# 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, 2020.**

**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** | **36-4796967** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(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)**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.001 per share | TRTX | New York Stock Exchange |

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 | ☒ | Accelerated Filer | ☐ |
| Non-accelerated Filer | ☐ | Smaller Reporting Company | ☐ |
| Emerging Growth Company | ☐ | | |

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 May 7, 2020, there were 76,650,996 shares of the registrant's common stock, $0.001 par value per share, and 0 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 "Risk Factors" in this Form 10-Q and in our Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 19, 2020, 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;
- the ultimate geographic spread, severity and duration of pandemics such as the recent outbreak of novel coronavirus ("COVID-19"), actions that may be taken by governmental authorities to contain or address the impact of such pandemics, and the potential negative impacts of such pandemics on the global economy and our financial condition and results of operations;
- 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, adversely impact certain of our financing arrangements and our liquidity, and potentially expose us to principal losses on our investments;
- 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);
- the potential unavailability of the London Interbank Offered Rate ("LIBOR") after December 31, 2021;

- 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, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS**[1] | | |
| Cash and Cash Equivalents | $ 103,622 | $ 79,182 |
| Restricted Cash | 910 | 484 |
| Accounts Receivable | 6 | 2,344 |
| Accounts Receivable from Servicer/Trustee | 35,448 | 13,741 |
| Accrued Interest and Fees Receivable | 28,213 | 28,107 |
| Loans Held for Investment | 5,096,353 | 4,980,389 |
| Allowance for Credit Losses | (75,658) | — |
| Loans Held for Investment, net (includes $2,687,849 and $2,585,030, respectively, pledged as collateral under secured revolving repurchase and secured credit agreements) | 5,020,695 | 4,980,389 |
| Investment in Available-for-Sale CRE Debt Securities, net (includes $603,605 and $786,408, respectively, pledged as collateral under secured revolving repurchase agreements) | 604,801 | 787,552 |
| Other Assets, Net | 32,606 | 1,071 |
| Total Assets | $ 5,826,301 | $ 5,892,870 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY**[1] | | |
| Liabilities | | |
| Accrued Interest Payable | $ 5,173 | $ 6,665 |
| Accrued Expenses and Other Liabilities | 17,834 | 8,176 |
| Secured Revolving Repurchase, Senior Secured, and Secured Credit Agreements (net of deferred financing costs of $9,545 and $11,632, respectively) | 2,641,548 | 2,448,422 |
| Collateralized Loan Obligations (net of deferred financing costs of $12,469 and $13,632, respectively) | 1,812,052 | 1,806,428 |
| Asset-Specific Financings (net of deferred financing costs of $200 and $294, respectively) | 76,800 | 76,706 |
| Payable to Affiliates | 7,970 | 9,520 |
| Deferred Revenue | 289 | 164 |
| Dividends Payable | 33,222 | 32,835 |
| Total Liabilities | 4,594,888 | 4,388,916 |
| Commitments and Contingencies—See Note 14 | | |
| Stockholders' Equity: | | |
| Preferred Stock ($0.001 par value per share; 100,000,000 shares authorized; 125 and 125 shares issued and outstanding, respectively) | — | — |
| Common Stock ($0.001 par value per share; 302,500,000 and 300,000,000 shares authorized, respectively; 76,650,996 and 74,886,113 shares issued and outstanding, respectively) | 77 | 75 |
| Class A Common Stock ($0.001 par value per share; 0 and 2,500,000 shares authorized, respectively; 0 and 1,136,665 shares issued and outstanding) | — | 1 |
| Additional Paid-in-Capital | 1,545,024 | 1,530,935 |
| Accumulated Deficit | (313,765) | (28,108) |
| Accumulated Other Comprehensive Income | 77 | 1,051 |
| Total Stockholders' Equity | 1,231,413 | 1,503,954 |
| Total Liabilities and Stockholders' Equity | $ 5,826,301 | $ 5,892,870 |

(1) The Company's consolidated Total Assets and Total Liabilities at March 31, 2020 include assets and liabilities of variable interest entities ("VIEs") of $2.3 billion and $1.8 billion, respectively. The Company's consolidated Total Assets and Total Liabilities at December 31, 2019 include assets and liabilities of VIEs of $2.2 billion and $1.8 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, | |
|---|---|---|
| | **2020** | **2019** |
| **INTEREST INCOME** | | |
| Interest Income | $ 81,749 | $ 76,601 |
| Interest Expense | (38,457) | (39,367) |
| **Net Interest Income** | 43,292 | 37,234 |
| **OTHER REVENUE** | | |
| Other Income, net | 328 | 422 |
| **Total Other Revenue** | 328 | 422 |
| **OTHER EXPENSES** | | |
| Professional Fees | 1,819 | 679 |
| General and Administrative | 980 | 692 |
| Stock Compensation Expense | 1,401 | 633 |
| Servicing and Asset Management Fees | 276 | 513 |
| Management Fee | 5,000 | 5,143 |
| Incentive Management Fee | — | 1,365 |
| **Total Other Expenses** | 9,476 | 9,025 |
| Securities Impairments | (203,493) | — |
| Credit Loss Expense | (63,348) | — |
| **Income (Loss) Before Income Taxes** | (232,697) | 28,631 |
| Income Tax Expense, net | (93) | (219) |
| **Net Income (Loss)** | $ (232,790) | $ 28,412 |
| Preferred Stock Dividends | (3) | (3) |
| **Net Income (Loss) Attributable to TPG RE Finance Trust, Inc.** | $ (232,793) | $ 28,409 |
| Basic Earnings (Loss) per Common Share | $ (3.05) | $ 0.42 |
| Diluted Earnings (Loss) per Common Share | $ (3.05) | $ 0.42 |
| Weighted Average Number of Common Shares Outstanding | | |
| Basic: | 76,465,322 | 68,294,736 |
| Diluted: | 76,465,322 | 68,294,736 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | |
| **Net Income (Loss)** | $ (232,790) | $ 28,412 |
| Unrealized Gain (Loss) on Available-for-Sale Debt Securities | (974) | 106 |
| **Comprehensive Net Income (Loss)** | $ (233,764) | $ 28,518 |

