activities and (C) providing us with investment advisory services. Our Manager is also responsible for our day-to-day operations and performs (or causes to be performed) such services and activities relating to our investments and business and affairs as may be appropriate. Our investment decisions are approved by an investment committee of our Manager that is comprised of senior investment professionals of TPG, including a senior investment professional of TPG's real estate equity group. For a summary of certain terms of the management agreement between us and our Manager (the "Management Agreement"), see Note 10 to our Consolidated Financial Statements included in this Form 10-Q.

Key Financial Measures and Indicators

As a commercial real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared per share, Core Earnings, and book value per share. For the three months ended March 31, 2019, we recorded earnings per diluted common share of \$0.42, a decrease of \$0.01 from our earnings per diluted common share for the quarter ended December 31, 2018, primarily due to the issuance of 6 million common shares that was completed on March 19, 2019. Core Earnings per diluted common share was \$0.43 for the three months ended March 31, 2019, unchanged from the quarter ended December 31, 2018.

For the three months ended March 31, 2019, we declared a cash dividend of \$0.43 per share. Our book value per common share as of March 31, 2019 was \$19.73, a \$0.03 decline from our book value per common share as of December 31, 2018. As further described below, Core Earnings is a measure that is not prepared in accordance with GAAP. We use Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan activity and operations.

Earnings Per Common Share and Dividends Declared Per Common Share

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

	Three Months Ended	
	March 31, 2019	December 31, 2018
Net Income Attributable to TPG RE Finance Trust, Inc. ⁽¹⁾	\$ 28,409	\$ 28,565
Weighted Average Number of Common Shares Outstanding, Basic and Diluted ⁽²⁾	68,294,736	67,185,646
Basic and Diluted Earnings per Common Share ⁽²⁾	\$ 0.42	\$ 0.43
Dividends Declared per Common Share ⁽²⁾	\$ 0.43	\$ 0.43

(1) Represents net income attributable to holders of our common stock and Class A common stock.

(2) Weighted average number of shares outstanding includes common stock and Class A common stock.

Core Earnings

We use Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments we believe are not necessarily indicative of our current loan activity and operations. Core Earnings is a non-GAAP measure, which we define as GAAP net income (loss) attributable to our stockholders, including realized gains and losses not otherwise included in GAAP net income (loss), and excluding (i) non-cash equity compensation expense, (ii) depreciation and amortization, (iii) unrealized gains (losses), and (iv) certain non-cash items. Core Earnings may also be adjusted from time to time to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as determined by our Manager, subject to approval by a majority of our independent directors. The exclusion of depreciation and amortization from the calculation of Core Earnings only applies to debt investments related to real estate to the extent we foreclose upon the property or properties underlying such debt investments.

We believe that Core Earnings provides meaningful information to consider in addition to our net income and cash flow from operating activities determined in accordance with GAAP. Although pursuant to the Management Agreement we calculate the incentive and base management fees due to our Manager using Core Earnings before incentive fee expense, we report Core Earnings after incentive fee expense, because we believe this is a more meaningful presentation of the economic performance of our common and Class A common stock.

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

For additional information on the fees we pay our Manager, see Note 10 to our Consolidated Financial Statements included in this Form 10-Q.

The following tables provide a reconciliation of GAAP net income attributable to common stockholders to Core Earnings (in thousands, except share and per share data):

	Three Months Ended	
	March 31, 2019	December 31, 2018
Net Income Attributable to Common Stockholders ⁽¹⁾	\$ 28,268	\$ 28,467
Non-Cash Compensation Expense	633	182
Depreciation and Amortization Expense	—	—
Unrealized Gains (Losses)	—	—
Other Items	—	—
Core Earnings	<u>\$ 28,901</u>	<u>\$ 28,649</u>
Weighted-Average Common Shares Outstanding, Basic and Diluted ⁽²⁾	<u>68,294,736</u>	<u>67,185,646</u>
Core Earnings per Common Share, Basic and Diluted ⁽²⁾	<u>\$ 0.43</u>	<u>\$ 0.43</u>

(1) Represents GAAP net income attributable to our common and Class A common stockholders.

(2) Weighted average number of shares outstanding includes common stock and Class A common stock.

Book Value Per Common Share

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

	March 31, 2019	December 31, 2018
Total Stockholders' Equity	\$ 1,443,549	\$ 1,327,170
Preferred Stock	125	—
Stockholders' Equity, Net of Preferred Stock	<u>\$ 1,443,424</u>	<u>\$ 1,327,170</u>
Number of Common Shares Outstanding at Period End ⁽¹⁾⁽²⁾	73,161,376	67,163,700
Book Value per Common Share ⁽²⁾	\$ 19.73	\$ 19.76

(1) Includes shares of common stock and Class A common stock.

(2) Number of common shares outstanding at period end includes common stock and Class A common stock.

First Quarter 2019 Highlights

Operating Results:

- Generated GAAP net income of \$28.4 million, a decrease of \$0.2 million, or 0.7%, as compared to the quarter ended December 31, 2018.
- Increased Core Earnings to \$28.9 million, or \$0.43 per share, an increase of \$0.3 million as compared to the quarter ended December 31, 2018.
- Declared dividends of \$31.6 million, or \$0.43 per share, representing an annualized dividend yield of 8.7% on a book value per common share of \$19.73 as of March 31, 2019.

Investment Portfolio Activity:

- Originated 11 loans with a total commitment of \$713.6 million, an initial unpaid principal balance of \$633.1 million, unfunded commitments upon closing of \$80.5 million, and a weighted average interest rate of LIBOR plus 3.96%.
- Purchased 10 floating rate CRE CLO investments for \$234.2 million, which have a weighted average coupon of LIBOR plus 2.2% and a weighted average expected life of 4.4 years.
- Funded \$57.4 million of commitments in connection with existing loans having future funding obligations.
- Received cash proceeds of \$271.1 million from principal repayments from our loan portfolio.

Portfolio Financing Activity:

- Raised \$118.8 million through an underwritten common stock offering of 6.0 million shares at a price of \$19.80 per share.
- Closed two new CMBS and CRE CLO investment secured revolving repurchase agreements with an aggregate commitment of \$209.5 million and a weighted average credit spread of 1.03%.

Available Liquidity:

- At March 31, 2019, we had unrestricted cash available for investment of \$55.4 million, a portion of which is subject to certain liquidity covenants, and CMBS and CRE CLO investments with an aggregate face amount of \$310.2 million available for sale.
- At March 31, 2019, we had undrawn capacity (liquidity available to us without the need to pledge more collateral to our lenders) of \$105.1 million under secured revolving repurchase agreements, senior secured and secured credit agreements, and a term loan facility, with eight lenders:
 - \$105.1 million of undrawn capacity in connection with our secured revolving repurchase agreements, senior secured and secured credit agreements, and a term loan facility, with an aggregate maximum commitment amount of \$4.0 billion and a weighted average interest rate of LIBOR plus 1.9% as of March 31, 2019, providing stable financing, with mark-to-market provisions limited to asset and, in one instance, market specific events and a weighted average term to extended maturity (assuming we have exercised all extension options and term out provisions) of 3.4 years.
- As of March 31, 2019, we had \$2.0 billion of financing capacity under secured revolving repurchase agreements, senior secured and secured credit agreements, and a term loan facility, provided by nine lenders. Our ability to draw on this capacity is dependent upon our lenders' willingness to accept as collateral loan or CMBS and CRE CLO investments we pledge to them to secure additional borrowings:
 - \$2.0 billion of financing capacity is available for loan investments under our secured revolving repurchase agreements, senior secured and secured credit agreements, and a term loan facility for loan originations and acquisitions, with an aggregate maximum commitment amount of \$4.0 billion and credit spreads based upon the LTV and other risk characteristics of collateral pledged, which together provide stable financing with mark-to-market provisions generally limited to asset and, in one instance, market specific events, and a weighted average term to extended maturity (assuming we have exercised all extension options and term out provisions) of 3.4 years. These financing arrangements are generally 25% recourse to Holdco, except with respect to our secured credit agreement, which is 100% recourse to Holdco.
 - Financing capacity available for CMBS and CRE CLO investments under four secured revolving repurchase agreements is based upon the haircut and other risk characteristics at the time the collateral is pledged. The weighted average term to extended maturity (assuming we have exercised all extension options and term out provisions and have obtained the consent of our lenders) of our outstanding borrowings is less than one month. These agreements are 100% recourse to Holdco.

Portfolio Overview

Loan Portfolio

During the three months ended March 31, 2019, we originated 11 loans with a total loan commitment amount of \$713.6 million, of which \$633.1 million was funded at origination. Other loan fundings included \$57.4 million of deferred fundings related to previously originated loan commitments. Proceeds from loan repayments during the three months ended March 31, 2019 totaled \$271.1 million. We generated interest income of \$76.6 million, incurred interest expense of \$39.4 million, and generated net interest income of \$37.2 million.

The following table details our loan activity by unpaid principal balance (dollars in thousands):

	Three Months Ended	
	March 31, 2019	
Loan originations— initial funding	\$	633,112
Other loan fundings ⁽¹⁾		57,394
Loan repayments		(271,135)
Total loan fundings, net	\$	419,371

(1) Additional fundings made under existing loan commitments during the three months ended March 31, 2019.

The following table details overall statistics for our loan portfolio as of March 31, 2019 (dollars in thousands):

	Loan Portfolio Exposure	
Number of loans		66
Floating rate loans (by unpaid principal balance)		100.0%
Total loan commitment	\$	5,373,671
Unpaid principal balance	\$	4,732,962
Unfunded loan commitments ⁽¹⁾	\$	640,709
Carrying value	\$	4,712,134
Weighted average credit spread ⁽²⁾		3.9%
Weighted average all-in yield ⁽²⁾		6.7%
Weighted average term to extended maturity (in years) ⁽³⁾		3.8
Weighted average LTV ⁽⁴⁾		64.2%

- (1) Unfunded loan commitments may be funded over the term of each loan, subject in certain cases to an expiration date or a force-funding date, primarily to finance property improvements or lease-related expenditures by our borrowers, to finance operating deficits during renovation and lease-up, and in some instances to finance development.
- (2) As of March 31, 2019, our floating rate loans were indexed to LIBOR. In addition to credit spread, all-in yield includes the amortization of deferred origination fees, purchase price premium and discount, loan origination costs and accrual of both extension and exit fees. Credit spread and all-in yield for the total portfolio assumes the applicable floating benchmark rate as of March 31, 2019 for weighted average calculations.
- (3) Extended maturity assumes all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date. As of March 31, 2019, based on the unpaid principal balance of our total loan exposure, 70.7% of our loans were subject to yield maintenance or other prepayment restrictions and 29.3% were open to repayment by the borrower without penalty.
- (4) LTV is calculated as the total outstanding principal balance of the loan or participation interest in a loan plus any financing that is *pari passu* with or senior to such loan or participation interest as of March 31, 2019, divided by the applicable as-is real estate value at the time of origination or acquisition of such loan or participation interest in a loan. The as-is real estate value reflects our Manager's estimates, at the time of origination or acquisition of a loan or participation interest in a loan, of the real estate value underlying such loan or participation interest, determined in accordance with our Manager's underwriting standards and consistent with third-party appraisals obtained by our Manager.

See Note 16 to the Consolidated Financial Statements included in this Form 10-Q for details about our mortgage loan originations subsequent to March 31, 2019.

CMBS and CRE CLO Investment Portfolio

We invest from time to time in CMBS, CMBS-related assets, and CRE CLO investments as part of our investment strategy, often as a short-term cash management tool. As of March 31, 2019, our CMBS and CRE CLO investment portfolio consisted of four fixed rate and 10 floating rate securities, the underlying collateral of which consists of first mortgage loans secured by commercial real estate properties. The underlying real estate collateral is located across the United States, primarily in Texas, with no state representing more than 12.4% of an investment's current face amount. Additionally, the payment of principal and interest on the securities on our CMBS investments at March 31, 2019 is guaranteed by a U.S. Government agency or a U.S. government sponsored enterprise ("GSE"). Our CRE CLO investments are floating rate securities with an expected weighted average life of less than 4.4 years.

The following table details overall statistics for our CMBS and CRE CLO investment portfolio as of March 31, 2019 (dollars in thousands):

	Total Investment	CRE CLO Investments ⁽¹⁾		CMBS Investments ⁽¹⁾	
		Floating Rate		Fixed Rate	
Number of CMBS and CRE CLO investments ⁽¹⁾	14	10	4		
CMBS and CRE CLO investments (by current face amount)	100.0%	75.5%	24.5%		
Par value	\$ 312,197	\$ 234,301	\$ 77,896		
Current face amount ⁽¹⁾	\$ 310,192	\$ 234,202	\$ 75,990		
Weighted average coupon ⁽²⁾	4.4%	4.7%	3.4%		
Weighted average yield to expected maturity ⁽³⁾	4.5%	4.6%	4.2%		
Weighted average life (in years)	3.8	4.4	1.9		
Weighted average principal repayment window (in years)	4.3	4.4	3.9		
Contractual maturity (in years)	16.3	16.9	14.3		
Ratings range ⁽⁴⁾	Unrated to AAA	BBB- to AAA	Unrated		

- (1) CRE CLO investments exclude the Company's holdings of TRTX 2018-FL2 and TRTX 2018-FL1 Notes as of March 31, 2019. Current face amount is weighted by estimated fair value as of March 31, 2019.
- (2) Weighted average coupon includes LIBOR of 2.49% as of March 29, 2019. Amounts disclosed are before giving effect to unamortized purchase price premium and discount and unrealized gains or losses.
- (3) Weighted average yield to expected maturity based on expected principal repayment window.
- (4) The largest CMBS investment is a structured finance investment that is 100% collateralized by multifamily mortgage loans underwritten by the Federal Home Loan Mortgage Corporation ("FHLMC"), which loans are slated for near term securitization by FHLMC. Upon the contractual maturity of the structured finance investment, FHLMC is required to purchase all of the performing mortgage loans at par. Currently, all of the underlying mortgage loans are performing. The other CMBS investments are structured finance investments issued by Fannie Mae and Ginnie Mae which are backed primarily by mortgage loans on multifamily properties that satisfy GSE program requirements. These bonds are unrated but carry a government guaranty.

Asset Management

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

Our Manager reviews our entire loan portfolio quarterly, undertakes an assessment of the performance of each loan, and assigns it a risk rating between "1" and "5," from least risk to greatest risk, respectively. See Notes 2 and 3 to our Consolidated Financial Statements included in this Form 10-Q for a discussion regarding the risk rating system that we use in connection with our portfolio. The following table allocates the carrying value of our loan portfolio as of March 31, 2019 and December 31, 2018 based on our internal risk ratings (dollars in thousands):

Risk Rating	March 31, 2019		December 31, 2018	
	Carrying Value	Number of Loans	Carrying Value	Number of Loans
1	\$ —	—	\$ 29,923	1
2	1,161,728	13	959,314	12
3	3,416,582	48	3,099,401	41
4	133,824	5	205,149	6
5	—	—	—	—
Totals	\$ 4,712,134	66	\$ 4,293,787	60

For the period ended March 31, 2019 and December 31, 2018 the weighted average risk rating of our total loan exposure based on unpaid principal balance was 2.8.

