TPG RE Finance Trust, Inc. Reports Operating Results for the Quarter Ended June 30, 2024

July 30, 2024

NEW YORK--(BUSINESS WIRE)-- TPG RE Finance Trust, Inc. (NYSE: TRTX) ("TRTX" or the "Company") reported its operating results for the quarter ended June 30, 2024.

Regarding second quarter results, Doug Bouquard, Chief Executive Officer of TRTX, said: "Our investment portfolio delivered strong performance in the face of an uncertain macroeconomic and real estate investing environment. During the quarter, TRTX generated Distributable Earnings of $0.28 per share representing a dividend coverage ratio of 1.2x. TRTX maintained both ample liquidity of $389 million and a conservative debt-to-equity ratio of 2:1 which enhances our ability to seek new investment opportunities across the evolving real estate credit landscape."

SECOND QUARTER 2024 ACTIVITY

- Recognized GAAP net income attributable to common stockholders of $21.0 million, or $0.26 per common share, based on a diluted weighted average share count of 80.9 million common shares. Book value per common share was $11.40 as of June 30, 2024.
- Generated Distributable Earnings of $22.3 million, or $0.28 per common share, based on a diluted weighed average share count of 80.9 million common shares.
- Declared on June 17, 2024 a cash dividend of $0.24 per share of common stock which was paid on July 25, 2024 to common stockholders of record as of June 27, 2024. The Company paid on June 28, 2024 to stockholders of record as of June 18, 2024 a quarterly dividend on its 6.25% Series C Cumulative Redeemable Preferred Stock of $0.3906 per share.
- Received loan repayments of $186.1 million, including three full loan repayments of $162.5 million, involving the following property types: 51.5% office; 35.8% industrial; 11.1% multifamily; and 1.6% hotel. Additionally, funded $18.1 million of future funding obligations associated with previously originated and acquired loans.
- Weighted average risk rating of the Company's loan portfolio was 3.0 as of June 30, 2024, unchanged from March 31, 2024.
- Carried at quarter-end an allowance for credit losses of $69.6 million, a decrease of $4.5 million from $74.1 million as of March 31, 2024. The quarter-end allowance equals 208 basis points of total loan commitments as of June 30, 2024 compared to 210 basis points as of March 31, 2024.
- Ended the quarter with $389.4 million of near-term liquidity: $244.2 million of cash-on-hand available for investment, net of $15.0 million held to satisfy liquidity covenants under the Company's secured financing agreements; undrawn capacity under secured financing arrangements of $127.7 million; and undrawn capacity under asset-specific financing arrangements and secured revolving credit facility of $2.4 million.
- Non-mark-to-market borrowings represented 78.7% of total borrowings at June 30, 2024.
- Filed an S-3 registration statement, which the SEC declared effective on June 28, 2024, to register the resale of approximately 2.6 million common shares that were acquired by an affiliate of Starwood Capital Group pursuant to its exercise of warrants in May 2024.

SUBSEQUENT EVENTS

- Closed one first mortgage loan with a total loan commitment of $96.0 million and initial funding of $95.5 million. The first mortgage loan is secured by two multifamily properties.
- Received a full loan repayment of one mixed-use first mortgage loan with a total loan commitment and unpaid principal amount of $36.4 million and $33.9 million, respectively.

The Company issued a supplemental presentation detailing its second quarter 2024 operating results, which can be viewed at **http://investors.tpgrefinance.com/** .

CONFERENCE CALL AND WEBCAST INFORMATION

The Company will host a conference call and webcast to review its financial results with investors and other interested parties at 9:00 a.m. ET on Wednesday, July 31, 2024. To participate in the conference call, callers from the United States and Canada should dial +1 (877) 407-9716, and international callers should dial +1 (201) 493-6779, ten minutes prior to the scheduled call time. The webcast may also be accessed live by visiting the Company's investor relations website at **http://investors.tpgrefinance.com/event** .

REPLAY INFORMATION

A replay of the conference call will be available after 12:00 p.m. ET on Wednesday, July 31, 2024 through 11:59 p.m. ET on Wednesday, August 14, 2024. To access the replay, listeners may use +1 (844) 512-2921 (domestic) or +1 (412) 317-6671 (international). The passcode for the replay is 13745185. The replay will be available on the Company's website for one year after the call date.