*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)**

| | Preferred Stock | | Common Stock | | Class A Common Stock | | Additional Paid-in-Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Par Value | Shares | Par Value | Shares | Par Value | | | | |
| **January 1, 2020** | 125 | $ — | 74,886,113 | $ 75 | 1,136,665 | $ 1 | $ 1,530,935 | $ (28,108) | $ 1,051 | $ 1,503,954 |
| Issuance of Common Stock | — | — | 628,218 | 1 | — | — | 12,894 | — | — | 12,895 |
| Conversions of Class A Common Stock to Common Stock | — | — | 1,136,665 | 1 | (1,136,665) | (1) | — | — | — | — |
| Equity Issuance, Shelf Registration, and Equity Distribution Agreement Transaction Costs | — | — | — | — | — | — | (206) | — | — | (206) |
| Amortization of Share Based Compensation | — | — | — | — | — | — | 1,401 | — | — | 1,401 |
| Cumulative Effect of Adoption of ASU 2016-13 (See Note 2) | — | — | — | — | — | — | — | (19,645) | — | (19,645) |
| Net Loss | — | — | — | — | — | — | — | (232,790) | — | (232,790) |
| Other Comprehensive Loss | — | — | — | — | — | — | — | — | (974) | (974) |
| Dividends on Preferred Stock | — | — | — | — | — | — | — | (3) | — | (3) |
| Dividends on Common Stock (Dividends Declared per Share of $0.43) | — | — | — | — | — | — | — | (33,219) | — | (33,219) |
| **March 31, 2020** | 125 | $ — | 76,650,996 | $ 77 | — | $ — | $ 1,545,024 | $ (313,765) | $ 77 | $ 1,231,413 |

| | Preferred Stock | | Common Stock | | Class A Common Stock | | Additional Paid-in-Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Par Value | Shares | Par Value | Shares | Par Value | | | | |
| **January 1, 2019** | — | $ — | 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, Shelf Registration, 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) |
| **March 31, 2019** | 125 | $ — | 72,018,063 | $ 73 | 1,143,313 | $ 1 | $ 1,474,554 | $ (29,200) | $ (1,879) | $ 1,443,549 |

*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, | |
|---|---|---|
| | **2020** | **2019** |
| **Cash Flows from Operating Activities:** | | |
| Net Income (Loss) | $ (232,790) | $ 28,412 |
| Adjustment to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Amortization and Accretion of Premiums, Discounts and Loan Origination Fees, net | (3,194) | (3,627) |
| Amortization of Deferred Financing Costs | 3,340 | 4,698 |
| Securities Impairments | 203,493 | — |
| Stock Compensation Expense | 1,401 | 633 |
| Allowance for Credit Loss Expense | 63,348 | — |
| Cash Flows Due to Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | 2,338 | 25 |
| Accrued Interest Receivable | 102 | (3,143) |
| Accrued Expenses and Other Liabilities | 2,748 | (3,616) |
| Accrued Interest Payable | (1,533) | 1,818 |
| Payable to Affiliates | (1,550) | 490 |
| Deferred Fee Income | 125 | 151 |
| Other Assets | (302) | 192 |
| **Net Cash Provided by Operating Activities** | 37,526 | 26,033 |
| **Cash Flows from Investing Activities:** | | |
| Origination of Loans Held for Investment | (351,650) | (628,460) |
| Advances on Loans Held for Investment | (61,720) | (57,394) |
| Principal Repayments of Loans Held for Investment | 312,687 | 359,065 |
| Purchase of Available-for-Sale CRE Debt Securities | (168,888) | (263,868) |
| Sales and Principal Repayments of Available-for-Sale CRE Debt Securities | 86,439 | 586 |
| **Net Cash Used in Investing Activities** | (183,132) | (590,071) |
| **Cash Flows from Financing Activities:** | | |
| Payments on Collateralized Loan Obligations | — | (233,557) |
| Payments on Secured Financing Agreements - Loan Investments | (337,306) | (264,615) |
| Proceeds from Secured Financing Agreements - Loan Investments | 612,861 | 760,878 |
| Payments on Secured Financing Agreements - CRE Debt Securities | (216,638) | (387) |
| Proceeds from Secured Financing Agreements - CRE Debt Securities | 132,122 | 227,861 |
| Payment of Deferred Financing Costs | (421) | (1,176) |
| Payments to Repurchase Common Stock | — | (42) |
| Proceeds from Issuance of Preferred Stock | — | 125 |
| Proceeds from Issuance of Common Stock | 12,895 | 119,100 |
| Dividends Paid on Common Stock | (32,551) | (28,546) |
| Dividends Paid on Class A Common Stock | (284) | (492) |
| Payment of Equity Issuance and Equity Distribution Agreement Transaction Costs | (206) | — |
| **Net Cash Provided by Financing Activities** | 170,472 | 579,149 |
| **Net Change in Cash, Cash Equivalents, and Restricted Cash** | 24,866 | 15,111 |
| Cash, Cash Equivalents and Restricted Cash at Beginning of Period | 79,666 | 40,720 |
| **Cash, Cash Equivalents and Restricted Cash at End of Period** | $ 104,532 | $ 55,831 |
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Interest Paid | $ 36,090 | $ 34,567 |
| Taxes Paid | 4 | 10 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities:** | | |
| Principal Repayments of Loans Held for Investment Held by Servicer/Trustee, net | $ 881 | $ 6,562 |
| Sales and Principal Repayments of Available-for-Sale CRE Debt Securities Held by Servicer/Trustee, net | 33,983 | 47 |
| Dividends Declared, not paid | 33,222 | 31,598 |
| Accrued Equity Issuance and Transaction Costs | — | 300 |
| Change in Accrued Deferred Financing Costs | 484 | 532 |
| Unrealized Gain (Loss) on Available-for-Sale CRE Debt Securities | (974) | 106 |

*See accompanying notes to the Consolidated Financial Statements*

## (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. The Company also invests in commercial real estate debt securities ("CRE debt securities") including commercial mortgage-backed securities ("CMBS") and commercial real estate collateralized loan obligation securities ("CRE CLOs").

## (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.

### *Risks and Uncertainties*

The recent outbreak of the coronavirus pandemic ("COVID-19") around the globe continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The impact of the outbreak has been rapidly evolving around the globe, with several countries taking drastic measures to limit the spread of the virus by instituting quarantines or lockdowns and imposing travel restrictions. Such actions are creating significant disruptions to global supply chains, and adversely impacting several industries, including but not limited to, airlines, hospitality, retail and the broader real estate industry.

The major disruption caused by COVID-19 brought to a halt most economic activity in most of the United States resulting in a significant increase in unemployment claims and will likely result in a significant decline in the U.S. Gross Domestic Product.

COVID-19 could have a continued and prolonged adverse impact on economic and market conditions and trigger a period of global economic slowdown which has and could continue to have a material adverse effect on the Company's results and financial condition.

The full impact of COVID-19 on the real estate industry, the credit markets and consequently on the Company's financial condition and results of operations is uncertain and cannot be predicted at the current time as it depends on several factors beyond the control of the Company including, but not limited to (i) the uncertainty around the severity and duration of the outbreak, (ii) the effectiveness of the United States public health response, (iii) the pandemic's impact on the U.S. and global economies, (iv) the timing, scope and effectiveness of additional governmental responses to the pandemic, (v) the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19 and (vi) the negative impact on the Company's borrowers, real estate values and cost of capital.