Investment Portfolio Financing

Our portfolio financing arrangements during the period ended March 31, 2019 and December 31, 2018 included collateralized loan obligations, secured revolving repurchase agreements, senior secured and secured credit agreements, a term loan facility, and an asset-specific financing arrangement. We had no outstanding non-consolidated senior interests at March 31, 2019 or December 31, 2018.

The following table details our portfolio financing arrangements at March 31, 2019 and December 31, 2018 (dollars in thousands):

	Portfolio Financing Outstanding Principal Balance	
	March 31, 2019	December 31, 2018
Collateralized loan obligations	\$ 1,261,554	\$ 1,522,377
Secured revolving repurchase agreements	1,615,069	1,044,145
Senior secured and secured credit agreements	459,795	460,381
Term loan facility	267,661	114,262
Asset-specific financings	32,500	32,500
Total indebtedness ⁽¹⁾	<u>\$ 3,636,579</u>	<u>\$ 3,173,665</u>

(1) Excludes deferred financing costs of \$20.8 million and \$23.8 million as of March 31, 2019 and December 31, 2018, respectively.

Collateralized Loan Obligation

As of March 31, 2019, we had two collateralized loan obligations totaling \$1.3 billion, financing existing first mortgage loan investments totaling \$1.7 billion, reducing our cost of funds and providing matched-term, non-recourse financing for 45.3% of our loan portfolio borrowings. The collateralized loan obligations bear a weighted average interest rate of LIBOR plus 1.37%, weighted average advance rate of 75.2%, and in one instance includes a reinvestment feature that provides additional liquidity that allows us to originate new loan investments funded in part or in whole by the CLO. As of March 31, 2019, the loan investments contributed to the collateralized loan obligations represented 35.5% of the aggregate unpaid principal balance of our loan investment portfolio.

Secured Revolving Repurchase Agreements

As of March 31, 2019, aggregate borrowings outstanding under our secured revolving repurchase agreements totaled \$1.6 billion, of which \$1.4 billion related to our loan investments. As of March 31, 2019, for our secured revolving repurchase agreements related to our loan investments, the weighted average interest rate was LIBOR plus 2.0% per annum, the weighted average all-in cost of credit, including associated fees and expenses, was LIBOR plus 2.5% per annum, and the weighted average advance rate was 76.4%. As of March 31, 2019, outstanding borrowings under these agreements for our loan investments had a weighted average term to extended maturity of 2.6 years (assuming we have exercised all extension options and term out provisions). The Morgan Stanley secured revolving repurchase agreement has an initial maturity date of May 4, 2019 and can be extended for additional successive one year periods, subject to approval by the lender. The number of extension options is not limited by the terms of this agreement. These secured revolving repurchase agreements are 25% recourse to Holdco.

As of March 31, 2019, we had four secured revolving repurchase agreements to finance our CMBS and CRE CLO investing activities. Credit spreads vary depending upon the CMBS and CRE CLO investments and advance rate. These secured revolving repurchase agreements are 100% recourse to Holdco.

The following tables detail our secured revolving repurchase agreements (dollars in thousands):

March 31, 2019									
Lender	Commitment Amount⁽¹⁾	UPB of Collateral	Advance Rate	Approved Borrowings	Outstanding Balance	Undrawn Capacity⁽³⁾	Available Capacity⁽²⁾	Interest Rate	Extended Maturity⁽⁴⁾
Goldman Sachs	\$ 750,000	\$ 550,082	76.5%	\$ 410,777	\$ 352,262	\$ 58,515	\$ 339,223	L+ 2.2%	8/19/2019
Wells Fargo	750,000	518,183	74.7	385,863	366,976	18,887	364,137	L+ 1.7%	5/25/2021
Morgan Stanley	500,000	283,514	76.3	216,265	213,707	2,558	283,735	L+ 2.2%	N/A
JP Morgan	400,000	279,270	75.9	210,983	205,298	5,685	189,017	L+ 2.2%	8/20/2023
US Bank	233,883	273,137	80.0	218,509	216,640	1,869	15,374	L+ 1.8%	4/9/2024
Subtotal/Weighted									
Average—Loans	\$ 2,633,883	\$ 1,904,186	76.4%	\$ 1,442,397	\$ 1,354,883	\$ 87,514	\$ 1,191,486	L+ 2.0%	
Royal Bank of Canada	—	—	90.0	—	—	—	—	N/A	N/A
Goldman Sachs	50,666	61,051	87.2	50,666	50,666	—	—	L+ 0.6%	4/25/2019 ⁽⁵⁾
JP Morgan	182,587	210,090	86.9	182,587	182,587	—	—	L+ 1.0%	4/27/2019 ⁽⁵⁾
Wells Fargo	26,933	30,811	86.3	26,933	26,933	—	—	L+ 1.0%	4/29/2019 ⁽⁵⁾
Subtotal/Weighted (5)									
Average—CMBS and CRE CLO	\$ 260,186	\$ 301,952	86.9%	\$ 260,186	\$ 260,186	\$ —	\$ —	L+ 0.9%	
Total/Weighted (5)									
Average	\$ 2,894,069	\$ 2,206,138	78.0%	\$ 1,702,583	\$ 1,615,069	\$ 87,514	\$ 1,191,486	L+ 1.8%	

- (1) Commitment amount represents the largest amount of borrowings available under a given agreement once sufficient collateral assets have been approved by the lender and pledged by us.
- (2) Represents the commitment amount less the approved borrowings which amount is available to be borrowed provided we pledge and the lender approves additional collateral assets.
- (3) Undrawn capacity represents the positive difference between the borrowing amount approved by the lender against collateral assets pledged by us and the amount actually drawn against those collateral assets.
- (4) Our ability to extend our secured revolving repurchase agreements to the dates shown above is subject to satisfaction of certain conditions. Even if extended, our lenders retain sole discretion to determine whether to accept pledged collateral, and the advance rate and credit spread applicable to each borrowing thereunder.
- (5) Extended Maturity represents the sooner of the next maturity date of the agreement or roll over date for the applicable underlying trade confirmation, subsequent to March 31, 2019. Weighted average interest rate includes the impact of the Overnight swap index (“OIS”) rate used for CMBS and CRE CLO investment secured revolving repurchase agreements, as applicable.

December 31, 2018									
Lender	Commitment Amount⁽¹⁾	UPB of Collateral	Advance Rate	Approved Borrowings	Outstanding Balance	Undrawn Capacity⁽³⁾	Available Capacity⁽²⁾	Interest Rate	Extended Maturity⁽⁴⁾
Goldman Sachs	\$ 750,000	\$ 474,243	76.7%	\$ 355,051	\$ 191,164	\$ 163,887	\$ 394,949	L+ 2.2%	8/19/2019
Wells Fargo	750,000	339,012	76.4	256,120	246,208	9,912	493,880	L+ 1.8%	5/25/2021
Morgan Stanley	500,000	244,936	75.7	185,221	182,507	2,714	314,779	L+ 2.2%	N/A
JP Morgan	400,000	254,026	75.4	190,541	185,529	5,012	209,459	L+ 2.2%	8/20/2023
US Bank	212,840	262,929	79.0	207,344	206,040	1,304	5,496	L+ 1.8%	10/9/2023
Subtotal/Weighted									
Average—Loans	\$ 2,612,840	\$ 1,575,146	76.6%	\$ 1,194,277	\$ 1,011,448	\$ 182,829	\$ 1,418,563	L+ 2.0%	
Royal Bank of Canada	100,000	—	90.0	—	—	—	100,000	N/A	N/A
Goldman Sachs	100,000	38,517	90.0	32,697	32,697	—	67,303	OIS+	(5)
								0.6%	1/2/2019
Subtotal/Weighted (5)									
Average—CMBS and CRE CLO	\$ 200,000	\$ 38,517	90.0%	\$ 32,697	\$ 32,697	\$ —	\$ 167,303	OIS+	
								0.6%	
Total/Weighted (5)									
Average	\$ 2,812,840	\$ 1,613,663	77.0%	\$ 1,226,974	\$ 1,044,145	\$ 182,829	\$ 1,585,866	L+ 2.0%	

- (1) Commitment amount represents the largest amount of borrowings available under a given agreement once sufficient collateral assets have been approved by the lender and pledged by us.
- (2) Represents the commitment amount less the approved borrowings which amount is available to be borrowed provided we pledge and the lender approves additional collateral assets.
- (3) Undrawn capacity represents the positive difference between the borrowing amount approved by the lender against collateral assets pledged by us and the amount actually drawn against those collateral assets.

- (4) Our ability to extend our secured revolving repurchase agreements to the dates shown above is subject to satisfaction of certain conditions. Even if extended, our lenders retain sole discretion to determine whether to accept pledged collateral, and the advance rate and credit spread applicable to each borrowing thereunder.
- (5) Extended Maturity represents the sooner of the next maturity date of the agreement or roll over date for the applicable underlying trade confirmation, subsequent to December 31, 2018. Weighted average interest rate includes the impact of the Overnight swap index (“OIS”) rate used for CMBS and CRE CLO investment secured revolving repurchase agreements.

Borrowings under our secured revolving repurchase agreements are subject to the initial approval of eligible collateral loans (or CMBS and CRE CLO investments, depending on the agreement) by the lender. The maximum advance rate and pricing rate of individual advances are determined with reference to the attributes of the respective collateral.

The maximum and average month end balances for our secured revolving repurchase agreements during the three months ended March 31, 2019 are as follows (dollars in thousands):

	Three Months Ended March 31, 2019		
	Carrying Value	Maximum Month End Balance	Average Month End Balance
JP Morgan	\$ 205,298	\$ 208,129	\$ 206,781
Goldman Sachs	352,262	359,457	342,324
Wells Fargo	366,976	366,976	357,539
Morgan Stanley	213,707	213,707	192,907
US Bank	216,640	216,640	195,573
Subtotal / Averages - Loans ⁽¹⁾	\$ 1,354,883	\$ 1,354,883	\$ 1,295,124
JP Morgan	182,587	182,587	101,475
Goldman Sachs	50,666	50,666	38,545
Wells Fargo	26,933	26,933	8,978
Royal Bank of Canada	—	—	—
Subtotal / Averages - CMBS and CRE CLO ⁽¹⁾	\$ 260,186	\$ 260,186	\$ 148,998
Total / Averages - Loans, CMBS and CRE CLO ⁽¹⁾	\$ 1,615,069	\$ 1,615,069	\$ 1,444,122

- (1) The maximum month end balance subtotal and total represents the maximum outstanding borrowings on all secured revolving repurchase agreements at a month end during the three months ended March 31, 2019.

We use secured revolving repurchase agreements to finance certain of our originations or acquisitions of our target assets, which may be accepted by a respective secured revolving repurchase agreement lender as collateral. Once we identify an asset and the asset is approved by the secured revolving repurchase agreement lender to serve as collateral (which lender’s approval is in its sole discretion), we and the lender may enter into a transaction whereby the lender advances to us a percentage of the value of the asset, which is referred to as the “advance rate,” as the purchase price for such transaction with an obligation of ours to repurchase the asset from the lender for an amount equal to the purchase price for the transaction plus a price differential, which is calculated based on an interest rate. For each transaction, we and the lender agree to a trade confirmation which sets forth, among other things, the purchase price, the maximum advance rate, the interest rate, the market value of the loan asset and any future funding obligations which are contemplated with respect to the specific transaction and/or the underlying loan asset. For loan assets which involve future funding obligations of ours, the repurchase transaction may provide for the repurchase lender to fund portions (for example, pro rata per the maximum advance rate of the related repurchase transaction) of such future funding obligations. Generally, our secured revolving repurchase agreements allow for revolving balances, which allow us to voluntarily repay balances and draw again on existing available credit. The primary obligor on each secured revolving repurchase agreement is a separate special purpose subsidiary of ours which is restricted from conducting activity other than activity related to the utilization of its secured revolving repurchase agreement. As additional credit support, our holding company subsidiary, Holdco, provides certain guarantees of the obligations of its subsidiaries. The liability of Holdco under the guarantees related to our secured revolving repurchase agreements secured by CMBS and CRE CLO investments are in an amount equal to 100% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the related agreement. The liability of Holdco under the guarantees related to our secured revolving repurchase agreements secured by loans is generally capped at 25% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the related agreement. However, such liability cap under the guarantees related to our secured revolving repurchase agreements secured by loans does not apply in the event of certain “bad boy” defaults which can trigger recourse to Holdco for losses or the entire outstanding obligations of the borrower depending on the nature of the “bad boy” default in question. Examples of such “bad boy” defaults include, without limitation, fraud, intentional misrepresentation, willful misconduct, incurrence of additional debt in violation of financing documents, and the filing of a voluntary or collusive involuntary bankruptcy or insolvency proceeding of the special purpose entity subsidiary or the guarantor entity.

Each of the secured revolving repurchase agreements have “margin maintenance” provisions, which are designed to allow the repurchase lender to maintain a certain margin of credit enhancement against the loan assets which serve as collateral. The lender’s margin amount is typically based on a percentage of the market value of the loan asset and/or mortgaged property collateral; however, certain secured revolving repurchase agreements may also involve margin maintenance based on maintenance of a minimum debt yield with respect to the cash flow from the underlying real estate collateral. Market value determinations and redeterminations may be made by the repurchase lender in its sole discretion subject to any specified parameters regarding the repurchase lender’s determination, which may involve the limitation or enumeration of factors which the repurchase lender may consider when determining market value.

At March 31, 2019, the weighted average haircut (which is equal to one minus the advance rate percentage against collateral for our secured revolving repurchase agreements taken as a whole) was 22.0%, as compared to 23.0% at December 31, 2018.

Generally, when the repurchase lender’s margin amount has fallen below the outstanding purchase price for a transaction, a margin deficit exists and the repurchase lender may require that we prepay outstanding amounts on the secured revolving repurchase agreement to eliminate such margin deficit. In certain secured revolving repurchase agreement, the repurchase lender’s ability to make a margin call is further limited by certain prerequisites, such as the existence of enumerated “credit events” or that the margin deficit exceed a specified minimum threshold.

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

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

Senior Secured and Secured Credit Agreements

We have a senior secured credit agreement with Bank of America N.A. that has a maximum commitment amount of \$500 million and \$398.4 million outstanding as of March 31, 2019. The senior secured credit agreement bears interest at LIBOR plus 1.81%. The current extended maturity of this agreement is September 29, 2022.

We have a secured credit agreement (the “Credit Agreement”), as borrower, with Citibank, N.A. as administrative agent and lender, and Citigroup Global Markets Inc. as sole lead arranger and sole lead book running manager. The Credit Agreement governs a secured revolving credit agreement with aggregate secured borrowing capacity of up to \$160.0 million, subject to borrowing base availability and certain other conditions, which we occasionally use to finance originations or acquisitions of eligible loans on an interim basis until permanent financing is arranged. The Credit Agreement has an initial maturity date of July 12, 2020, and borrowings bear interest at an interest rate per annum equal to one-month LIBOR or the applicable base rate plus a margin of 2.25%. The initial advance rate on borrowings under the Credit Agreement with respect to individual pledged assets can vary up to 70%, and may decline over the borrowing term of up to a 90-day period, after which borrowings against that respective asset must be repaid. At March 31, 2019, we had \$61.4 million outstanding on the Credit Agreement.