ABOUT TRTX

TPG RE Finance Trust, Inc. is a commercial real estate finance company that originates, acquires, and manages primarily first mortgage loans secured by institutional properties located in primary and select secondary markets in the United States. The Company is externally managed by TPG RE Finance Trust Management, L.P., a part of TPG Real Estate, which is the real estate investment platform of global alternative asset management firm TPG Inc. (NASDAQ: TPG). For more information regarding TRTX, visit **https://www.tpgrefinance.com/ .**

FORWARD-LOOKING STATEMENTS

This earnings release 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. These forward-looking statements are subject to various risks and uncertainties, including, without limitation, statements relating to the performance of the investments of TPG RE Finance Trust, Inc. (the "Company" or "TRTX"); global economic trends and economic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, stress to the commercial banking systems of the U.S. and Western Europe, labor shortages, currency fluctuations and challenges in global supply chains; the Company's ability to originate loans that are in the pipeline and under evaluation by the Company; financing needs and arrangements; and the risks, uncertainties and factors set forth under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as such risk factors may be updated from time to time in the Company's periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov . Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "believe," "could," "project," "predict," "continue" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe existing or future plans and strategies, contain projections of results of operations, liquidity and/or financial condition or state other forward-looking information. Statements, among others, relating to the Company's ability to seek new investment opportunities across the evolving real estate credit landscape, are forward-looking statements, and the Company cannot assure you that it will achieve such results. The ability of TRTX to predict future events or conditions or their impact or the actual effect of existing or future plans or strategies is inherently uncertain. Although the Company believes that such forward-looking statements are based on reasonable assumptions, actual results and performance in the future could differ materially from those set forth in or implied by such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's views only as of the date of this earnings release. Except as required by law, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements appearing in this earnings release. The Company does not undertake any obligation to update any forward-looking statements contained in this earnings release as a result of new information, future events or otherwise. Past performance is not indicative nor a guarantee of future returns. Yield data are shown for illustrative purposes only and have limitations when used for comparison or for other purposes due to, among other matters, volatility, credit or other factors.

Non-GAAP Financial Measures Reconciliation

Distributable Earnings

Distributable Earnings is a non-GAAP measure, which we define as GAAP net income (loss) attributable to our common stockholders, including realized gains and losses from loan write-offs, loan sales and other loan resolutions (including conversions to real estate owned ("REO")), regardless of whether such items are included in other comprehensive income or loss, or in GAAP net income (loss), and excluding (i) non-cash stock compensation expense, (ii) depreciation and amortization expense, (iii) unrealized gains (losses) (including credit loss expense (benefit), net), and (iv) certain non-cash or income and expense items. The exclusion of depreciation and amortization expense from the calculation of Distributable 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 Distributable Earnings provides meaningful information to consider in addition to our net income (loss) and cash flow from operating activities determined in accordance with GAAP. We generally must distribute at least 90% of our net taxable income annually, subject to certain adjustments and excluding any net capital gains, for us to continue to qualify as a real estate investment trust for U.S. federal income tax purposes. We believe that one of the primary reasons investors purchase our common stock is to receive our dividends. Because of our investors' continued focus on our ability to pay dividends, Distributable Earnings is an important measure for us to consider when determining our distribution policy and dividends per common share. Further, Distributable Earnings helps us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan investment and operating activities.

Distributable Earnings excludes the impact of our credit loss provision or reversals of our credit loss provision, but only to the extent that our credit loss provision exceeds any realized credit losses during the applicable reporting period.

A loan will be written off as a realized loss when it is deemed non-recoverable or upon a realization event. Such a realized loss would generally be recognized at the time the loan receivable is settled, transferred or exchanged, or in the case of foreclosure,

when the underlying property is foreclosed upon or sold. Non-recoverability may also be concluded by us if, in our determination, it is nearly certain that all amounts due will not be collected. A realized loss may equal the difference between the cash or consideration received or expected to be received, and the net book value of the loan, reflecting our economics as it relates to the ultimate realization of the asset.

Distributable Earnings does not represent net income (loss) or cash generated from operating activities and should not be considered as an alternative to GAAP net income (loss), 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 Distributable Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Distributable Earnings may not be comparable to the Distributable Earnings reported by other companies.

Reconciliation of GAAP Net Income Attributable to Common Stockholders to Distributable Earnings

The table below reconciles GAAP net income attributable to common stockholders and related diluted per share amounts to Distributable Earnings and related diluted per share amounts ($ in thousands, except per share data):

	Three Months Ended,	
	June 30, 2024	Per Diluted Share (1)
Net income attributable to common stockholders	$ 21,026	$ 0.26
Depreciation and amortization	4,156	0.05
Non-cash stock compensation expense	1,688	0.02
Credit loss (benefit), net	(4,537)	(0.06)
Distributable earnings before realized losses from loan sales and other loan resolutions	$ 22,333	$ 0.28
Realized loss on loan write-offs, loan sales and REO conversions	—	—
Distributable earnings	$ 22,333	$ 0.28
Weighted average common shares outstanding, diluted	80,907,705	

(1) Numbers presented may not foot due to rounding.

INVESTOR RELATIONS CONTACT
+1 (212) 405-8500
IR@tpgrefinance.com

MEDIA CONTACT
TPG RE Finance Trust, Inc.
Courtney Power
+1 (415) 743-1550
media@tpg.com

Source: TPG RE Finance Trust, Inc.