### *Reclassifications*

Certain amounts in the Company's prior period consolidated financial statements have been reclassified to conform to the presentation of the Company's current period consolidated financial statements. These reclassifications had no effect on the Company's previously reported net income. These reclassifications include the separate presentation of stock compensation on the consolidated statements of income and comprehensive income, and the disaggregation of proceeds and payments from secured financing agreements secured by loans and secured financing agreements secured by CRE debt securities on the consolidated statements of cash flows.

***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 credit losses; and valuation of financial instruments. Actual amounts and values as of the balance sheet dates may be materially different than the amounts and values reported due to the inherent uncertainty in the estimation process and the limited availability of observable pricing inputs due to market dislocation resulting from the COVID-19 pandemic. Also, future amounts and values could differ materially from those estimates due to changes in values and circumstances after the balance sheet date and the limited availability of observable prices.

***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 will likely 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. Certain of the Company's loan investments have in the past, and will likely in the future, provide for the accrual of interest (in part, or in whole) instead of its current payment in cash, with the accrued interest ("PIK interest") added to the unpaid principal balance of the loan. Such PIK interest is recognized currently as interest income unless the Company concludes eventual collection is unlikely, in which case a collection reserve is recorded or the PIK interest is written off.

***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 cumulative charge-offs, interest applied to principal (for loans accounted for using the cost recovery method), unamortized premiums, discounts, unamortized net loan origination fees and costs. 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. Accrued but not yet collected interest is separately reported as accrued interest receivable on the Company's consolidated balance sheets.

When loans are designated as held for investment, the Company's intent is to hold the loans for the foreseeable future or until maturity or repayment. If subsequent changes in real estate or capital markets occur, the Company may change its intent or its assessment of its ability to hold these loans. Once a determination has been made to sell such loans, they are immediately transferred to loans held for sale and carried at the lower of cost or fair value.

*Non-Accrual Loans*

Loans are placed on non-accrual status when the full and timely collection of principal and interest is doubtful, generally when the loan becomes 90 days or more past due for principal and interest. The Company considers an account past due when an obligor fails to pay substantially all (defined as 90%) of the scheduled payment by the due date. In each case, the period of delinquency is based on the number of days payments are contractually past due. All interest accrued but not received for loans placed on non-accrual status is subtracted from interest income at the time the loan is placed on non-accrual. Payments received on non-accrual loans are accounted for using either the cash method, or the cost recovery method which applies any cash collected to first reduce the principal balance. A loan may be returned to accrual status if all delinquent principal and interest payments are brought current, and collectability of the remaining principal and interest payments in accordance with the loan agreement is reasonably assured. Loans that in the judgment of the Company's external manager, TPG RE Finance Trust Management, L.P., a Delaware limited partnership (the "Manager"), are adequately secured and in the process of collection are maintained on accrual status, even if they are 90 days or more past due.

*Troubled Debt Restructurings*

A loan is accounted for and reported as a troubled debt restructuring ("TDR") when, for economic or legal reasons, the Company grants a concession to a borrower experiencing financial difficulty that we would not otherwise consider. The Company does not consider as a concession a restructuring that includes an insignificant delay in payment. A delay may be considered insignificant if the payments subject to the delay are insignificant relative to the unpaid principal balance of the loan or collateral value, and the contractual amount due, or the delay in timing of the restructured payment period, is insignificant relative to the frequency of payments, the debt's original contractual maturity or original expected duration.

TDRs that are performing and on accrual status as of the date of the modification remain on accrual status. TDRs that are nonperforming as of the date of modification usually remain on non-accrual status until the prospect of future payments in accordance with the modified loan agreement is reasonably assured, which is generally demonstrated when the borrower maintains compliance with the restructured terms for a predetermined period, normally at least six months. TDRs with temporary below-market concessions remain designated as a TDR regardless of the accrual or performance status until the loan is paid off. However, if the TDR loan has been modified in a subsequent restructure with market terms and the borrower is not currently experiencing financial difficulty, then the loan may be de-designated as a TDR.

*Allowance for Credit Losses for Loans Held for Investment*

The allowance for credit losses is measured under the Current Expected Credit Loss ("CECL") accounting framework, represents an estimate of current expected losses for the Company's existing portfolio of loans held for investment, and is presented as a valuation reserve on the Company's consolidated balance sheets. Expected credit losses inherent in non-cancelable unfunded loan commitments are accounted for as separate liabilities included in accrued expenses and other liabilities on the consolidated balance sheets. The allowance for credit losses for loans held for investment, as reported in the Company's consolidated balance sheets, is adjusted by a credit loss expense, which is reported in earnings in the consolidated statements of income and comprehensive income and reduced by the charge-off of loan amounts, net of recoveries and additions related to purchased credit-deteriorated ("PCD") assets, if relevant. The allowance for credit losses includes a modeled component and an individually-assessed component. The Company has elected to not measure an allowance for credit losses on accrued interest receivables related to all of its loans held for investment because it writes off uncollectable accrued interest receivable in a timely manner pursuant to its non-accrual policy, described above.

The Company considers key credit quality indicators in underwriting loans and estimating credit losses, including but not limited to: the capitalization of borrowers and sponsors; the expertise of the borrowers and sponsors in a particular real estate sector and geographic market; collateral type; geographic region; use and occupancy of the property; property market value; loan-to-value ("LTV") ratio; loan amount and lien position; debt service and coverage ratio; the Company's risk rating for the same and similar loans; and prior experience with the borrower and sponsor. This information is used to assess the financial and operating capability, experience and profitability of the sponsor/borrower. Ultimate repayment of the Company's loans is sensitive to interest rate changes, general economic conditions, liquidity, LTV ratio, and availability of replacement short-term or long-term financing. The loans in the Company's commercial mortgage loan portfolio are secured by collateral in the following property types: office; multifamily; hotel; mixed-use; condominium; retail; and land.

Quarterly, the Company evaluates the risk of all loans and assigns a risk rating based on a variety of factors, grouped as follows: (i) loan and credit structure, including the as-is LTV and structural features; (ii) quality and stability of real estate value and operating cash flow, including debt yield, property type, dynamics of the geography, 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- Default/Possibility of Loss—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; risk of principal loss.

The Company generally assigns a risk rating of "3" to all newly originated loan investments during a most recent quarter, except in the case of specific circumstances warranting an exception.

The Company's loans are typically collateralized by real estate, or in the case of mezzanine loans, by a partnership interest 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, and the financial and operating capability of the borrower and its 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 analyses are completed and reviewed by asset management personnel and evaluated by senior management, who utilize various data sources, including, to the extent available (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.