Term Loan Facility

We entered into a term loan facility, as the borrower, with an institutional asset manager as the lender. The term loan facility has capacity up to \$750 million, bears interest at LIBOR plus 1.85%, and allows for an advance rate of no less than 70% and up to 85% based on the loans pledged to the facility. As of March 31, 2019, we pledged five loan investments to the term loan facility supporting outstanding borrowings of \$267.7 million.

Asset-Specific Financings

At March 31, 2019 and December 31, 2018, we had outstanding one loan investment financed with one counterparty, as an asset-specific financing. At March 31, 2019, our asset-specific financing arrangement amount payable was \$32.5 million and bears interest at LIBOR plus 2.7%. The asset-specific financing extended maturity is April 9, 2022.

In connection with the outstanding asset-specific financing, Holdco has delivered a payment guarantee in favor of the lender as additional credit support for the financing. The liability of Holdco under this guarantee is capped at 25% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the financing. In addition, Holdco has delivered a non-recourse carveout guarantee, which can trigger recourse to Holdco as a result of certain “bad boy” defaults for losses incurred by BMO Harris or the entire outstanding obligations of the financing borrower, depending on the nature of the “bad boy” default. Examples of “bad boy” defaults under the BMO Harris asset-specific financing include, without limitation: fraud; intentional misrepresentation; willful misconduct; incurrence of additional debt in violation of financing documents; and the filing of a voluntary or collusive involuntary bankruptcy or insolvency proceeding of the special purpose entity subsidiary or the guarantor entity. The guarantee agreement for the asset-specific financing also contains financial covenants covering liquid assets and net worth requirements.

Non-Consolidated Senior Interests

In certain instances, we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party. In either case, the senior mortgage loan (i.e., the non-consolidated senior interest) is not included on our balance sheet. When we create structural leverage through the co-origination or non-recourse syndication of a senior loan interest to a third party, we retain on our balance sheet a mezzanine loan. As of March 31, 2019, there were no outstanding loans that we financed through the use of non-consolidated senior interests sold or co-originated in prior periods.

Financial Covenants for Outstanding Borrowings

Our financial covenants and guarantees for outstanding borrowings related to our secured revolving repurchase agreements, senior secured and secured credit agreements, term loan facility, and asset-specific financings require Holdco to maintain compliance with the following financial covenants (among others):

- **Cash Liquidity:** maintenance of minimum cash liquidity of no less than the greater of \$10.0 million and 5.0% of Holdco’s recourse indebtedness;
- **Tangible Net Worth:** maintenance of minimum tangible net worth of at least 75% of the net cash proceeds of all prior equity issuances made by Holdco or the Company plus 75% of the net cash proceeds of all subsequent equity issuances made by Holdco or the Company;
- **Debt to Equity:** maintenance of a debt to equity ratio not to exceed 3.5 to 1.0; and
- **Interest Coverage:** maintenance of a minimum interest coverage ratio (EBITDA to interest expense) of no less than 1.5 to 1.0.

The Company was in compliance with all covenants for its secured revolving repurchase agreements, senior secured and secured credit agreements, term loan facility, and asset-specific financings as of March 31, 2019 and December 31, 2018.

Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our Debt-to-Equity ratio and Total Leverage ratio as of March 31, 2019 and December 31, 2018:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Debt-to-equity ratio ⁽¹⁾	2.48x	2.36x
Total leverage ratio ⁽²⁾	2.48x	2.36x

(1) Represents (i) total outstanding borrowings under financing arrangements, net, including collateralized loan obligations, secured revolving repurchase agreements, senior secured and secured credit agreements, a term loan facility, and an asset-specific financing agreement, less cash, to (ii) total stockholders’ equity, at period end.

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

Floating Rate Portfolio

Our business model seeks to minimize our exposure to changing interest rates by match-indexing our assets using the same, or similar, benchmark indices, typically LIBOR, as well as durations. Accordingly, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income. As of March 31, 2019, 100.0% of our loans by unpaid principal balance earned a floating rate of interest and were financed with liabilities that require interest payments based on floating rates, which resulted in approximately \$1.4 billion of net floating rate exposure that is positively correlated to rising interest rates, subject to the impact of interest rate floors on certain of our floating rate loans. We had no fixed rate loans outstanding as of March 31, 2019.

Our liabilities are generally index-matched to each collateral asset, resulting in a net exposure to movements in benchmark rates that vary based on the relative proportion of floating rate assets and liabilities. The following table details our portfolio's net floating rate exposure as of March 31, 2019 (dollars in thousands):

	Net Exposure
Floating rate assets ⁽¹⁾	\$ 4,732,962
Floating rate debt ⁽¹⁾⁽²⁾	(3,376,393)
Net floating rate exposure	<u>\$ 1,356,569</u>

- (1) Floating rate mortgage loan assets and liabilities are indexed to LIBOR. The net exposure to the underlying benchmark interest rate is directly correlated to our assets indexed to the same rate. Excludes CMBS and CRE CLO investments and related liabilities.
- (2) Floating rate liabilities include secured revolving repurchase agreements, collateralized loan obligations, senior secured and secured credit agreements, a term loan facility, and asset-specific financings.

Interest-Earning Assets and Interest-Bearing Liabilities

The following table presents the average balance of interest-earning assets and related interest-bearing liabilities, associated interest income and expense, and financing costs and the corresponding weighted average yields for the three months ended March 31, 2019 and December 31, 2018 (dollars in thousands):

	Three months ended,					
	March 31, 2019			December 31, 2018		
	Average Carrying Value ⁽¹⁾	Interest Income/Expense	Wtd. Avg. Yield/Financing Cost ⁽²⁾	Average Carrying Value ⁽¹⁾	Interest Income/Expense	Wtd. Avg. Yield/Financing Cost ⁽²⁾
<i>Core Interest-earning assets:</i>						
First mortgage loans	\$ 4,442,240	\$ 74,845	6.7%	\$ 4,114,869	\$ 70,972	6.9%
Retained mezzanine loans	—	—	—	—	—	—
CMBS and CRE CLO investments	230,277	1,756	3.1%	75,013	701	3.7%
Core interest-earning assets	<u>\$ 4,672,517</u>	<u>\$ 76,601</u>	6.6%	<u>\$ 4,189,882</u>	<u>\$ 71,673</u>	6.8%
<i>Interest-bearing liabilities:</i>						
Asset-specific financings ⁽³⁾	\$ 32,500	\$ 445	5.5%	\$ 45,640	\$ 1,047	9.2%
Secured revolving repurchase agreements ⁽⁴⁾	1,444,122	15,391	4.3%	1,184,392	17,234	5.8%
Collateralized loan obligations	1,329,813	15,345	4.6%	1,266,439	11,477	3.6%
Senior secured and secured credit agreements	411,559	7,318	7.1%	454,516	5,764	5.1%
Term loan facility	203,119	868	1.7%	38,087	54	0.6%
Total interest-bearing liabilities	<u>\$ 3,421,113</u>	<u>\$ 39,367</u>	4.6%	<u>\$ 2,989,074</u>	<u>\$ 35,576</u>	4.8%
Net interest income ⁽⁵⁾		<u>\$ 37,234</u>			<u>\$ 36,097</u>	
<i>Other Interest-earning assets:</i>						
Cash equivalents	\$ 89,885	\$ 418	1.9%	\$ 89,885	\$ 335	1.5%
Accounts receivable from servicer/trustee	32,765	3	0.0%	32,765	3	0.0%
Total interest-earning assets	<u>\$ 4,795,167</u>	<u>\$ 77,022</u>	6.4%	<u>\$ 4,312,532</u>	<u>\$ 72,011</u>	6.7%

(1) Based on carrying value for loans, amortized cost for CMBS and CRE CLO investments and carrying value for interest-bearing liabilities. Calculated balances as the month-end averages.

(2) Weighted average yield or financing cost calculated based on annualized interest income or expense divided by calculated month-end average outstanding balance.

(3) Weighted average financing cost for the three months ended December 31, 2018 reflects significant borrowings that were repaid prior to period end.

(4) Secured revolving repurchase agreements interest expense for the three months ended December 31, 2018 includes the write off of deferred financing costs related to assets contributed to TRTX 2018-FL2 during the period.

(5) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities.

The following table presents the average balance of interest-earning assets and related interest-bearing liabilities, associated interest income and expense, and financing costs and the corresponding weighted average yields for the three months ended March 31, 2019 and 2018 (dollars in thousands):

	Three months ended,					
	March 31, 2019			March 31, 2018		
	Average Carrying Value ⁽¹⁾	Interest Income/Expense	Wtd. Avg. Yield/Financing Cost ⁽²⁾	Average Carrying Value ⁽¹⁾	Interest Income/Expense	Wtd. Avg. Yield/Financing Cost ⁽²⁾
<i>Core Interest-earning assets:</i>						
First mortgage loans	\$ 4,442,240	\$ 74,845	6.7%	\$ 3,394,314	\$ 55,451	6.5%
Retained mezzanine loans ⁽³⁾	—	—	—	63,577	3,175	20.0%
CMBS and CRE CLO investments	230,277	1,756	3.1%	106,828	739	2.8%
Core interest-earning assets	\$ 4,672,517	\$ 76,601	6.6%	\$ 3,564,719	\$ 59,365	6.7%
<i>Interest-bearing liabilities:</i>						
Asset-specific financings	\$ 32,500	\$ 445	5.5%	\$ 254,846	\$ 3,905	6.1%
Secured revolving repurchase agreements	1,444,122	15,391	4.3%	1,683,247	18,411	4.4%
Collateralized loan obligations	1,329,813	15,345	4.6%	497,269	3,418	2.7%
Senior secured and secured credit agreements	411,559	7,318	7.1%	29,867	264	3.5%
Term loan facility	203,119	868	1.7%	—	—	0.0%
Total interest-bearing liabilities	\$ 3,421,113	\$ 39,367	4.6%	\$ 2,465,229	\$ 25,998	4.2%
Net interest income ⁽⁴⁾		\$ 37,234			\$ 33,367	
<i>Other Interest-earning assets:</i>						
Cash equivalents	\$ 89,885	\$ 418	1.9%	\$ 96,251	\$ 271	1.1%
Accounts receivable from servicer/trustee	32,765	3	0.0%	500	—	0.0%
Total interest-earning assets	\$ 4,795,167	\$ 77,022	6.4%	\$ 3,661,470	\$ 59,636	6.5%

(1) Based on carrying value for loans, amortized cost for securities and carrying value for debt. Calculated as the month-end averages.

(2) Weighted average yield or financing cost calculated based on annualized interest income or expense divided by average carrying value.

(3) Retained mezzanine loans interest income for the three months ended March 31, 2018 includes minimum multiple payments related to the repayment of mezzanine loans during the period.

(4) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities.

Our Results of Operations

Operating Results

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

	Three Months Ended March 31,		2019 vs 2018
	2019	2018	\$
INTEREST INCOME			
Interest Income	\$ 76,601	\$ 59,365	\$ 17,236
Interest Expense	(39,367)	(25,998)	(13,369)
Net Interest Income	37,234	33,367	\$ 3,867
OTHER REVENUE			
Other Income, net	422	366	56
Total Other Revenue	422	366	56
OTHER EXPENSES			
Professional Fees	679	899	(220)
General and Administrative	1,325	1,108	217
Servicing and Asset Management Fees	513	767	(254)
Management Fees	5,143	4,704	439
Incentive Management Fee	1,365	926	439
Total Other Expenses	9,025	8,404	621
Income Before Income Taxes	28,631	25,329	3,302
Income Tax Benefit (Expense)	(219)	(215)	(4)
Net Income	\$ 28,412	\$ 25,114	\$ 3,298
Preferred Stock Dividends	(3)	(3)	—
Net Income Attributable to TPG RE Finance Trust, Inc.	\$ 28,409	\$ 25,111	\$ 3,298
Basic Earnings per Common Share	\$ 0.42	\$ 0.42	—
Diluted Earnings per Common Share	\$ 0.42	\$ 0.42	—
Dividends Declared per Common Share	\$ 0.43	\$ 0.43	—
OTHER COMPREHENSIVE INCOME			
Unrealized (Loss) Gain on Available-for-Sale Securities (Commercial Mortgage-Backed and Commercial Real Estate Collateralized Loan Obligation Securities)	\$ 106	\$ (214)	\$ 320
Comprehensive Income	\$ 28,518	\$ 24,900	\$ 3,618

Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Net Interest Income

Net interest income increased \$3.9 million, to \$37.2 million, during the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The increase was due primarily to loan portfolio growth of \$1.1 billion and a higher average LIBOR on the underlying loans partially offset by a decline in the weighted average credit spread to 389 basis points from 452 basis points. The increase in interest income was partially offset by an increase in interest expense due to increased borrowings of \$0.8 billion to fund loan portfolio growth and a higher average borrowing rate, due to an increase in LIBOR, offset in part by a decrease in the weighted average credit spread of our borrowings to 174 basis points from 204 basis points, during the three months ended March 31, 2019 as compared to the three months ended March 31, 2018.

Other Revenue

Other revenue is comprised of net gain/loss on the sale of certain loans and CMBS and CRE CLO investments, interest income earned on certain cash collection accounts, and miscellaneous fee income. Other revenue increased by \$0.1 million during the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The change in other revenue was primarily due to higher cash balances during the three months ended March 31, 2019.

Other Expenses

Other expenses are comprised of professional fees, general and administrative expenses, servicing and asset management fees, and management fees payable to our Manager. Other expenses increased by \$0.2 million for the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The increase in other expenses for the three months ended March 31, 2019 was primarily due to: (i) an increase in management fees to our Manager of \$0.4 million due primarily to growth in the Company's quarterly common stockholder's equity base of \$257.5 million due to our equity issuances in August 2018 and March 2019, and growth in Core Earnings and (ii) a decrease in general and administrative expenses, professional fees, and servicing and asset management fees in the aggregate of \$0.2 million primarily as a result of a decline in servicing and asset management fees and professional fees during the three months ended March 31, 2019.

See Note 10 to our Consolidated Financial Statements included in this Form 10-Q for details regarding our Management Agreement.

Incentive Compensation

The incentive compensation earned by our Manager increased by \$0.4 million for the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The change in incentive compensation to our Manager was due to growth in Core Earnings subject to an incentive fee.

See Note 10 to our Consolidated Financial Statements included in this Form 10-Q for details regarding our Management Agreement.

Dividends Declared Per Share

During the three months ended March 31, 2019, we declared cash dividends of \$0.43 per share, or \$31.6 million. During the three months ended March 31, 2018, we declared cash dividends of \$0.42 per share, or \$25.3 million. The increase in cash dividends per share and cash dividends declared was primarily due to continued growth in our loan portfolio and net income.

Unrealized (Loss) Gain on CMBS and CRE CLO Investments

Other comprehensive (loss) income increased \$0.3 million during the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The increase is primarily related to fair value fluctuations of certain CMBS and CRE CLO investments and changes in the size and composition of our CMBS and CRE CLO investment portfolio, from the three months ended March 31, 2018.

Liquidity and Capital Resources

Capitalization

We have capitalized our business to date through, among other things, the issuance and sale of shares of our common stock, borrowings under secured revolving repurchase agreements, collateralized loan obligations, senior secured and secured credit agreements, a term loan facility, asset-specific financings, and non-consolidated senior interests. As of March 31, 2019, we had outstanding 73.2 million shares of our common stock and Class A common stock representing \$1.4 billion of stockholders' equity, and \$3.6 billion of outstanding borrowings used to finance our operations.