Due to the COVID-19 pandemic and the dislocation it has caused to the national economy, the commercial real estate markets, and the capital markets, the Company's ability to estimate key inputs for estimating the allowance for credit losses has been materially and adversely impacted. Key inputs to the estimate include, but are not limited to, LTV, debt service coverage ratio, future operating cash flow and performance of collateral properties, the financial strength and liquidity of borrowers and sponsors, capitalization rates and discount rates used to value commercial real estate properties, and observable transactions involving the sale or financing of commercial properties. Estimates made by management are necessarily subject to change due to the lack of observable inputs and uncertainty regarding the duration of the COVID-19 pandemic and its aftereffects.

The Company's CECL reserve reflects its estimation of the current and future economic conditions that impact the performance of the commercial real estate assets securing the Company's loans. These estimations include unemployment rates, interest rates, price indices for commercial property, and other macroeconomic factors impacting the likelihood and magnitude of potential credit losses for the Company's loans during their anticipated term. The Company licenses certain macroeconomic financial forecasts to inform its view of the potential future impact that broader economic conditions may have on its loan portfolio's performance. The forecasts are embedded in the licensed model that the Company uses to estimate its CECL reserve. Selection of these economic forecasts requires significant judgment about future events that, while based on the information available to the Company as of the balance sheet date, are ultimately unknowable with certainty, and the actual economic conditions impacting the Company's portfolio could vary significantly from the estimates the Company made for the periods presented.

*Credit Loss Measurement*

The amount of allowance for credit losses is influenced by the size of the Company's loan portfolio, loan asset quality, risk rating, delinquency status, historic loss experience and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The Company employs two methods to estimate credit losses in its loan portfolio: a model-based approach utilized for substantially all of its loans, and an individually-assessed approach for loans that the Company concludes are ill-suited for use in the model-based approach, or are individually-assessed.

*Allowance for Credit Losses for Loans Held for Investment – Model-Based Approach*

The model-based approach to measure the allowance for credit losses relates to loans which are not individually-assessed.

The Company licenses from Trepp LLC historical loss information, incorporating loan performance data for over 100,000 commercial real estate loans dating back to 1998, in an analytical model to compute statistical credit loss factors (i.e., probability-of-default and loss-given-default). These statistical credit loss factors are utilized together with individual loan information to generate future expected cash flows which are used to estimate the allowance for credit losses. This methodology appropriately considers the unique characteristics of the Company's commercial mortgage loan portfolio and individual assets within the portfolio by considering individual loan risk ratings, delinquency statuses and other credit trends and risk characteristics. Further, the Company incorporates its expectations about the impact of current conditions and reasonable and supportable forecasts on expected future credit losses in deriving its estimate. For the period beyond which the Company is able to make reasonable and supportable forecasts, the Company will revert to unadjusted historical loan loss information based on systematic methodology determined at the input level. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods, evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense.

*Allowance for Credit Losses for Loans Held for Investment – Individually-Assessed Approach*

In instances where the unique attributes of a loan investment render it ill-suited for the model-based approach because it no longer shares risk characteristics with other loans, or because the Company concludes repayment of the loan is collateral-dependent, the Company separately evaluates the amount of expected credit loss using a tailored discounted cash flow method, considering substantially the same credit factors as utilized in the model-dependent method. In these cases, expected credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral as determined by management using standard discount cash flow valuation techniques. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than the operation) of the collateral.

Once the expected credit loss amount is determined, an allowance for credit losses equal to the calculated expected credit loss is established. If the calculated expected credit loss is determined to be permanent or not recoverable, the amount of expected credit loss will be charged-off through the allowance for credit losses. Factors considered by management in determining if the expected credit loss is permanent or not recoverable include whether management judges the loan to be uncollectible; that is, repayment is deemed to be delayed beyond reasonable time frames, or the loss becomes evident due to the borrower's lack of assets and liquidity, or the borrower's sponsor is unwilling or unable to support the loan.

*Unfunded Loan Commitments*

The Company's first mortgage loans often contain provisions for future funding conditioned upon the borrower's execution of its business plan with respect to the underlying collateral property securing the loan. These deferred fundings are typically for base building work, tenant improvement costs and leasing commissions, and occasionally to fund forecasted operating deficits during lease-up, or for interest reserves. These deferred funding commitments may be for specific periods, often require satisfaction by the borrower of conditions precedent, and may contain termination clauses at the option of the borrower or, more rarely, at the Company's option. The total amount of unfunded commitments does not necessarily represent actual amounts funded in cash in the future, since commitments may expire without being drawn, may be cancelled if certain conditions are not satisfied by the borrower, or borrowers may elect not to borrow some or all of the unused commitment. The Company does not recognize these unfunded loan commitments in its consolidated financial statements.

The Company applies its expected credit loss estimates to all future funding commitments that cannot be contractually terminated at the Company's option. The Company maintains a separate allowance for credit losses from unfunded loan commitments, which is included in accrued expenses and other liabilities on the consolidated balance sheets. The Company estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Company and applies the loss factors used in the allowance for credit loss methodology described above to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan. No credit loss estimate is reported for unfunded loan commitments that are unconditionally cancellable by the Company.

***CRE Debt Securities***

The Company has in the past acquired CRE debt securities for short-term investment purposes. The Company designates CRE debt securities as available-for-sale ("AFS") on the acquisition date. CRE debt securities that are classified as AFS are recorded at fair value through other comprehensive income or loss in the Company's consolidated financial statements. The Company recognizes interest income on its CRE debt securities using the interest method, or on a straight-line basis when it approximates the effective interest method, with any premium or discount amortized or accreted into interest income based on the respective outstanding principal balance and corresponding contractual term of the CRE debt security. Accrued but not yet collected interest is separately reported as accrued interest receivable on the Company's consolidated balance sheets. The Company uses a specific identification method when determining the cost of a CRE debt security sold and the amount of unrealized gain or loss reclassified from accumulated other comprehensive income or loss into earnings on the trade date.

AFS debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For the purpose of identifying and measuring impairment, any applicable accrued interest is excluded from both the fair value and the amortized cost basis. The Company has elected to write off accrued interest by reversing interest income in the event the accrued interest is deemed uncollectible, generally when the security becomes 90 days or more past due for principal and interest.

The Company first assesses whether it intends to sell the debt security or more likely than not will be required to sell the debt security before recovery of its amortized cost basis. If either criterion regarding intent or requirement to sell is met, the debt security's amortized cost basis is written down to its fair value and the write down is charged against the allowance for credit losses, with any incremental impairment reported in earnings as a loss in the consolidated statements of income and comprehensive income.