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

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents, available borrowings under secured revolving repurchase agreements, senior secured and secured credit agreements, a term loan facility, and asset-specific financings, which are set forth in the following table (dollars in thousands):

	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 55,431	\$ 39,720
Secured revolving repurchase agreements	87,516	182,829
Senior secured and secured credit agreements	11,719	53,410
Term loan facility	5,861	275
Asset-specific financings	—	—
Total	<u>\$ 160,527</u>	<u>\$ 276,234</u>

Our existing loan portfolio also provides us with liquidity as loans are repaid or sold, in whole or in part, of which some proceeds may be included in accounts receivable from our servicers until released, and the proceeds from such repayments become available for us to reinvest. The future sale of non-consolidated senior interests would also provide incremental liquidity upon loan origination.

Liquidity Needs

In addition to our ongoing loan activity, our primary liquidity needs include interest and principal payments under our \$3.6 billion of outstanding borrowings under secured revolving repurchase agreements, collateralized loan obligations, senior secured and secured credit agreements, a term loan facility, and asset-specific financings, \$640.7 million of unfunded loan commitments, dividend distributions to our stockholders, and operating expenses.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of March 31, 2019 were as follows (dollars in thousands):

	Total Obligation	Payment Timing			
		Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Unfunded loan commitments ⁽¹⁾	\$ 640,709	\$ 155,694	\$ 379,700	\$ 105,315	\$ —
Secured debt agreements—principal ⁽²⁾	3,636,579	1,859,113	1,777,466	—	—
Secured debt agreements—interest ⁽²⁾	174,334	108,184	63,340	2,810	—
Total ⁽³⁾	<u>\$ 4,451,622</u>	<u>\$ 2,122,991</u>	<u>\$ 2,220,506</u>	<u>\$ 108,125</u>	<u>\$ —</u>

(1) The allocation of our loan commitments is based on the earlier of the commitment expiration date and the loan maturity date.

(2) The allocation of our secured debt agreements is based on the current maturity date of each individual borrowing under the respective agreement. Amounts include the related future interest payment obligations, which are estimated by assuming the amounts outstanding under our secured debt agreements and the interest rates in effect as of March 31, 2019 will remain constant into the future. This is only an estimate, as actual amounts borrowed and rates will vary over time. Our floating rate loans and related liabilities are indexed to LIBOR.

With respect to our debt obligations that are contractually due within the next five years, we plan to employ several strategies to meet these obligations, including: (i) applying repayments from underlying loans to satisfy the debt obligations which they secure; (ii) exercising maturity date extension options that exist in our current financing arrangements; (iii) negotiating extensions of terms with our providers of credit; (iv) periodically accessing the capital markets to raise cash to fund new investments or the repayment of indebtedness; (v) the issuance of additional structured finance vehicles, such as a collateralized loan obligations similar to TRTX 2018-FL1 or TRTX 2018-FL2, as a method of financing; (vi) term loans with private lenders; and/or (vii) selling loan or CMBS and CRE CLO investments to generate cash to repay our debt obligations.

We are required to pay our Manager a base management fee, an incentive fee, and reimbursements for certain expenses pursuant to our Management Agreement. The table above does not include the amounts payable to our Manager under our Management Agreement as they are not fixed and determinable. See Note 10 to our consolidated financial statements included in this Form 10-Q for additional terms and details of the fees payable under our Management Agreement.

As a REIT, we generally must distribute substantially all of our net taxable income to stockholders in the form of dividends to comply with the REIT provisions of the Internal Revenue Code. Our REIT taxable income does not necessarily equal our net income as calculated in accordance with GAAP or our Core Earnings as described above.

Cash Flows

The following table provides a breakdown of the net change in our cash, cash equivalents, and restricted cash balances for the three months ended March 31, 2019 and 2018 (dollars in thousands):

	Three Months Ended March 31,	
	2019	2018
Cash flows provided by operating activities	\$ 26,033	\$ 23,454
Cash flows used in investing activities	(590,071)	(480,890)
Cash flows provided by financing activities	579,149	456,481
Net (decrease) in cash, cash equivalents, and restricted cash	<u>\$ 15,111</u>	<u>\$ (955)</u>

We experienced a net increase in cash, cash equivalents, and restricted cash of \$15.1 million for the three months ended March 31, 2019, compared to a net decrease of \$1.0 million for the three months ended March 31, 2018. During the three months ended March 31, 2019, cash flows provided by operating activities totaled \$26.0 million related primarily to net interest income, cash flows used in investing activities totaled \$590.1 million due primarily to loan originations and CRE CLO investment purchases, and cash flows provided by financing activities totaled \$579.1 million due primarily to proceeds from our equity issuance and net secured financing proceeds. We used the proceeds from our investing and financing activities, including cash provided by principal repayments, to originate new loans and purchase CRE CLO investments totaling \$892.3 million during the three months ended March 31, 2019.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Corporate Activities

Equity Distribution Agreement

On March 7, 2019, the Company and the Manager entered into an equity distribution agreement with each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, JMP Securities LLC, Wells Fargo Securities, LLC and TPG Capital BD, LLC (each a “Sales Agent” and, collectively, the “Sales Agents”) relating to the issuance and sale by the Company of shares of its common stock, \$0.001 par value per share, pursuant to a continuous offering program. In accordance with the terms of the equity distribution agreement, the Company may, at its discretion and from time to time, offer and sell shares of its common stock having an aggregate gross sales price of up to \$125.0 million through the Sales Agents, each acting as the Company’s agent. The offering of shares of the Company’s common stock pursuant to the equity distribution agreement will terminate upon the earlier of (1) the sale of shares of the Company’s common stock subject to the equity distribution agreement having an aggregate gross sales price of \$125.0 million and (2) the termination of the equity distribution agreement by the Sales Agents or the Company at any time as set forth in the equity distribution agreement.

Each Sales Agent will be entitled to commissions in an amount not to exceed 1.75% of the gross sales prices of shares of the Company’s common stock sold through it, as the Company’s agent. For the three months ended March 31, 2019, no shares of common stock were sold pursuant to the equity distribution agreement.

Common Stock Issuance

On March 19, 2019, the Company completed a common stock offering of 6.0 million shares at a price to the underwriters of \$19.80 per share, for net proceeds of \$118.8 million, after underwriting discounts and reimbursement by the Manager of \$0.3 million of offering costs. The Company intends to use the net proceeds from the offering to originate or acquire commercial mortgage loans consistent with its investment strategy and investment guidelines.

Pursuant to the terms of the underwriting agreement that we entered into with Morgan Stanley & Co. LLC, as representative of the underwriters, on April 12, 2019, the underwriters exercised in full their option to purchase 900,000 additional shares of our common stock (the “Option Shares”). As a result, and pursuant to the terms of the underwriting agreement, we issued and sold 900,000 Option Shares to the underwriters on April 16, 2019 and generated additional net proceeds, before transaction expenses, of approximately \$17.4 million.

Dividends

On March 19, 2019, we declared a cash dividend for the first quarter of 2019, to holders of record of our common stock and Class A common stock as of March 29, 2019, in the amount of \$0.43 per share of common stock and Class A common stock, or \$31.6 million in the aggregate, which dividend was paid on April 25, 2019.

10b5-1 Purchase Plan

During the three months ended March 31, 2019, the Company repurchased 2,324 shares of common stock, at a weighted average price of \$18.27 per share, for total consideration (including commissions and related fees) of \$0.04 million. The 10b5-1 Purchase Plan expired by its terms on February 28, 2019.

Critical Accounting Policies

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

If conditions change from those expected, it is possible that our judgments, estimates and assumptions described below could change, which may result in a change in our interest income and other revenue recognition, allowance for loan losses, expense recognition, tax liability, future impairment of our investments, and valuation of our investment portfolio, among other effects. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the consolidated financial statements in the period in which the actual amounts become known. We believe our critical accounting policies could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions.

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

Recent Accounting Pronouncements

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

Subsequent Events

The following events occurred subsequent to quarter end:

Investment Activity

From April 1, 2019 through April 29, 2019, the Company has closed, or is in the process of closing, six first mortgage loans with a total loan commitment amount of \$613.7 million. In addition, the Company purchased six floating rate CRE CLO investments for \$98.9 million which have a weighted average coupon of LIBOR plus 2.4%. These investments will be funded with a combination of cash-on-hand and borrowings.

Senior Mortgage Loan Repayments

From April 1, 2019 through April 29, 2019, the Company received full loan repayments related to one of its first mortgage loans with a total loan commitment and unpaid principal balance of \$63.2 million and \$57.3 million, respectively. The risk rating for the loan that was repaid was 3 as of March 31, 2019.

Common Stock Offering Option Exercise

On April 12, 2019, Morgan Stanley & Co. LLC, as representative of the underwriters, exercised in full the underwriters' option to purchase 900,000 additional shares of common stock. As a result, and pursuant to the terms of the underwriting agreement, the Company issued and sold 900,000 additional shares of common stock to the underwriters on April 16, 2019, generating additional net proceeds, before transaction expenses, of approximately \$17.4 million from the issuance and sale of such shares.

Cash Dividend

On April 25, 2019, we paid a cash dividend on our common stock and Class A common stock of \$0.43 per share, or \$31.6 million, to stockholders of record as of March 29, 2019.

Loan Portfolio Details

The following table provides details with respect to our portfolio, excluding our investments in CMBS and CRE CLO investments, on a loan-by-loan basis as of March 31, 2019 (dollars in millions, except loan per square foot/unit):

Loan #	Form of Investment	Origination / Acquisition Date ⁽²⁾	Total Loan	Principal Balance	Carrying Value ⁽³⁾	Credit Spread ⁽⁴⁾	All-in Yield ⁽⁵⁾	Fixed / Floating	Extended Maturity ⁽⁶⁾	City, State	Property Type	Loan Type	Loan Per SQFT / Unit	LTV ⁽⁷⁾	Risk Rating ⁽⁸⁾
First Mortgage Loans ⁽¹⁾															
1	Senior Loan	08/07/18	\$223.0	\$ 167.1	\$ 165.2	L +3.4%	L +3.6%	Floating	8/9/24	Atlanta, GA	Office	Light Transitional	\$214 Sq ft	61.4%	3
2	Senior Loan	12/19/18	210.0	131.9	130.1	L +3.6%	L +4.0%	Floating	1/9/24	Detroit, MI	Office	Moderate Transitional	\$217 Sq ft	59.8%	3
3	Senior Loan	12/21/18	206.5	175.9	175.9	L +2.9%	L +3.2%	Floating	1/9/24	Various, FL	Multifamily	Light Transitional	\$181,299 Unit	76.6%	3
4	Senior Loan	06/28/18	190.0	180.2	180.2	L +2.7%	L +3.0%	Floating	7/9/23	Philadelphia, PA	Office	Bridge	\$177 Sq ft	73.6%	3
5	Senior Loan	04/28/17	188.0	142.0	141.6	L +4.1%	L +4.4%	Floating	10/9/21	Nashville, TN	Mixed-Use	Bridge	\$292 Sq ft	60.7% ⁽¹⁰⁾	2
6	Senior Loan	10/12/17	180.0	173.4	172.9	L +3.8%	L +4.0%	Floating	11/9/22	Charlotte, NC	Hotel	Bridge	\$257,143 Unit	65.5%	2
7	Senior Loan	09/29/17	173.3	159.9	159.0	L +4.3%	L +4.6%	Floating	10/9/22	Philadelphia, PA	Office	Moderate Transitional	\$213 Sq ft	72.2%	3
8	Senior Loan	02/14/18	165.0	157.1	156.6	L +3.8%	L +4.0%	Floating	3/9/23	Various, NJ	Multifamily	Bridge	\$132,850 Unit	78.4%	3
9	Senior Loan	09/28/18	160.0	135.5	135.5	L +2.8%	L +3.0%	Floating	10/9/23	Houston, TX	Mixed-Use	Light Transitional	\$297 Sq ft	61.9%	3
10	Senior Loan	06/27/18	149.0	149.0	148.3	L +3.3%	L +3.5%	Floating	7/9/23	San Diego, CA	Office	Light Transitional	\$474 Sq ft	71.4%	2
11	Senior Loan	12/16/16	141.6	100.1	99.7	L +4.5%	L +4.7%	Floating	1/9/22	Atlanta, GA	Retail	Bridge	\$398 Sq ft	47.7%	4
12	Senior Loan	08/10/17	125.9	116.6	116.4	L +4.8%	L +5.0%	Floating	9/9/22	Cliffside, NJ	Multifamily	Bridge	\$400,828 Unit	51.0%	3
13	Senior Loan	08/22/17	121.6	100.1	100.0	L +4.4%	L +4.7%	Floating	7/26/22	Houston, TX	Multifamily	Bridge	\$425,245 Unit	62.5%	3
14	Senior Loan	02/13/18	112.0	112.0	111.3	L +3.5%	L +3.8%	Floating	3/9/23	Chicago, IL	Mixed-Use	Bridge	\$226 Sq ft	78.4%	2
15	Senior Loan	03/28/19	112.0	112.0	110.9	L +6.8%	L +7.8%	Floating	10/9/21	Las Vegas, NV	Land	Bridge	\$93 Sq ft	42.6%	3
16	Senior Loan	07/21/17	106.6	90.0	89.5	L +4.5%	L +4.8%	Floating	8/9/24	Pittsburgh, PA	Multifamily	Bridge	\$296,042 Unit	59.4%	3
17	Senior Loan	12/20/18	105.9	84.3	84.3	L +3.3%	L +3.4%	Floating	1/9/24	Torrance, CA	Mixed-Use	Moderate Transitional	\$254 Sq ft	61.1%	3
18	Senior Loan	09/27/18	95.7	90.5	90.0	L +4.7%	L +4.9%	Floating	10/1/20	Dallas, TX	Condominium	Light Transitional	\$399 Sq ft	55.6%	2
19	Senior Loan	07/24/17	93.5	89.6	89.4	L +3.3%	L +3.7%	Floating	8/9/22	Phoenix, AZ	Mixed-Use	Bridge	\$148 Sq ft	64.0%	2
20	Senior Loan	02/27/18	90.0	77.6	77.1	L +4.8%	L +5.1%	Floating	3/9/23	Brooklyn, NY	Office	Moderate Transitional	\$195 Sq ft	52.2%	3
21	Senior Loan	10/14/15	90.0	90.0	90.0	L +3.9%	L +4.3%	Floating	10/14/19	Brooklyn, NY	Mixed-Use	Light Transitional	\$359 Sq ft	58.2%	3
22	Senior Loan	09/29/17	89.5	80.1	79.9	L +3.9%	L +4.2%	Floating	10/9/22	Dallas, TX	Office	Moderate Transitional	\$106 Sq ft	50.7%	2
23	Senior Loan	03/27/19	88.2	87.7	86.8	L +3.5%	L +3.8%	Floating	4/9/24	Aurora, IL	Multifamily	Bridge	\$211,394 Unit	74.8%	3
24	Senior Loan	03/28/19	88.1	66.8	66.4	L +3.7%	L +3.9%	Floating	4/9/24	Various, Various	Hotel	Moderate Transitional	\$100,228 Unit	69.6%	3
25	Senior Loan	02/01/17	85.0	85.0	84.7	L +4.7%	L +5.0%	Floating	2/9/22	St. Pete Beach, FL	Hotel	Light Transitional	\$222,382 Unit	60.7%	3
26	Senior Loan	06/13/17	84.4	83.5	83.2	L +3.8%	L +4.0%	Floating	7/9/22	Jersey City, NJ	Multifamily	Bridge	\$148,330 Unit	81.0%	3
27	Senior Loan	03/07/19	81.3	81.3	81.3	L +3.1%	L +3.4%	Floating	3/9/24	Rockville, MD	Mixed-Use	Bridge	\$256 Sq ft	67.2%	3
28	Senior Loan	12/15/17	79.0	79.0	78.9	L +5.3%	L +5.6%	Floating	1/9/23	Rochester & Buffalo, NY	Multifamily	Bridge	\$57,164 Unit	59.6%	2
29	Senior Loan	06/06/18	76.4	76.4	76.2	L +3.2%	L +3.5%	Floating	6/9/23	Roseville, CA	Office	Bridge	\$171 Sq ft	81.6%	2
30	Senior Loan	03/29/18	75.0	71.5	71.5	L +3.8%	L +4.0%	Floating	4/9/23	Hamilton, NJ	Office	Bridge	\$154 Sq ft	72.3%	3
31	Senior Loan	12/20/17	67.6	49.6	49.2	L +4.0%	L +4.3%	Floating	1/9/23	Arlington, VA	Office	Moderate Transitional	\$194 Sq ft	51.7%	2
32	Senior Loan	11/29/18	67.5	44.0	43.7	L +3.3%	L +3.5%	Floating	12/9/23	Brooklyn, NY	Multifamily	Moderate Transitional	\$228,814 Unit	58.0%	3
33	Senior Loan	09/20/17	64.9	59.6	59.2	L +4.3%	L +4.6%	Floating	10/9/22	Glenview, IL	Multifamily	Light Transitional	\$153,428 Unit	70.5%	3