Any AFS debt security in an unrealized loss position which the Company does not intend to sell or is not more likely than not required to sell before recovery of the amortized cost basis is assessed for expected credit losses. The performance indicators considered for CRE debt securities relate to the underlying assets and include default rates, delinquency rates, percentage of nonperforming assets, debt-to-collateral ratios, third-party guarantees, current levels of subordination, vintage, geographic concentration, analyst reports and forecasts, credit ratings and other market data. In assessing whether a credit loss exists, the Company compares the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited by the amount the fair value is less than amortized cost basis.

Declines in fair value of AFS debt securities in an unrealized loss position that are not due to credit losses, such as declines due to changes in market interest rates, are recorded through other comprehensive income. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Unrealized gains and losses on available-for-sale debt securities presented in the consolidated statement of income and comprehensive income includes the reversal of unrealized gains and losses at the time gains or losses are realized.

Significant valuation inputs in the fair value hierarchy as described below under "Fair Value Measurements" are Level I as of March 31, 2020 and Level II as of December 31, 2019.

***Portfolio Financing Arrangements***

The Company finances certain of its loans, or participation interests therein, using secured revolving repurchase agreements, senior secured and secured credit agreements, asset-specific financing arrangements, and collateralized loan obligations. 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, 2020, the Company transferred on a non-recourse basis 100% of the senior mortgage loan that the Company originated or co-originated to a third-party lender and 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 so 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.

The Company finances its CRE debt securities using secured revolving repurchase agreements with daily mark-to-market features and contract maturities of typically 30 days. The related borrowings are recorded as liabilities on the Company's consolidated balance sheets. Interest income earned on the CRE debt securities and interest expense incurred on the related borrowings are reported in interest income and interest expense, respectively, on the Company's consolidated statements of income and comprehensive income.

For more information regarding the Company's portfolio financing arrangements, see Note 6.

***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 CRE debt securities. 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.

As discussed above, market-based or observable inputs are generally the preferred source of values for purposes of measuring the fair value of the Company's assets under GAAP. The commercial property investment sales market, and the commercial mortgage loan and CRE debt securities markets, have and continue to experience extreme volatility, reduced transaction volume and liquidity, and disruption as a result of COVID-19, which has made it more difficult to rely on market-based inputs in connection with the valuation of the Company's assets under GAAP. Key valuation inputs include, but are not limited to, future operating cash flow and performance of collateral properties, the financial strength and liquidity of borrowers and sponsors, capitalization rates and discount rates used to value commercial real estate properties, and observable transactions involving the sale or financing of commercial properties. In the absence of market inputs, GAAP permits the use of management assumptions to measure fair value. However, the considerable market volatility and disruption caused by COVID-19 and the considerable uncertainty regarding the ultimate impact and duration of the pandemic have made it more difficult for the Company's management to formulate assumptions to measure the fair value of the Company's assets.

***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. In 2017, the Internal Revenue Service issued a revenue procedure permitting "publicly offered" REITs to make elective stock dividends (i.e. dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. On May 4, 2020, the Internal Revenue Service issued a revenue procedure that temporarily reduces (through the end of 2020) the minimum amount of the total distribution that must be paid in cash to 10%. Pursuant to these revenue procedures, the Company may elect to make future distributions of its taxable income in a mixture of stock and cash. 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.

Between January 22, 2020 and January 24, 2020, the Company received requests to convert all outstanding shares of its Class A common stock into shares of the Company's common stock. Accordingly, all of the outstanding shares of the Company's Class A common stock were retired and returned to the authorized but unissued shares of Class A common stock of the Company, and the holders of the shares of Class A common stock were issued an aggregate of 1,136,665 shares of the Company's common stock. On February 14, 2020, the Company filed Articles Supplementary with the State Department of Assessments and Taxation of Maryland to reclassify and designate all 2,500,000 authorized but unissued shares of the Company's Class A common stock as additional shares of undesignated common stock of the Company. The Articles Supplementary became effective upon filing on February 14, 2020. As a result, as of March 31, 2020, there are no shares of the Company's Class A common stock authorized or outstanding.

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 the Manager and certain members of our Board of Directors. These share-based awards generally vest in installments over a fixed period of time. Deferred stock units granted to the Company's Board of Directors fully vest on the grant date and accrue dividends that are paid-in kind through additional deferred stock units on a quarterly basis. Compensation expense is recognized in net income on a straight-line basis over the applicable award's 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, as follows: (a) for secured financing arrangements other than our CRE CLOs, the initial term of the financing arrangement; (b) for deferred financing costs related to specific borrowings under secured financing arrangements other than CRE CLOs, the initial maturities of the underlying loan(s) pledged to support the specific borrowing; and (c), for CRE CLOs issued by Company subsidiaries, over the estimated life of the liabilities issued based on the expected repayment behavior of the underlying loans in each CRE CLO, taking into account the two- year reinvestment periods (measured from the issuance date) of each CRE CLO.

***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, 2020 and December 31, 2019. The balances in these accounts may exceed the insured limits.

Pursuant to financial covenants applicable to Holdco, which is the guarantor of the Company's recourse indebtedness, the Company is required to maintain minimum cash equal to the greater of (i) $10 million or (ii) the product of 5% and the aggregate recourse indebtedness of the Company. To comply with this covenant, the Company held as part of its total cash balances $58.4 million and $56.9 million, respectively, at March 31, 2020 and December 31, 2019.

***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 CRE debt securities activities that have not been remitted to the Company based on established servicing and borrowing procedures. Amounts are generally held by the Servicer/Trustee for less than 30 days before being remitted to the Company.

***Going Concern***

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company's primary sources of liquidity include cash, availability under secured borrowing arrangements, net proceeds from loan repayments in excess of the Company's borrowings secured by loans so repaid, net proceeds from the sale of CRE CLO investments, and net proceeds from loan sales. During the quarter ended March 31, 2020, the COVID-19 pandemic caused significant disruption to the US and global economies, contributing to significant and ongoing volatility, widening credit spreads and sharp declines in liquidity in the commercial real estate capital markets, and disruption of the banking sector. These factors in combination have caused the Company to experience a reduction in available liquidity due to margin calls paid related to daily mark-to-market borrowing against its investment portfolio of CRE CLO debt securities, incur losses due to the sale of its entire investment portfolio of CRE CLO securities, experience a slowdown in the pace and volume of loan repayments by its borrowers, and forecast the need to reduce the advance rate of its borrowings under its secured revolving repurchase agreements, and senior secured and secured credit facilities.

The Company has undertaken a plan to support its operations and meet its liquidity needs:

- On March 23, 2020, the Company announced the deferral until July 14, 2020 of the payment of the Company's declared first quarter dividend to stockholders of record as of June 15, 2020. The Board of Directors will determine whether to pay the dividend entirely in cash, or in a combination of cash and stock.
- Between March 23, 2020 and April 29, 2020, the Company sold 49 separate CRE debt securities investments with an aggregate face value of $961.3 million, and repaid related secured indebtedness of $722.7 million, generating net cash proceeds of $35.2 million.
- On May 4, 2020, the Company extended the maturity date by one year to May 4, 2021 of its secured revolving repurchase agreement with Morgan Stanley Bank.

However, with consideration of the above actions taken, Management projects that the Company will not have sufficient liquidity to repay maturing debt balances of $432.2 million and meet its obligations as they become due to sustain operations through at least one year following the date the consolidated financial statements are issued. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

In response to these conditions, Management's plans include the intention to execute extensions with the Company's lenders during 2020, and believes that such extensions are probable of occurring, which is expected to extend the maturity dates until May 2022 or after. The Company has a history of successfully executing extensions with these lenders. As a result, the Company has concluded that management's plans are probable of being achieved to alleviate substantial doubt about the Company's ability to continue as a going concern.

***Recently Adopted Accounting Guidance***

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss method that is referred to as the CECL method. The measurement of expected credit losses under the CECL method is applicable to the Company's mortgage loan investment portfolio measured at amortized cost, unfunded loan commitments and AFS debt securities measured at fair value. Also on January 1, 2020, the Company adopted the following ASUs issued subsequent to ASU 2016-13 which amended Topic 326:

- ASU 2018-19, *Codification Improvements to Topic 326 – Credit Losses*
- ASU 2019-04, *Codification Improvements to Topic 326 – Credit Losses, Topic 815 – Derivatives and Hedging, and Topic 825 – Financial Instruments*
- ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*
- ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*
- ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*

The Company adopted ASU 2016-13 and other related ASUs listed above using the modified retrospective method for all mortgage loans measured at amortized cost and unfunded noncancelable loan commitments. Results for reporting periods beginning after January 1, 2020 are presented under ASU 2016-13 and other related ASUs while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The following table presents the January 1, 2020 cumulative impact of the adoption of ASU 2016-13 on the indicated line items of the Company's consolidated balance sheet as of January 1, 2020:

| | Pre-Adoption | Cumulative Effect of Adopting ASU 2016-13 | Post-Adoption |
|---|---|---|---|
| Assets: | | | |
| Loans Held for Investment | $ 4,980,389 | $ — | $ 4,980,389 |
| Allowance for Credit Losses | — | (17,783) | (17,783) |
| Loan Held for Investment, net | $ 4,980,389 | $ (17,783) | $ 4,962,606 |
| | | | |
| Liabilities: | | | |
| Accrued Expenses and Other Liabilities | $ 8,176 | $ 1,862 | $ 10,038 |
| | | | |
| Equity: | | | |
| Accumulated Deficit | $ (28,108) | $ (19,645) | $ (47,753) |

The adoption of ASU 2016-13 did not have a material impact on the Company's portfolio of AFS debt securities at January 1, 2020.

**(3) Loans Held for Investment and the Allowance for Credit Losses**

The Company originates and acquires first mortgage and mezzanine loans secured by commercial properties. The Company considers these loans to belong to a single portfolio segment, Mortgage Loans, because this is the level at which the Company has developed its systematic methodology to determine the Allowance for Credit Losses. For purposes of certain disclosures herein, the Company disaggregates this portfolio segment into the following classes of finance receivables: Senior loans and Subordinated and Mezzanine loans. 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. Accrued but not yet collected interest is separately reported as accrued interest receivable on the Company's consolidated balance sheets. Amounts within that caption relating to Loans Held for Investment were $15.4 million as of March 31, 2020.

During the three months ended March 31, 2020, the Company originated five mortgage loans with a total commitment of $437.4 million, an initial unpaid principal balance of $353.5 million, and unfunded commitments at closing of $83.9 million.

The following table details overall statistics for the Company's loan portfolio as of March 31, 2020 (dollars in thousands):

| | Balance Sheet Portfolio | Total Loan Portfolio |
|---|---|---|
| Number of loans | 66 | 67 |
| Floating rate loans (by unpaid principal balance) | 100.0% | 100.0% |
| Total loan commitments[1] | $ 5,763,697 | $ 5,895,697 |
| Unpaid principal balance | $ 5,112,808 | $ 5,112,808 |
| Unfunded loan commitments[2] | $ 650,889 | $ 650,889 |
| Carrying value | $ 5,020,695 | $ 5,020,695 |
| Weighted average credit spread[3] | 3.4% | 3.4% |
| Weighted average all-in yield[3] | 5.4% | 5.4% |
| Weighted average term to extended maturity (in years)[4] | 3.7 | 3.7 |
| Weighted average LTV[5] | 65.7% | 65.7% |

(1) 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. Total loan commitment encompasses the entire loan portfolio we originated, acquired and financed. At March 31, 2020, we had one non-consolidated senior interest outstanding of $132.0 million.

(2) 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 limited instances to finance construction.

(3) As of March 31, 2020, 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, 2020 for weighted average calculations.

(4) 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, 2020, based on the unpaid principal balance of our total loan exposure, 66.0% of our loans were subject to yield maintenance or other prepayment restrictions and 34.0% were open to repayment by the borrower without penalty.

(5) Except for construction loans, LTV is calculated for loan originations and existing loans 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, 2020, divided by the as-is appraised value of our collateral at the time of origination or acquisition of such loan or participation interest. For construction loans only, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value of the real estate securing the loan. The as-is or as-stabilized (as applicable) value reflects our Manager's estimates, at the time of origination or acquisition of the 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, 2020.

The following tables present an overview of the mortgage loan investment portfolio by loan seniority as of March 31, 2020 and December 31, 2019 (dollars in thousands):

| | March 31, 2020 | | | |
|---|---|---|---|---|
| **Loans Receivable** | **Outstanding Principal** | **Unamortized Premium (Discount), Loan Origination Fees, net** | **Allowance for Credit Losses** | **Carrying Amount** |
| Senior loans | $ 5,092,808 | $ (16,199) | $ (73,620) | $ 5,002,989 |
| Subordinated and mezzanine loans | 20,000 | (256) | (2,038) | 17,706 |
| **Total** | $ 5,112,808 | $ (16,455) | $ (75,658) | $ 5,020,695 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| **Loans Receivable** | **Outstanding Principal** | **Unamortized Premium (Discount), Loan Origination Fees, net** | **Allowance for Credit Losses** | **Carrying Amount** |
| Senior loans | $ 4,978,176 | $ (17,500) | $ — | $ 4,960,676 |
| Subordinated and mezzanine loans | 20,000 | (287) | — | 19,713 |
| **Total** | $ 4,998,176 | $ (17,787) | $ — | $ 4,980,389 |

For the three months ended March 31, 2020, loan portfolio activity was as follows (dollars in thousands):

| | **Carrying Value** |
|---|---|
| **Balance at December 31, 2019** | $ 4,980,389 |
| Additions during the period: | |
| Loans originated and acquired | 351,650 |
| Additional fundings | 61,720 |
| Amortization of origination fees | 3,213 |
| Deductions during the period: | |
| Collection of principal | (300,619) |
| Change in allowance for credit losses | (75,658) |
| **Balance at March 31, 2020** | $ 5,020,695 |

At March 31, 2020 and December 31, 2019, there were no unamortized loan purchase discounts or premiums included in loans held for investment at amortized cost on the consolidated balance sheets.