34	Senior Loan	03/01/16	63.2	57.3	57.3	L +4.9%	L +5.1%	Floating	3/1/21	Long Island City, NY	Office	Moderate Transitional	\$284 Sq ft	54.1%	3
35	Senior Loan	11/16/17	63.0	63.0	62.8	L +3.4%	L +3.6%	Floating	12/9/22	Brooklyn, NY	Multifamily	Bridge	\$440,559 Unit	69.3%	3
36	Senior Loan	03/01/16	61.1	55.7	55.7	L +5.1%	L +5.3%	Floating	3/1/21	Long Island City, NY	Office	Moderate Transitional	\$473 Sq ft	67.9%	3
37	Senior Loan	06/20/18	61.0	52.5	52.5	L +3.0%	L +3.3%	Floating	7/9/23	Houston, TX	Office	Light Transitional	\$162 Sq ft	74.9%	3
38	Senior Loan	01/08/19	60.2	28.3	27.7	L +3.8%	L +4.3%	Floating	2/9/24	Kansas City, MO	Office	Moderate Transitional	\$92 Sq ft	74.3%	3
39	Senior Loan	01/09/19	60.0	60.0	59.7	L +3.4%	L +3.6%	Floating	1/9/24	Mountain View, CA	Hotel	Bridge	\$375,000 Unit	64.2%	3
40	Senior Loan	08/13/18	59.0	54.1	53.9	L +3.7%	L +4.1%	Floating	9/9/22	Parma, OH	Retail	Light Transitional	\$79 Sq ft	55.3%	3
41	Senior Loan	08/06/18	55.0	49.5	49.1	L +6.0%	L +6.3%	Floating	8/9/23	Boston, MA	Mixed-Use	Light Transitional	\$529 Sq ft	53.1%	3
42	Senior Loan	09/20/18	54.5	52.7	52.3	L +3.9%	L +4.1%	Floating	10/9/23	Columbus, OH	Multifamily	Bridge	\$110,677 Unit	72.3%	3
43	Senior Loan	01/23/18	54.2	50.5	50.3	L +3.4%	L +3.6%	Floating	2/9/23	Walnut Creek, CA	Office	Bridge	\$121 Sq ft	66.9%	2
44	Senior Loan	01/22/19	54.0	48.8	48.8	L +3.4%	L +3.6%	Floating	2/9/23	Manhattan, NY	Office	Light Transitional	\$441 Sq ft	61.1%	3
45	Senior Loan	06/15/18	53.4	31.2	30.9	L +3.1%	L +3.3%	Floating	6/9/23	Brisbane, CA	Office	Moderate Transitional	\$512 Sq ft	72.4%	3
46	Senior Loan	12/20/17	51.0	51.0	50.7	L +4.0%	L +4.3%	Floating	1/9/23	New Orleans, LA	Hotel	Bridge	\$217,949 Unit	59.9%	3
47	Senior Loan	06/15/18	49.8	41.4	41.2	L +3.7%	L +3.9%	Floating	7/9/23	Atlanta, GA	Office	Bridge	\$119 Sq ft	57.2%	3
48	Senior Loan	09/13/16	48.5	46.0	45.9	L +4.3%	L +4.5%	Floating	9/13/21	Calistoga, CA	Hotel	Bridge	\$544,944 Unit	51.4%	2
49	Senior Loan	03/29/19	48.5	39.5	39.0	L +3.2%	L +3.5%	Floating	4/9/24	Various, VA	Multifamily	Moderate Transitional	\$66,989 Unit	58.2%	3
50	Senior Loan	03/30/18	46.5	41.5	41.2	L +3.7%	L +3.9%	Floating	4/9/23	Honolulu, HI	Office	Light Transitional	\$161 Sq ft	57.9%	3
51	Senior Loan	03/21/17	45.0	45.0	44.8	L +5.3%	L +5.5%	Floating	4/9/22	Chicago, IL	Hotel	Bridge	\$172,414 Unit	60.2%	3
52	Senior Loan	01/28/19	43.1	37.7	37.3	L +3.0%	L +3.2%	Floating	2/9/24	Dallas, TX	Office	Light Transitional	\$222 Sq ft	64.3%	3
53	Senior Loan	03/07/19	39.2	32.4	32.0	L +3.8%	L +4.2%	Floating	3/9/24	Lexington, KY	Hotel	Moderate Transitional	\$107,221 Unit	61.6%	3
54	Senior Loan	03/11/19	39.0	39.0	39.0	L +3.4%	L +3.6%	Floating	4/9/24	Miami, FL	Hotel	Bridge	\$295,455 Unit	59.3%	3
55	Senior Loan	01/04/18	36.0	26.1	25.8	L +3.4%	L +3.7%	Floating	1/9/23	Santa Ana, CA	Office	Light Transitional	\$182 Sq ft	71.8%	3
56	Senior Loan	12/21/18	33.8	27.5	27.2	L +3.2%	L +3.5%	Floating	1/9/24	Loma Linda, CA	Mixed-Use	Bridge	\$72 Sq ft	48.3%	3
57	Senior Loan	05/27/18	33.0	30.6	30.3	L +3.7%	L +3.9%	Floating	6/9/23	Woodland Hills, CA	Retail	Bridge	\$498 Sq ft	63.6%	3
58	Senior Loan	10/11/16	32.0	32.0	31.9	L +5.9%	L +6.3%	Floating	10/11/21	Chicago, IL	Hotel	Bridge	\$148,837 Unit	59.8%	3
59	Senior Loan	08/28/18	32.0	29.2	29.0	L +3.9%	L +4.1%	Floating	9/9/23	Austin, TX	Multifamily	Light Transitional	\$80,605 Unit	71.9%	3
60	Senior Loan	11/17/17	28.0	28.0	27.9	L +5.3%	L +5.6%	Floating	12/9/22	Victor, NY	Multifamily	Bridge	\$152,174 Unit	71.7%	2
61	Senior Loan	11/17/17	26.0	26.0	25.9	L +5.3%	L +5.6%	Floating	12/9/22	Rochester, NY	Multifamily	Bridge	\$154,762 Unit	69.1%	3
62	Senior Loan	06/14/17	23.1	23.1	23.0	L +4.9%	L +5.3%	Floating	7/9/20	Newark, NJ	Multifamily	Bridge	\$151,660 Unit	62.2%	3
63	Senior Loan	11/16/16	14.0	14.0	14.0	L +4.8%	L +5.0%	Floating	5/9/21	Manhattan, NY	Condominium	Moderate Transitional	\$755 Sq ft	49.8%	4
64	Senior Loan	11/16/16	10.6	10.6	10.6	L +4.8%	L +5.0%	Floating	5/9/21	Manhattan, NY	Condominium	Moderate Transitional	\$908 Sq ft	43.3%	4
65	Senior Loan	11/16/16	6.4	6.4	6.4	L +4.8%	L +5.0%	Floating	5/9/21	Manhattan, NY	Condominium	Moderate Transitional	\$810 Sq ft	40.7%	4
66	Senior Loan	11/16/16	3.1	3.1	3.1	L +4.8%	L +5.0%	Floating	5/9/21	Manhattan, NY	Condominium	Moderate Transitional	\$645 Sq ft	46.6%	4
Total / Weighted Average ⁽⁹⁾						L +3.9%	L +4.2%		3.8 yrs					64.2%	2.8

- (1) First mortgage loans are whole mortgage loans unless otherwise noted. Loans numbered 63, 64, 65, and 66 represent 24% *pari passu* participation interests in whole mortgage loans.
- (2) Date loan was originated or acquired by us, which date has not been updated for subsequent loan modifications.
- (3) Represents unpaid principal balance net of unamortized costs.
- (4) Represents the formula pursuant to which our right to receive a cash coupon on a loan is determined.
- (5) In addition to credit spread, all-in yield includes the amortization of deferred origination fees, purchase price premium and discount, loan origination costs and accrual of both extension and exit fees. All-in yield for the total portfolio assumes the applicable floating benchmark rate as of March 31, 2019 for weighted average calculations.

- (6) Extended maturity assumes all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date. As of March 31, 2019, based on unpaid principal balance, 70.7% of our loans were subject to yield maintenance or other prepayment restrictions and 29.3% were open to repayment by the borrower without penalty.
- (7) LTV is calculated as the total outstanding principal balance of the loan or participation interest in a loan plus any financing that is pari passu with or senior to such loan or participation interest at the time of origination or acquisition divided by the applicable as-is real estate value at the time of origination or acquisition of such loan or participation interest in a loan. The as-is real estate value reflects our Manager's estimates, at the time of origination or acquisition of a loan or participation interest in a loan, of the real estate value underlying such loan or participation interest, determined in accordance with our Manager's underwriting standards and consistent with third-party appraisals obtained by our Manager.
- (8) For a discussion of risk ratings, please see Notes 2 and 3 to our Consolidated Financial Statements included in this Form 10-Q.
- (9) Represents the weighted average of the credit spread as of March 31, 2019 for the loans, all of which are floating rate.
- (10) LTV is calculated using an as-complete real estate value at the time of origination. The as-complete real estate value reflects our Manager's estimate, at the time of origination of the underlying real estate value, determined in accordance with our Manager's underwriting standards and consistent with third-party appraisals obtained by our Manager.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our business model is such that rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income. As of March 31, 2019, 100.0% of our loans by unpaid principal balance earned a floating rate of interest and were financed with liabilities that require interest payments based on floating rates, which resulted in an amount of net equity that is positively correlated to rising interest rates. As of March 31, 2019, we had no loans that earned a fixed rate of interest.

The following table illustrates the impact, assuming our existing floating rate mortgage loan portfolio and related liabilities, on our interest income and interest expense for the twelve-month period following March 31, 2019, assuming an immediate increase or decrease of 25 and 50 basis points in the underlying benchmark interest rate (dollars in thousands):

Assets (Liabilities)		25 Basis Point	25 Basis Point	50 Basis Point	50 Basis Point
Subject		Increase	Decrease	Increase	Decrease
to Interest Rate					
Sensitivity ⁽¹⁾					
\$	4,732,962	\$ 11,832	\$ (10,799)	\$ 23,665	\$ (21,087)
	(3,376,393) ⁽²⁾	(8,441)	8,441	(16,882)	16,882
\$	1,356,569	\$ 3,391	\$ (2,358)	\$ 6,783	\$ (4,205)

(1) Floating rate mortgage loan assets and liabilities are indexed to LIBOR. Excludes CMBS and CRE CLO investments and related liabilities.

(2) Floating rate liabilities include secured revolving repurchase agreements, collateralized loan obligations, senior secured and secured credit agreements, a term loan facility, and asset-specific financings.

Credit Risk

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

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

Prepayment Risk

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

Extension Risk

Our Manager computes the projected weighted average life of our assets based on assumptions regarding the rate at which the borrowers will prepay the mortgages or extend. If prepayment rates decrease in a rising interest rate environment or extension options are exercised, the life of the fixed rate assets could extend beyond the term of the secured debt agreements. This could have a negative impact on our results of operations. In some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

Capital Market Risks

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

Counterparty Risk

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

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

Non-Performance Risk

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

Loan Portfolio Value

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

Real Estate Risk

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

Currency Risk

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

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

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

Item 4. Controls and Procedures

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

As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2019. Based upon that evaluation, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2019.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of March 31, 2019, we were not involved in any material legal proceedings. See the “Litigation” section of Note 14 to the Consolidated Financial Statements included in this Form 10-Q for information regarding legal proceedings, which information is incorporated by reference in this Item 1.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under the heading Item 1A - “Risk Factors” previously disclosed under Item 1A of our Form 10-K filed with the SEC on February 26, 2019. There have been no material changes to our principal risks that we believe are material to our business, results of operations, and financial condition from the risk factors previously disclosed in our Form 10-K filed with the SEC on February 26, 2019, which is accessible on the SEC’s website at www.sec.gov.

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

(a) Unregistered Sales of Equity Securities

None.

(b) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about common stock purchases by or on behalf of the Company pursuant to the 10b5-1 Purchase Plan during the quarter ended March 31, 2019:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1, 2019 to January 31, 2019	2,324	\$ 18.27	2,324	\$ 12,033,577
February 1, 2019 to February 28, 2019	—	—	—	—
March 1, 2019 to March 31, 2019	—	—	—	—
Totals / Averages	<u>2,324</u>	<u>\$ —</u>	<u>2,324</u>	<u>\$ —</u>

- (1) In July 2017, the Company announced an agreement pursuant to which Goldman Sachs & Co. LLC, as our agent, would buy in the open market up to \$35.0 million in shares of our common stock in the aggregate during the period beginning on or about August 21, 2017 and ending 12 months thereafter or, if sooner, the date on which all the capital committed has been exhausted. On August 1, 2018, the Company’s Board of Directors authorized the Company to extend the repurchase period for the remaining capital committed to the 10b5-1 Purchase Plan. No other changes to the terms of the 10b5-1 Purchase Plan were authorized. Under the amended 10b5-1 Purchase Plan, the repurchase period was extended to February 28, 2019 or, if sooner, the date on which all the capital committed to the 10b5-1 Purchase Plan has been exhausted. The 10b5-1 Purchase Plan expired by its terms on February 28, 2019.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>Articles of Amendment and Restatement of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (001-38156) filed on July 25, 2017)</u>
3.2	<u>Amended and Restated Bylaws of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (001-38156) filed on July 25, 2017)</u>
4.1	<u>Specimen Common Stock Certificate of TPG RE Finance Trust, Inc. (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A (333-217446) filed on June 21, 2017)</u>
10.1	<u>Amended and Restated 2017 Equity Incentive Plan of TPG RE Finance Trust, Inc.</u>
10.2	<u>Form of Deferred Stock Unit Award Agreement for Non-Management Directors under the Amended and Restated 2017 Equity Incentive Plan of TPG RE Finance Trust, Inc.</u>
31.1	<u>Certificate of Greta Guggenheim, Chief Executive Officer and President, pursuant to Section 302 of the SarbanesOxley Act of 2002</u>
31.2	<u>Certificate of Robert Foley, Chief Financial and Risk Officer, pursuant to Section 302 of the SarbanesOxley Act of 2002</u>
32.1	<u>Certificate of Greta Guggenheim, Chief Executive Officer and President, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u>
32.2	<u>Certificate of Robert Foley, Chief Financial and Risk Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 29, 2019

TPG RE Finance Trust, Inc.