At March 31, 2020 and December 31, 2019, there was $16.5 million and $17.8 million, respectively, of unamortized loan fees and discounts included in Loans Held for Investment, net in the consolidated balance sheets. The Company recognized the accelerated fee component of prepayment fees (yield maintenance payments) of $0.3 million and $0.6 million, respectively, during the three months ended March 31, 2020 and 2019.

*Credit Quality Indicators*

The Company categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as current operating performance for the property or properties securing the Company's loans, borrower and guarantor financial information, historical payment experience, credit documentation, public information and current economic trends, market data for the property types and geographic markets applicable to the Company's loans, among other factors. On a quarterly basis, the Company evaluates all of its loans to assign risk ratings. 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 Default/Possibility of Loss—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; risk of principal loss.

The Company generally assigns a risk rating of "3" to all newly originated loan investments during the most recent quarter, except in the case of specific circumstances warranting an exception.

The following table presents amortized cost basis by origination year, grouped by risk rating, as of March 31, 2020 (dollars in thousands):

| | March 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Amortized Cost Basis of Loans by Origination Year | | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 | Total |
| Senior loans by internal risk ratings: | | | | | | |
| 1 | $ — | $ — | $ — | $ — | $ — | $ — |
| 2 | — | — | 344,297 | 85,254 | — | 429,551 |
| 3 | 353,127 | 1,766,882 | 1,116,492 | 278,684 | — | 3,515,185 |
| 4 | — | 530,000 | 158,532 | 315,820 | 28,057 | 1,032,409 |
| 5 | — | — | — | 99,464 | — | 99,464 |
| Total mortgage loans | 353,127 | 2,296,882 | 1,619,321 | 779,222 | 28,057 | 5,076,609 |
| Subordinated and mezzanine loans by internal risk ratings: | | | | | | |
| 1 | $ — | $ — | $ — | $ — | $ — | $ — |
| 2 | — | — | — | — | — | — |
| 3 | — | 19,744 | — | — | — | 19,744 |
| 4 | — | — | — | — | — | — |
| 5 | — | — | — | — | — | — |
| Total subordinated and mezzanine loans | — | 19,744 | — | — | — | 19,744 |
| Total | $ 353,127 | $ 2,316,626 | $ 1,619,321 | $ 779,222 | $ 28,057 | $ 5,096,353 |

Loans acquired rather than originated are presented in the table above in the column corresponding to the year of origination, not acquisition.

The table below summarizes the carrying values, net of allowance for credit loss, and results of the Company's internal risk rating review performed as of March 31, 2020 and December 31, 2019 (dollars in thousands):

| Rating | March 31, 2020 | December 31, 2019 |
|---|---|---|
| 1 | $ — | $ — |
| 2 | 426,306 | 903,393 |
| 3 | 3,502,269 | 3,868,696 |
| 4 | 1,017,414 | 208,300 |
| 5 | 74,706 | — |
| Total | $ 5,020,695 | $ 4,980,389 |
| | | |
| Weighted Average Risk Rating[1] | 3.1 | 2.9 |

(1) Weighted Average Risk Rating calculated based on carrying value at period end.

The weighted average risk rating calculated as of March 31, 2020 was 3.1, an increase from the 2.9 weighted average risk rating at December 31, 2019.

During the three months ended March 31, 2020:

- The Company moved seven hotel loans from its Category 3 risk rating to its Category 4 risk rating and two hotel loans from its Category 2 risk rating to its Category 4 risk rating due to operating challenges in the lodging industry caused by the COVID-19 pandemic and the travel and social distancing policies that ensued.
- The Company moved two loans from its Category 2 risk rating to its Category 3 risk rating. One of these loans is secured by a mixed-use property with a hotel component, and the other loan is secured by a property that had its ongoing sale process negatively impacted by COVID-19.
- The Company moved two loans from its Category 3 risk rating to its Category 4 risk rating: one due to unexpected increases in renovation costs and concern regarding the financial condition of the sponsors; the second because the borrower informed the Company, subsequent to March 31, 2020, that it intends to negotiate with us a deed in lieu of foreclosure. See Note 16.
- The Company moved one loan from its Category 4 risk rating to its Category 5 risk rating due to poor operating performance of the collateral securing the loan, the borrower's financial distress and failure to pay interest when due.

*Allowance for Credit Losses*

The Company's reserve developed pursuant to ASC 326 reflects its current estimate of potential credit losses related to its loan portfolio as of March 31, 2020. In addition to the allowance for credit losses, the Company maintains a separate allowance for credit losses related to unfunded loan commitments, and this amount is included in accrued expenses and other liabilities on the consolidated balance sheets. For further information on the policies that govern the estimation of the allowances for credit loss levels, see Note 2, *Summary of Significant Accounting Policies*.

The following table presents activity in the allowance for credit losses for the mortgage loan investment portfolio by class of finance receivable for the three month period ended March 31, 2020 (dollars in thousands):

| | March 31, 2020 | | |
|---|---|---|---|
| | Senior Loans | Subordinated and Mezzanine Loans | Total |
| Allowance for credit losses for loans held for investment: | | | |
| Beginning balance (prior to adoption of ASC 326) | $ — | $ — | $ — |
| Impact of adopting ASC 326 | 16,903 | 880 | 17,783 |
| Credit loss expense | 56,717 | 1,158 | 57,875 |
| Subtotal | 73,620 | 2,038 | 75,658 |
| | | | |
| Allowance for credit losses on unfunded loan commitments: | | | |
| Beginning balance (prior to adoption of ASC 326) | — | — | — |
| Impact of adopting ASC 326 | 1,862 | — | 1,862 |
| Credit loss expense | 3,945 | 1,528 | 5,473 |
| Subtotal | 5,807 | 1,528 | 7,335 |
| | | | |
| Total allowance for credit losses | $ 79,427 | $ 3,566 | $ 82,993 |