(Registrant)

/s/ GRETA GUGGENHEIM

Greta Guggenheim
Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT FOLEY

Robert Foley
Chief Financial and Risk Officer
(Principal Financial Officer)

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

TPG RE FINANCE TRUST, INC. 2017 EQUITY INCENTIVE PLAN

(As Amended and Restated Effective April 25, 2019)

I. INTRODUCTION

1.1 Purposes. The purposes of the TPG RE Finance Trust, Inc. 2017 Equity Incentive Plan (this “Plan”) are (i) to align the interests of the Company’s stockholders and the recipients of awards under this Plan by allowing such recipients to acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured with reference to the value of the Common Stock, thereby strengthening their interest in the Company’s growth and success, (ii) to advance the interests of the Company by attracting and retaining (a) the directors, officers, employees (if any) and Consultants of the Company and its Affiliates and (b) the members, officers, directors, employees and Consultants of the Manager or its Affiliates, as well as the Manager and other entities that provide services to the Company and the employees of such entities and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders.

1.2 Certain Definitions.

“Absolute Share Limit” shall have the meaning given such term in Section 1.5 of this Plan.

“Affiliate” shall mean (i) any person directly or indirectly controlling, controlled by, or under common control with such other person, (ii) any executive officer or general partner of such other person and (iii) any legal entity for which such person acts as an executive officer or general partner.

“Agreement” shall mean the written or electronic agreement evidencing an award hereunder between the Company and the recipient of such award.

“Award” shall mean any Option (including any Incentive Stock Option or any Nonqualified Stock Option), SAR, Bonus Stock Award, Restricted Stock Award, Restricted Stock Unit Award, Performance Award, Other Equity-Based Award (including LTIP Units), or Substitute Award, together with any other right or interest, granted to a Participant.

“Associated Person” shall mean with respect to any Person, (i) such Person’s heirs or successors, or (ii) any Estate Planning Entity.

“Board” shall mean the Board of Directors of the Company.

“Bonus Stock” shall mean shares of Common Stock which are not subject to a Restriction Period or Performance Measures.

“Bonus Stock Award” shall mean an award of Bonus Stock under this Plan.

“Cause” shall mean (i) the indictment of a Participant for a felony or other crime involving moral turpitude; or (ii) in the reasonable determination of the Administrator, (a) a material breach of any employment agreement, offer letter, or similar agreement governing the Participant’s Services with the Company or the Manager or any their respective Subsidiaries or Affiliates (including TPG RE – New York, Inc.), (b) the Participant’s material failure to perform the duties reasonably assigned to the Participant in the course of the Participant’s Services (other than as a result of death or Disability), (c) any misconduct, fraud, embezzlement, theft or misappropriation, whether or not in connection with the Participant’s Services or (d) gross negligence in connection with the Participant’s Services. If subsequent to the termination of Services of any Participant other than for Cause, it is discovered that the Participant’s Services could have been terminated for Cause, its Services will, at the election of the Committee, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“Change in Control” shall have the meaning set forth in Section 6.8(b).

“Class A Shares” shall mean the Class A common stock, \$0.001 par value per share, of the Company, and all rights appurtenant thereto.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean the Compensation Committee designated by the Board, consisting of two or more members of the Board, each of whom may be (i) a “Non-Employee Director” within the meaning of Rule 16b-3 under the Exchange Act, and (ii) “independent” within the meaning of the rules of the New York Stock Exchange or any other stock exchange on which the shares of Common Stock have been listed by the Company. If there is no Compensation Committee, then “Committee” shall mean the Board; *provided, however*, that any action taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the foregoing requirements or otherwise provided in any charter of the Committee; and *provided further* that with respect to awards made to a Non-Management Director, “Committee” shall mean the Board.

“Common Stock” shall mean the common stock, par value \$0.001 per share, of the Company, and all rights appurtenant thereto.

“Company” (or “REIT”) shall mean TPG RE Finance Trust, Inc., a Maryland corporation, or any successor thereto.

“Constructive Departure” shall mean a material and sustained dereliction of duties or other egregious conduct by a Participant that would customarily result in a termination of Services, in each case a reasonably determined by the Committee.

“Consultant” shall mean any consultant or advisor, including a consultant or advisor of the Manager or any of its Affiliates, who is a natural person and who provides services to the Company or any Subsidiary, so long as that person (i) renders bona fide services that are not in connection with the offer and sale of the Company’s securities in a capital raising transaction, (ii) does not directly or indirectly promote or maintain a market for the Company’s securities, and (iii) otherwise qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of securities on a Form S-8 registration statement (or any successor thereto).

“Disability” shall mean, as to any Participant and except as may otherwise be provided in any Agreement, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; *provided, however*, that in the event such circumstances occur during the time that the Participant is providing Services, no Disability will be deemed to occur unless the disability results in a termination of the Participant’s Services. Any determination of whether Disability exists shall be made by the Company (or designee) in its sole and absolute discretion. Notwithstanding the foregoing, no circumstances or condition shall constitute a Disability to the extent that, if it were, the relevant Award would fail to satisfy the requirements of Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Disability to the maximum extent possible permitted under Section 409A of the Code (e.g., if applicable, permitting accelerated vesting without an acceleration of distribution or payment).

“Dividend Equivalent Right” shall mean the right, subject to the terms and conditions prescribed by the Committee, of a Participant to receive (or have credited) cash, securities, or other property in amounts equivalent to the cash, securities, or other property dividends declared on shares of Common Stock with respect to specified Restricted Stock Units, Performance Awards, or Other Equity-Based Awards of units denominated in shares of Common Stock or other Company securities, as determined by the Committee, in its sole discretion. Except as otherwise provided by the Committee, Dividend Equivalent Rights payable on a Restricted Stock Unit award, a Performance Award, or an Other Equity-Based Award that does not become non-forfeitable solely on the basis of continued employment or service shall be accumulated and distributed, without interest, only when and to the extent that, the underlying award is vested and earned. The Committee may provide that Dividend Equivalent Rights (if any) shall be automatically reinvested in additional shares of Common Stock or otherwise reinvested, applied to the purchase of additional Awards under this Plan, or deferred without interest to the date of vesting of the associated Award.

“Effective Date” shall mean June 8, 2017, the date on which this Plan was adopted by the Board, subject to obtaining the approval of the Company’s stockholders.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended. “Estate Planning Entity” shall mean, with respect to any Participant, (i) any trust, the beneficiaries of which are primarily the Participant or the Participant’s heirs or successors, or (ii) any corporation, company, limited liability company or other entity that is primarily owned and controlled, directly or indirectly, by the Participant or any of the Participant’s heirs or successors and/or any of the Persons described in clause (i).

“Fair Market Value” shall mean, as of any specified date, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of a share of Common Stock, as reported on the stock exchange composite tape on the immediately preceding date (or if no sales occur on that date, on the last preceding date on which such sales of the Common Stock are so reported); (ii) if the Common Stock is not traded on a national securities exchange but is traded over the counter at the time a determination of its fair market value is required to be made under this Plan, the average between the reported high and low bid and asked prices of a share of Common Stock on the most recently preceding date on which Common Stock was publicly traded; (iii) in the event

Common Stock is not publicly traded at the time a determination of its value is required to be made under this Plan, the amount determined by the Committee in its discretion in such manner as it deems appropriate, taking into account all factors the Committee deems appropriate, including, without limitation, Section 409A of the Code; or (iv) on the date of a Qualifying Public Offering of Common Stock, the offering price under such Qualifying Public Offering.

“Free-Standing SAR” shall mean an SAR which is not granted in tandem with, or by reference to, an Option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock) and/or cash with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

“Incentive Stock Option” shall mean an Option that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

“Incumbent Director” shall have the meaning set forth in Section 6.8(b)(iv).

“Initial Public Offering” shall mean the initial public offering of the Common Stock registered on Form S-11 (or any successor form under the Securities Act).

“LTIP Unit” shall mean an “LTIP Unit” as defined in the Operating Entity’s limited liability company operating agreement, as amended from time to time. An LTIP Unit granted under this Plan represents the right to receive the benefits, payments or other rights in respect of an LTIP Unit set forth in that operating agreement, subject to the terms and conditions of the applicable Agreement and that operating agreement.

“Manager” shall mean TPG RE Finance Trust Management, L.P., a Delaware limited partnership, or any successor thereto.

“Non-Management Director” shall mean any director of the Company who is not an officer or employee of the Company or any Subsidiary (if any), the Manager, or the Operating Entity, or any of their respective Affiliates.

“Nonqualified Stock Option” shall mean an Option which is not an Incentive Stock Option.

“Operating Entity” shall mean TPG RE Finance Trust Holdco., LLC, a Delaware limited liability company, the Company’s operating entity, or any entity that becomes the Company’s operating entity.

“Option” shall mean a stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price set forth in an Agreement.

“Other Equity-Based Award” shall mean any Award other than an Option, SAR, Stock Award, Performance Award, or Substitute Award, which, subject to such terms and conditions as may be prescribed by the Committee, entitles a Participant to receive shares of Common Stock or rights or units valued in whole or in part by reference to, or otherwise based on, shares of Common Stock (including securities convertible into Common Stock) or other equity interests, including LTIP Units.

“Participant” shall have the meaning set forth in Section 1.4.

“Performance Award” shall mean a right to receive an amount of cash, shares of Common Stock, or a combination of both, contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“Performance Measures” shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the grant or exercisability of all or a portion of an Option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder’s interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award or Performance Award, to the holder’s receipt of the shares of Common Stock subject to such award or of payment with respect to such award. Such criteria and objectives may include, without limitation, one or more of the following corporate-wide or subsidiary, division, operating unit or individual measures, stated in either absolute terms or relative terms, such as rates of growth or improvement: (a) core earnings, or core earnings per share, or adjusted core earnings, or adjusted core earnings per share, (b) the attainment by a share of Common Stock of a specified Fair Market Value for a specified period of time, (c) earnings per share, (d) return to stockholders (including dividends), (e) return on assets, (f) return on equity, (g) earnings of the Company before or after taxes and/or interest, (h) revenues, (i) expenses, (j) market share, (k) cash flow or cost reduction goals, (l) interest expense after taxes, (m) return on investment, (n) return on investment capital, (o) return on operating costs, (p) economic value created, (q) operating margin, (r) gross margin, (s) the achievement of annual operating profit plans, (t) net income before or after taxes, (u) pretax earnings before interest, depreciation and/or amortization, (v) pretax operating earnings after interest expense and before incentives, (w) funds from operations, (x) operating earnings, (y) net cash provided by operations, (z) strategic business criteria, (aa) specified market penetration, (bb) cost targets, (cc) customer satisfaction, or (dd) any of the above goals determined pre-tax or post-tax, on an absolute or relative basis, as a ratio with other business criteria, or as compared to the performance of a published or special index deemed applicable by the Committee, including but not limited to, the Standard & Poor’s 500 Stock Index, a REIT index, another index or a group of comparable companies, or any combination of the foregoing. In the sole discretion of the Committee, the Committee may amend or adjust the Performance Measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

A Performance Measure or objective may be expressed with respect to the Company, on a consolidated basis, and/or for one or more Affiliates, one or more business or geographical units or one or more properties. When establishing Performance Measures and objectives, the Committee may exclude the impact of specified events during the relevant Performance Period, which may mean excluding the impact of any or all of the following events or occurrences for such Performance Period: (1) the charges or costs associated with restructurings of the Company; (2) discontinued operations; (3) any unusual or nonrecurring items as described in the Accounting Standards Codification Topic 225, as the same may be amended or superseded from time to time; (4) asset write-downs or impairments to assets; (5) litigation, claims, judgments or settlements; (6) the effect of changes in tax law or other such laws or regulations affecting reported results; (7) accruals for reorganization and restructuring programs; (8) any change in accounting principles as described in the Accounting Standards Codification Topic 250, as the same may be amended or

superseded from time to time; (9) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time; (10) goodwill impairment charges; (11) operating results for any business acquired during the calendar year; (12) third party expenses associated with any investment or acquisition by the Company or any Subsidiary; (13) any amounts accrued by the Company or its Subsidiaries pursuant to management bonus plans or cash profit sharing plans and related employer payroll taxes for the fiscal year; (14) any discretionary or matching contributions made to a savings and deferred profit-sharing plan or deferred compensation plan for the fiscal year; (15) interest, expenses, taxes, depreciation and depletion, amortization, and accretion charges; and (16) marked-to-market adjustments for financial instruments. The Committee may adjust the Performance Measures and objectives as it deems equitable in recognition of the events described in this paragraph;

“Performance Period” shall mean any period designated by the Committee during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

“Person” shall mean any individual or corporation, association, partnership, limited liability company, joint venture, joint stock or other company, business trust, trust, organization, or other entity of any kind.

“Qualifying Public Offering” shall mean a firm commitment underwritten public offering of Stock for cash where the shares of Stock registered under the Securities Act are listed on a national securities exchange.

“Restricted Stock” shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

“Restricted Stock Award” shall mean an award of Restricted Stock under this Plan.

“Restricted Stock Unit” shall mean a right to receive one share of Common Stock or, in lieu thereof if provided in the Agreement relating to such award, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“Restricted Stock Unit Award” shall mean an award of Restricted Stock Units under this Plan.

“Restriction Period” shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award shall remain in effect.

“Retirement” shall mean, as to any Participant and except as may otherwise be provided in any Agreement, the voluntary termination of the Participant’s Service after such Participant has reached age 65 and has at least five full years of Service with the Company and its Affiliates (including with the Manager and its Affiliates).

“SAR” shall mean a stock appreciation right which may be a Free-Standing SAR or a Tandem SAR.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Service” or “Services” shall mean a Participant’s employment or other service relationship with the Partnership and its subsidiaries. Services will be deemed to continue, unless the Committee expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services to the Company or other entity described in Section 1.4 and in a capacity as described in Section 1.4. If a Participant’s employment or other service relationship is with a Subsidiary or Affiliate and that entity ceases to be a Subsidiary or Affiliate of the Company, the Participant’s Services will be deemed to have terminated when the entity ceases to be a Subsidiary or Affiliate of the Company unless the Participant transfers its Services to the Company or one of its remaining Subsidiaries or Affiliates.

“Stock Award” shall mean a Bonus Stock Award, Restricted Stock Award, or a Restricted Stock Unit Award.

“Subsidiary” shall mean any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity.

“Substitute Award” shall mean an award granted under this Plan (i) in substitution or exchange for any other Award granted under this Plan or under another equity incentive plan or any other right of a Participant under this Plan to receive payment from the Company or (ii) upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, including a merger, combination, consolidation or acquisition of property or stock; *provided, however*, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or SAR.

“Tandem SAR” shall mean an SAR which is granted in tandem with, or by reference to, an Option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such Option, shares of Common Stock (which may be Restricted Stock) and/or cash with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such Option, or portion thereof, which is surrendered.

“Tax Date” shall mean the date the obligation to withhold or pay taxes arises in connection with an award.

“Ten Percent Holder” shall have the meaning set forth in Section 2.1(a).

“Type I Leaver” shall mean, except as may otherwise be provided in any Agreement, any Participant whose Services are terminated (i) by the Company or its Subsidiaries or Affiliates or by the Manager or its Affiliates, as applicable, for any reason other than (x) for Cause or conduct constituting Cause, (y) a breach by the Participant of any restrictive covenants in favor of the Company, the Manager, or any of their respective Subsidiaries or Affiliates covering non-competition, or (z) as a result of a Constructive Departure, (ii) by the Participant due to Retirement, or (iii) on account of the Participant’s death or Disability.

“Type II Leaver” shall mean, except as may otherwise be provided in any Agreement, any participant Any Participant whose Services are terminated (i) by the Participant for any reason other than Retirement, death or Disability, or (ii) by the Company, the Manager, or any of their respective Subsidiaries or Affiliates, as applicable, (x) for Cause or conduct constituting Cause, (y) a breach by the Participant of any restrictive covenants in favor of the Company, the Manager, or their respective Subsidiaries or Affiliates covering non-competition, or (y) as a result of a Constructive Departure. Any Participant whose Services are terminated who is not a Type I Leaver is deemed to be a Type II Leaver.

1.3 Administration. This Plan shall be administered by the Committee. Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) Options in the form of Incentive Stock Options or Nonqualified Stock Options; (ii) SARs in the form of Tandem SARs or Free-Standing SARs; (iii) Stock Awards in the form of Bonus Stock, Restricted Stock, or Restricted Stock Units; (iv) Performance Awards; and (v) Other Equity-Based Awards (including LTIP Units). The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount, and timing of each award to such persons and, if applicable, the number of shares of Common Stock, the number of SARs, the number of Restricted Stock Units, the number of LTIP Units, the dollar value subject to an award, the purchase price or base price associated with the award, the time and conditions of exercise or settlement of the award, and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, take action such that (i) any or all outstanding Options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding Restricted Stock or Restricted Stock Units shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding Restricted Stock, Restricted Stock Units, or Performance Award shall lapse, and (iv) the Performance Measures (if any) applicable to any outstanding award shall be deemed to be satisfied at the target or any other level. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan, and may impose, incidental to the grant of an award, conditions with respect to the award. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder, subject to applicable law, to the Company’s chief executive officer or any other executive officer as the Committee deems appropriate; *provided, however*, that the Committee may not delegate its power and authority to the Company’s chief executive officer or any other executive officer with regard to the selection for participation in this Plan of an officer, director, or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing, or amount of an award to such an officer, director or other person.

No member of the Board or Committee, and neither the Company's chief executive officer or any other executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Company's chief executive officer or any other executive officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company's charter and/or bylaws) and under any directors' and officers' liability insurance that may be in effect from time to time.

A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

1.4 Eligibility. "Participants" in this Plan shall consist of such (a) directors, officers, employees (if any) and Consultants of the Company or any Subsidiary or Affiliate and (b) members, officers, directors, employees and Consultants of the Manager or its Affiliates, as well as the Manager and other entities that provide services to the Company and its Affiliates and the employees of such entities, and in each case persons expected to take such positions, as the Committee, in its sole discretion, may select from time to time; *provided, however*, that, any such recipient must be a service provider of the Company or any of its parents or subsidiaries as contemplated under General Instruction A.1(a) to Form S-8 if such recipient is granted an Award that may be settled in Common Stock. The Committee's selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. For purposes of this Plan and except as otherwise provided for in an Agreement, references to employment by the Company shall also mean (i) employment by a Subsidiary or (ii) except with respect to an Incentive Stock Option, employment by the Manager or any Affiliate of the Manager, and references to employment shall include service as a Non-Management Director or independent contractor. The Committee shall determine, in its sole discretion, the extent to which a participant shall be considered employed during any periods during which such participant is on an approved leave of absence.

1.5 Shares Available. Subject to adjustment as provided in Section 6.7 and to all other limits set forth in this Section 1.5, the total number of shares of Common Stock or LTIP Units that may be made subject to awards under this Plan (including, without limitation, awards of Incentive Stock Options) shall be equal to 7.5% of the issued and outstanding shares of Common Stock and Class A Shares (in the aggregate) upon the completion of the Initial Public Offering (on a fully-diluted basis and including shares of Common Stock issued upon exercise of the underwriters' over-allotment option in the Initial Public Offering) (the "Absolute Share Limit"). The number of shares of Common Stock available under this Plan shall be reduced by the sum of the aggregate number of shares of Common Stock which become subject to outstanding Options, outstanding Free-Standing SARs, outstanding Stock Awards, outstanding Performance Awards, and outstanding Other Equity-Based Awards (including LTIP Units). To the extent that shares of Common Stock subject to an outstanding Option, SAR, Stock Award, Performance Award, or Other Equity-Based Award (including LTIP Units) granted under this Plan or any predecessor plan are not issued or delivered or are forfeited by reason of (i) the expiration, termination, cancellation, or forfeiture of such award (excluding shares subject to an Option cancelled upon settlement in shares of a related Tandem SAR or shares subject to a Tandem SAR cancelled upon exercise of a related Option) or (ii) the settlement of such award in cash, then such shares of Common Stock shall again be available for issuance under this Plan.

Notwithstanding anything in this Section 1.5 to the contrary, shares of Common Stock subject to an award under this Plan may not be made available for reissuance under this Plan if such shares are: (i) shares that were subject to a stock-settled SAR and were not issued upon the net settlement or net exercise of such SAR; (ii) shares delivered to or withheld by the Company to pay the purchase price or the withholding taxes related to an outstanding Option or SAR; or (iii) shares repurchased on the open market with the proceeds of an option exercise. Shares delivered to or withheld by the Company to pay the withholding taxes for Stock Awards, Performance Awards, or Other Equity-Based Awards shall again be available under this Plan.

The number of shares of Common Stock available for awards under this Plan shall not be reduced by (i) the number of shares of Common Stock subject to Substitute Awards or (ii) available shares under a stockholder approved plan of a company or other entity which was a party to a corporate transaction with the Company (as appropriately adjusted to reflect such corporate transaction) which become subject to awards granted under this Plan (subject to applicable stock exchange requirements).

Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired by the Company.

1.6 Individual Limitations. Subject to adjustment as provided in Section 6.7, no Participant who is a Non-Management Director may, in any calendar year, be granted Awards (other than Awards designated to be paid only in cash or the settlement of which is not based on a number of shares of Common Stock) relating to more than 3% of the Absolute Share Limit. In applying the limitations of this Section 1.6, an Option and Tandem SAR shall be treated as a single Award.

II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options. The Committee may, in its discretion, grant Options to such eligible persons as may be selected by the Committee; *provided, however*, that Incentive Stock Options shall be granted only to persons (if any) who are employees of the Company or one of its Subsidiaries that is a corporation within the meaning of Section 7701(a)(3) of the Code, in accordance with Section 422 of the Code. Each Option, or portion thereof, that is not an Incentive Stock Option shall be a Nonqualified Stock Option. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which Options designated as Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently \$100,000) established by the Code, such Options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of Shares and Purchase Price. The number of shares of Common Stock subject to an Option and the purchase price per share of Common Stock purchasable upon exercise of the Option shall be determined by the Committee; *provided, however*, that the purchase price per share of Common Stock purchasable upon exercise of an Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such Option; *provided, further*, that if an Incentive Stock Option shall be granted to any person who, at the time such Option is granted, owns, or is deemed to own pursuant to Section 424(d) of the Code, capital stock possessing more than 10% of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a “Ten Percent Holder”), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

Notwithstanding the foregoing, in the case of an Option that is a Substitute Award, the purchase price per share of the shares subject to such Option may be less than 100% of the Fair Market Value per share on the date of grant; *provided*, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate purchase price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate purchase price of such shares.

(b) Option Period and Exercisability. The period during which an Option may be exercised shall be determined by the Committee; *provided, however*, that no Option shall be exercised later than ten years after its date of grant; *provided, further*, that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such Option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, establish an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant of such Option or to the exercisability of all or a portion of such Option. The Committee shall determine whether an Option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable Option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c) Method of Exercise. An Option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full (or arrangement made for such payment to the Company’s satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable

notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the Option or as otherwise authorized by the Committee, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the Option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the optionee. No shares of Common Stock shall be issued, and no certificate representing Common Stock shall be delivered, until the full purchase price therefor and any withholding taxes thereon, as described in Section 6.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.2 Stock Appreciation Rights. The Committee may, in its discretion, grant SARs to such eligible persons as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of SARs and Base Price. The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related Option. The base price of a Free-Standing SAR shall be determined by the Committee; *provided, however*, that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

Notwithstanding the foregoing, in the case of an SAR that is a Substitute Award, the base price per share of the shares subject to such SAR may be less than 100% of the Fair Market Value per share on the date of grant; *provided*, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate base price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate base price of such shares.

(b) Exercise Period and Exercisability. The period for the exercise of an SAR shall be determined by the Committee; *provided, however*, that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related Option and no Free-Standing SAR shall be exercised later than ten years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of

Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.3(c), or such shares shall be transferred to the holder in book entry form with restrictions on the shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.3(d). Prior to the exercise of an SAR, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) Method of Exercise. A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any Options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request. No shares of Common Stock shall be issued, and no certificate representing Common Stock shall be delivered, until any withholding taxes thereon, as described in Section 6.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.3 Termination of Employment or Service. All of the terms relating to the exercise, cancellation or other disposition of an Option or SAR upon a termination of employment with or service to the Company of the holder of such Option or SAR, as the case may be, shall be determined by the Committee and set forth in the applicable award Agreement.

2.4 Repricing of Options and SARs. The Committee shall not amend or replace any previously granted Option or SAR in a transaction that constitutes a repricing within the meaning of the rules of the New York Stock Exchange without the approval of the stockholders of the Company.

III. STOCK AWARDS

3.1 Stock Awards. The Committee may, in its discretion, grant Stock Awards to such eligible persons as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Bonus Stock Award, Restricted Stock Award or Restricted Stock Unit Award.

3.2 Terms of Bonus Stock Awards. The number of shares of Common Stock subject to a Bonus Stock Award shall be determined by the Committee. Bonus Stock Awards shall not be subject to any Restriction Periods or Performance Measures. Upon the grant of a Bonus Stock Award, subject to the Company's right to require payment of any taxes in accordance with Section 6.5, a certificate or certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award or such shares shall be transferred to the holder in book entry form.

3.3 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of, or continuously providing services to, the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of, or continuously providing services to, the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c) Stock Issuance. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 6.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 6.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) Rights with Respect to Restricted Stock Awards. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; *provided, however*, that (i) a distribution with respect to shares of Common Stock, other than a regular cash dividend, and (ii) a regular cash dividend with respect to shares of Common Stock that are subject to performance-based vesting conditions, in each case, shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made, except as otherwise provided by the Committee.

3.4 Terms of Restricted Stock Unit Awards. Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Unit Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of, or continuously providing services to, the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of, or continuously providing services to, the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c) Settlement of Vested Restricted Stock Unit Awards. The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a current or deferred basis, Dividend Equivalent Rights, and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred Dividend Equivalent Rights, with respect to the number of shares of Common Stock subject to such award. Except as otherwise provided by the Committee, any Dividend Equivalent Rights with respect to Restricted Stock Units that are subject to performance-based vesting conditions shall be subject to the same restrictions as such Restricted Stock Units. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award. Unless otherwise set forth in the Agreement relating to a Restricted Stock Unit Award, and subject to the terms and conditions of a Restricted Stock Unit Award, the holder of such award shall not be entitled to receive Dividend Equivalent Rights.

3.5 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award upon a termination of employment or service with the Company of the holder of such award, shall be determined by the Committee and set forth in the applicable award Agreement.

IV. PERFORMANCE AWARDS

4.1 Performance Awards. The Committee may, in its discretion, grant Performance Awards to such eligible persons as may be selected by the Committee.

4.2 Terms of Performance Awards. Performance Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Value of Performance Awards and Performance Measures. The method of determining the value of the Performance Award and the Performance Measures and Performance Period applicable to a Performance Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Performance Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Performance Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period. The Performance Period applicable to any Performance Award shall be set by the Committee in its discretion but shall not exceed ten years.

(c) Settlement of Vested Performance Awards. The Agreement relating to a Performance Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.3(c) and the holder of such Restricted Stock shall have such rights as a stockholder of the Company as determined pursuant to Section 3.3(d). Except as otherwise provided by the Committee, any dividends or Dividend Equivalent Rights with respect to a Performance Award that is subject to performance-based vesting conditions shall be subject to the same restrictions as such Performance Award. Prior to the settlement of a Performance Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Award, or any forfeiture and cancellation of such award upon a termination of employment or service with the Company of the holder of such award shall be determined by the Committee.

V. OTHER EQUITY-BASED AWARDS

5.1 Award. In accordance with the provisions of Section 1.3 and Section 1.4, the Committee will designate each individual to whom an Other Equity-Based Award is to be made and will specify the number of shares of Common Stock or other equity interests (including LTIP Units) covered by such awards and the terms and conditions of such awards; *provided, however*, that the grant of LTIP Units must satisfy the requirements of the limited liability company operating agreement of the Operating Entity as in effect on the date of grant. The Committee also will specify whether Dividend Equivalent Rights are granted in conjunction with the Other Equity-Based Award.

5.2 Terms and Conditions. The Committee, at the time an Other Equity-Based Award is made, shall specify the terms and conditions which govern the award. The terms and conditions of an Other Equity-Based Award may prescribe that a Participant's rights in the Other Equity-Based Award shall be forfeitable, non-transferable, or otherwise restricted for a period of time or subject to such other conditions as may be determined by the Committee, in its discretion and set forth in the Agreement. By way of example and not of limitation, the Committee may prescribe that a Participant's rights in an Other Equity-Based Award shall be forfeitable or otherwise restricted, subject to continued employment or service, the attainment of performance objectives, including objectives stated with respect to one or more Performance Measures, or both. Other Equity-Based Awards may be granted to Participants, either alone or in addition to other awards granted under this Plan, and Other Equity-Based Awards may be granted in the settlement of other Awards granted under this Plan.

5.3 Payment or Settlement. Other Equity-Based Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, shall be payable or settled in shares of Common Stock, cash, or a combination of Common Stock and cash, as determined by the Committee in its discretion; *provided, however*, that any shares of Common Stock that are issued on account of the conversion of LTIP Units into shares of Common Stock shall not reduce the number of shares of Common Stock available for issuance under this Plan. Other Equity-Based Awards denominated as equity interests other than shares of Common Stock may be paid or settled in shares or units of such equity interests or cash or a combination of both as determined by the Committee in its discretion. A Participant, as a result of receiving an Other Equity-Based Award, shall not have any rights as a stockholder until, and then only to the extent that, the Other Equity-Based Award is earned and settled in shares of Common Stock.

VI. GENERAL

6.1 Effective Date and Term of Plan. This Plan shall be effective as of the Effective Date and shall terminate on the tenth anniversary of the Effective Date, unless terminated earlier by the Board; *provided* that Incentive Stock Options may not be granted later than ten years from the date this Plan is adopted or the date this Plan is approved by the Company's stockholders, whichever is earlier. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination. Awards hereunder may be made at any time prior to the termination of this Plan, provided that no award may be made later than ten years after the Effective Date of this Plan.

6.2 Amendments to this Plan and Awards. The Board may amend this Plan, as it shall deem advisable, subject to any stockholder approval required by applicable law, rule or regulation, including any rule of the New York Stock Exchange, or, if the Common Stock is not listed on the New York Stock Exchange, any rule of the principal national stock exchange on which the Common Stock is then traded; *provided, however*, that no amendment may adversely affect any of the rights of a holder of an outstanding award without the consent of such holder. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue, or terminate any Award theretofore granted and any Agreement relating thereto, except as otherwise provided in this Plan; *provided, however*, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award. For purposes of clarity, any adjustments made to Awards pursuant to Section 6.7 will be deemed *not* to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.

6.3 Agreement. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and, to the extent required by the Company, either executed by the recipient or accepted by the recipient by electronic means approved by the Company within the time period specified by the Company. Upon such execution or electronic acceptance, such award shall be effective as of the effective date set forth in the Agreement.

6.4 Non-Transferability. No award shall be transferable other than (i) by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company, (ii) to the holder's family members, a trust or entity established by the holder for estate planning purposes, a charitable organization designated by the holder or pursuant to a qualified domestic relations order, in each case, without consideration, or (iii) by the Manager or its Affiliates to members, officers, directors, employees and Consultants of the Manager or its Affiliates. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

6.5 Tax Withholding. Each Participant shall be responsible for satisfying any income, employment, and other tax withholding obligations attributable to participation in this Plan. Unless otherwise provided by the Agreement, any such withholding tax obligations may be satisfied in cash (including from any cash payable in settlement of an Award) or a cash equivalent acceptable to the Committee. Except to the extent prohibited by Treasury Regulation Section 1.409A-3(j), any minimum statutory federal, state, district, city, or foreign withholding tax obligations also may be satisfied (a) by surrendering to the Company shares of Common Stock previously acquired by the Participant; (b) by authorizing the Company to withhold or reduce the number of shares of Common Stock otherwise issuable to the Participant upon the grant, vesting, settlement, and/or exercise of an Award; or (c) by any other method as may be approved by the Committee. If shares of Common Stock are used to pay all or part of such withholding tax obligation, the Fair Market Value of the Common Stock surrendered, withheld, or reduced shall be determined as of the date of surrender, withholding, or reduction, and the number of shares of Common Stock which may be withheld, surrendered, or reduced shall be limited to the number of shares of Common Stock which have a Fair Market Value on the date of withholding, surrender, or reduction equal to the aggregate amount of such liabilities based on the greatest statutory withholding rates for federal, state, foreign, and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment with respect to such Award, as determined by the Committee.

6.6 Restrictions on Shares. Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration, or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval, or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates representing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer, or other disposition thereof by the holder is prohibited except in compliance with the Securities Act and the rules and regulations thereunder.

6.7 Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the number and class of securities available under this Plan, the terms of each outstanding Option and SAR (including the number and class of securities subject to each outstanding Option or SAR and the purchase price or base price per share), the terms of each outstanding Restricted Stock Award and Restricted Stock Unit Award (including the number and class of securities subject thereto), and the terms of each outstanding Performance Award shall be appropriately adjusted by the Board, such adjustments to be made in the case of outstanding Options and SARs without an increase in the aggregate purchase price or base price and in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Board (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) to prevent dilution or enlargement of rights of Participants. In either case, the decision of the Board regarding any such adjustment shall be final, binding and conclusive.

6.8 Change in Control.

(a) Subject to the terms of the applicable award Agreement, in the event of a Change in Control, the Board (as constituted prior to such Change in Control) may, in its discretion:

(i) provide that (A) some or all outstanding Options and SARs shall become exercisable in full or in part, either immediately or upon a subsequent termination of employment, (B) the Restriction Period applicable to some or all outstanding Restricted Stock Awards and Restricted Stock Unit Awards shall lapse in full or in part, either immediately or upon a subsequent termination of employment, (C) the Performance Period applicable to some or all outstanding awards shall lapse in full or in part, and (D) the Performance Measures applicable to some or all outstanding awards shall be deemed to be satisfied at the target or any other level;

(ii) require that shares of stock of the corporation or other entity resulting from such Change in Control, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as shall be determined by the Board in accordance with Section 6.7; and/or

(iii) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (A) a cash payment in an amount equal to (1) in the case of an Option or an SAR, the number of shares of Common Stock then subject to the portion of such Option or SAR surrendered, to the extent such Option or SAR is then exercisable or becomes exercisable pursuant to Section 6.8(a)(i), multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such Option or SAR, (2) in the case of a Stock Award or a Performance Award denominated in shares of Common Stock, the number of shares of Common Stock then subject to the portion of such award surrendered, to the extent the Restriction Period and Performance Period, if any, on such Stock Award or Performance Award have lapsed or will lapse pursuant to Section 6.8(a)(i) and to the extent that the Performance Measures, if any, have been satisfied or are deemed satisfied pursuant to Section 6.8(a)(i), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, and (3) in the case of a Performance Award denominated in cash, the value of the Performance Award then subject to the portion of such award surrendered, to the extent the Performance Period applicable to such award has lapsed or will lapse pursuant to Section 6.8(a)(i) and to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to Section 6.8(a)(i); (B) shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (A) above; or (C) a combination of the payment of cash pursuant to clause (A) above and the issuance of shares pursuant to clause (B) above.

(b) A “Change in Control” of the Company shall be deemed to have occurred upon the happening of any of the following events:

(i) The acquisition, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either the then outstanding shares of Common Stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by the Company or any of its Subsidiaries, or any employee benefit plan (or related trust) of the Company or its Subsidiaries, or any entity with respect to which, following such acquisition, more than 50% of, respectively, the then outstanding equity of such entity and the combined voting power of the then outstanding voting equity of such entity entitled to vote generally in the election of all or substantially all of the members of such entity’s governing body is then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners, respectively, of the Common Stock and voting securities of the Company immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding shares of Common Stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, as the case may be; or

(ii) The consummation of a reorganization, merger or consolidation of the Company, in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the Common Stock and voting securities of the Company immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation; or

(iii) a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the “Incumbent Directors”) cease for any reason other than due to death to constitute at least a majority of the members of the Board; *provided*, that any member of the Board whose election, or nomination for election by the Company’s stockholders, was approved or ratified by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

Notwithstanding the foregoing, neither the Initial Public Offering, nor any bona fide primary or secondary public offering following the occurrence of the Initial Public Offering shall constitute a Change in Control.

6.9 Deferrals. The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the exercise or settlement of all or a portion of any award (other than awards of Incentive Stock Options, Nonqualified Stock Options and SARs) made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion, subject to the requirements of Section 409A of the Code.

6.10 No Right of Participation, Employment or Service. Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment by or service to the Company, any Subsidiary or any Affiliate of the Company, including the Manager, or affect in any manner the right of the Company, any Subsidiary or any Affiliate of the Company, including the Manager, to terminate the employment or service of any person at any time without liability hereunder.

6.11 Rights as Stockholder. No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

6.12 Limitation of Ownership. No award shall be issued under this Plan to any person who, after such award, would beneficially own, or be deemed to own shares of Common Stock in violation of the restrictions on ownership and transfer set forth in the Company's charter, unless such restriction is expressly and specifically waived by action of the Board.

6.13 Designation of Beneficiary. A holder of an award may file with the Committee a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding Option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such Option or SAR pursuant to procedures prescribed by the Committee.

Each beneficiary designation shall become effective only when filed in writing with the Committee during the holder's lifetime on a form prescribed by the Committee. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Committee of a new beneficiary designation shall cancel all previously filed beneficiary designations.

If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding Option and SAR hereunder held by such holder, to the extent exercisable, may be exercised by such holder's executor, administrator, legal representative or similar person.

6.14 Governing Law. This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Maryland and construed in accordance therewith without giving effect to principles of conflicts of laws.

6.15 Foreign Employees. Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries or the Manager or any of its Affiliates operates or has employees.

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Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

Deferred Stock Unit Agreement For Non-Employee Directors

This Deferred Stock Unit Agreement (this “Agreement”) is made and entered into as of [*Date*] (the “Grant Date”) by and between TPG RE Finance Trust, Inc., a Maryland corporation (the “Company”), and [*Name*] (the “Director”).

WHEREAS, the Company has adopted the TPG RE Finance Trust, Inc. 2017 Equity Incentive Plan, as amended from time to time (the “Plan”), pursuant to which awards of deferred stock units may be granted, allowing payment of awards to be made on a deferred basis; and

WHEREAS, capitalized terms that are used but not otherwise defined herein have the meaning ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it is in the best interests of the Company to grant the award of Deferred Stock Units provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Deferred Stock Units.

1.1 Pursuant to Article 5 and Section 6.9 of the Plan, the Company hereby grants to the Director on the Grant Date an Award consisting of, in the aggregate, [*Insert Number*] Deferred Stock Units (the “DSUs”).

1.2 Each DSU represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in this Agreement and the Plan, and constitutes an Other Equity-Based Award under the Plan.

1.3 The DSUs shall be credited to a separate account maintained for the Director on the books and records of the Company (the “Account”). All amounts credited to the Account shall continue for all purposes to be part of the general assets of the Company.

2. Consideration. The grant of the DSUs is made in consideration of the services to be rendered by the Director to the Company.

3. Vesting.

3.1 The DSUs shall be 100% vested on the Grant Date. However, until shares of Common Stock are delivered in satisfaction of this Award, the DSUs shall be subject to the restrictions set forth in Section 4.

4. Restrictions. Subject to any exceptions set forth in this Agreement or the Plan, until such time as shares of Common Stock are delivered in accordance with Section 6 hereof, the DSUs or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Director. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the DSUs or the rights relating thereto shall be wholly ineffective and, if any such attempt is made, the DSUs will be forfeited by the Director and all of the Director's rights to such DSUs shall immediately terminate without any payment or consideration by the Company.

5. Rights as Stockholder; Dividend Equivalents.

5.1 The Director shall not have any rights of a stockholder with respect to the shares of Common Stock underlying the DSUs unless and until the DSUs are settled by the delivery of such shares of Common Stock.

5.2 Upon and following the delivery of shares of Common Stock in settlement of the DSUs, the Director shall be the record owner of the shares of Common Stock underlying the DSUs unless and until such shares are sold or otherwise disposed of. As record owner, the Director shall be entitled to all rights of a stockholder of the Company (including voting rights).

5.3 If during the period the Director holds any DSUs granted under this Agreement, the Company pays a cash dividend with respect to its Common Stock, the Account shall be credited with an additional number of DSUs having a value equal to the cash dividends that would have been paid to the Director if one share of Common Stock had been issued on the Grant Date for each DSU granted to the Director as set forth in this Agreement ("Dividend Equivalents"), based on the Fair Market Value of a share of Common Stock on the applicable dividend payment date and rounded down to the nearest whole share. Any such additional DSUs shall be considered DSUs under this Agreement and shall also be credited with additional DSUs as cash dividends, if any, are declared and shall be subject to the same restrictions and conditions as the DSUs with respect to which they were credited.

6. Settlement of DSUs.

6.1 Subject to Section 9 hereof, the settlement date of the DSUs shall be the date of the Director's Separation from Service (as defined below) for any reason unless settlement is deferred pursuant to Section 6.2. On the settlement date, the Company shall (a) issue and deliver to the Director a number of shares of Common Stock equal to the number of DSUs; and (b) enter the Director's name on the books of the Company as the stockholder of record with respect to the shares of Common Stock delivered to the Director. For purposes of this Agreement, a "Separation from Service" shall have the meaning given such term under Section 409A of the Code.

6.2 Notwithstanding Section 6.1, the Director may elect to accelerate or defer the settlement of the DSUs beyond the Director's Separation from Service. Any deferral election must be made in compliance with such rules and procedures as the Committee deems advisable.

7. No Right to Continued Service on the Board. Neither the Plan nor this Agreement shall confer upon the Director any right to be retained as a director of the Company or in any other capacity. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Director's Service at any time, with or without Cause.

8. Adjustments. If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the DSUs shall be adjusted or terminated in any manner as contemplated by Section 6.7 of the Plan.

9. Compliance with Law. The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Director with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

10. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Director under this Agreement shall be in writing and addressed to the Director at the Director's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

11. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Maryland without regard to conflict of law principles.

12. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Director or the Company to the Committee (excluding the Director if the Director serves on the Committee) for review. The resolution of such dispute by the Committee shall be final and binding on the Director and the Company.

13. DSUs Subject to Plan. This Agreement is subject to the Plan as approved by the Company's stockholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

14. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Director and the Director's beneficiaries, executors, administrators and the person(s) to whom the DSUs may be transferred by will or the laws of descent or distribution.

15. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

16. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the DSUs in this Agreement does not create any contractual right or other right to receive any DSUs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Director's membership on the Board.

17. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the DSUs, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Director's material rights under this Agreement without the Director's consent.

18. Section 409A. This Agreement is intended to comply with Section 409A of the Code and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Director on account of non-compliance with Section 409A of the Code.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

20. Acceptance. The Director hereby acknowledges receipt of a copy of the Plan and this Agreement. The Director has read and understands the terms and provisions thereof and accepts the DSUs subject to all of the terms and conditions of the Plan and this Agreement. The Director acknowledges that there may be adverse tax consequences upon the grant, vesting or settlement of the DSUs or upon the disposition of the underlying shares and that the Director has been advised to consult a tax advisor prior to such grant, vesting, settlement or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Company:

TPG RE Finance Trust, Inc.

By:

Name:

Title:

Director:

Name: *[Insert Name]*

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Section 4: EX-31.1 (EX-31.1)

Exhibit 31.1

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

I, Greta Guggenheim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 of TPG RE Finance Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial

reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2019

/s/ Greta Guggenheim
Greta Guggenheim
Chief Executive Officer and President
(Principal Executive Officer)

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Section 5: EX-31.2 (EX-31.2)

Exhibit 31.2

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

I, Robert Foley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 of TPG RE Finance Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are

reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2019

/s/ Robert Foley
Robert Foley
Chief Financial and Risk Officer
(Principal Financial Officer)

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Section 6: EX-32.1 (EX-32.1)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of TPG RE Finance Trust, Inc. (the "Company") for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Greta Guggenheim, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 29, 2019

/s/ Greta Guggenheim
Greta Guggenheim
Chief Executive Officer and President
(Principal Executive Officer)

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

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Section 7: EX-32.2 (EX-32.2)

Exhibit 32.2

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

ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of TPG RE Finance Trust, Inc. (the “Company”) for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Foley, Chief Financial and Risk Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 29, 2019

/s/ Robert Foley

Robert Foley
Chief Financial and Risk Officer
(Principal Financial Officer)

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

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