During the three months ended March 31, 2020, the allowance for credit losses increased to $83.0 million, comprised of $19.6 million in connection with the adoption of ASC 326 on January 1, 2020, and the increase of the provision during the three months ended March 31, 2020. Upon the adoption of ASC 326, the allowance for credit losses increased by $19.6 million due to the application of the Current Expected Credit Loss methodology (as described in Note 2) over performing loans on which the Company had previously not carried an allowance for credit losses. Subsequent to adoption, the Company's estimate of expected credit losses further increased primarily due to changes in economic outlook stemming from the impact of the COVID-19 pandemic. The impact of reduced economic activity due to the COVID-19 pandemic will likely result in reduced activity in capital markets, which may slow the pace of loan repayments, and will likely impact commercial property values and valuation inputs. While the ultimate impact is uncertain, the Company has made certain forward looking adjustments to the inputs of its calculation of the allowance for credit losses to reflect the change in its expectations, including downgrading nine operating hotel loans to risk rating Category 4, as described above.

The increase in expected credit losses as of March 31, 2020 as compared to expected credit losses as of the adoption date of ASU 326 resulted in the recognition of a credit loss expense of $63.3 million (including for unfunded loan commitments.) This increase was caused primarily by the significant adverse change in the macroeconomic forecast utilized in the Company's loss estimation model due to the COVID-19 pandemic. Additionally, the average risk ratings of the Company's loans increased from 2.9 as of December 31, 2019 to 3.1 as of March 31, 2020, due primarily to downgrades of nine of the Company's operating hotel loans in response to the COVID-19 pandemic.

During the three months ended March 31, 2020 and the year ended December 31, 2019, no loans were placed on non-accrual status, although the passage of time and the continuing failure by certain borrowers to pay interest due to the continuing COVID-19 pandemic will likely result in certain loans being placed on non-accrual status during the second quarter of 2020 and later periods.

The Company currently has no loans accounted for as TDRs. If in the future the Company grants short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief, the affected loans will not be accounted for as TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant. Nonetheless, the Company may enter into loan modifications that temporarily reduce the amount of cash interest collected on certain loans, permit the accrual of a portion of the interest due during the modification period, and/or permit the use of existing cash loan reserves to pay interest expense and other property-level expenses.

At March 31, 2020 and December 31, 2019, the Company had not written off any expected credit losses.

The following table presents the aging analysis on an amortized cost basis of mortgage loans by class of loans as of March 31, 2020 (dollars in thousands):

| | Days Outstanding | | | | | | |
|---|---|---|---|---|---|---|---|
| | 30-59 Days | 60-89 Days | 90 Days or More | Total Loans Past Due | Current | Total Loans | 90 Days or More Past Due and Accruing |
| Loans Receivable: | | | | | | | |
| Senior loans | $ 28,057 | $ — | $ — | $ — | $ 5,048,552 | $ 5,076,609 | $ — |
| Subordinated and mezzanine loans | — | — | — | — | 19,744 | 19,744 | — |
| **Total** | $ 28,057 | $ — | $ — | $ — | $ 5,068,296 | $ 5,096,353 | $ — |

At December 31, 2019, all loans were current.

**(4) Available-for-Sale Debt Securities**

The Company designates its CRE debt securities as AFS upon acquisition. During the three months ended March 31, 2020, the Company purchased 10 CRE CLO investments for an aggregate purchase price of $169.0 million. The purchased CRE CLO investments consist of floating rate, investment grade rated debt securities which, in the aggregate, had a weighted average coupon of LIBOR plus 2.1%. Accrued but not yet collected interest is separately reported as accrued interest receivable on the Company's consolidated balance sheets. Amounts within that caption relating to AFS Debt Securities was $1.7 million as of March 31, 2020.

As of March 31, 2020 and December 31, 2019, the Company had 37 and 38 CRE debt securities, respectively, designated as AFS debt securities. During the three months ended March 31, 2020, the Company sold 11 of its CRE CLO investments for total net proceeds of $151.6 million, recognizing a loss on sale of $36.2 million in Securities Impairments on the consolidated statement of income and comprehensive income.

During the quarter ended March 31, 2020, all but one of the Company's CRE debt securities portfolio was pledged as collateral under daily mark-to-market secured revolving repurchase facilities. Fluctuations in the value of the Company's CRE debt securities portfolio resulted in the Company being required to post cash collateral with the Company's lenders under these facilities. To mitigate the impact to the Company's business from these developments, the Company decided to sell substantially all of the Company's CRE debt securities portfolio. Accordingly, at March 31, 2020, the Company determined it no longer had the intent and ability to retain its investment portfolio of CRE debt securities, wrote down the entire portfolio to its estimated fair value (on securities where amortized cost basis exceeded fair value), and recorded an impairment charge of $167.3 million, which is recognized as expense in Securities Impairments on the consolidated statement of income and comprehensive income. Refer to Note 16 for additional information regarding sales of CRE debt securities after March 31, 2020. Because the Company recognized the entire impairment as an expense, the allowance for credit losses related to CRE debt securities is zero as of March 31, 2020 and none of the securities are in an unrealized loss position.

The following table summarizes the amortized cost, fair value, and unrealized gain of the Company's CRE debt securities at March 31, 2020 (dollars in thousands):

| | March 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Face Amount | Impaired Face Amount | Unamortized Premium (Discount), net | Amortized Cost | Gross Unrealized Gain | Estimated Fair Value |
| **Investments, at Fair Value** | | | | | | |
| CRE CLO | $ 731,176 | $ 575,480 | $ 291 | $ 575,771 | $ — | $ 575,771 |
| Commercial Mortgage-Backed Securities | 36,158 | 29,008 | (55) | 28,953 | 77 | 29,030 |
| | $ 767,334 | $ 604,488 | $ 236 | $ 604,724 | $ 77 | $ 604,801 |

The amount of relevant accrued interest excluded from the amortized cost basis balances presented in the table above is $1.7 million.

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Face Amount | Unamortized Premium (Discount), net | Amortized Cost | Gross Unrealized Gain | Estimated Fair Value |
| **Investments, at Fair Value** | | | | | |
| CRE CLO | $ 750,187 | $ 207 | $ 750,394 | $ 1,006 | $ 751,400 |
| Commercial Mortgage-Backed Securities | 36,162 | (55) | 36,107 | 45 | 36,152 |
| | $ 786,349 | $ 152 | $ 786,501 | $ 1,051 | $ 787,552 |

The Company's CRE debt securities have a weighted average expected life, based on estimated fair value, of 3.0 years. The amortized cost and estimated fair value of the Company's CRE debt securities by contractual maturity, not expected life, as of March 31, 2020 and December 31, 2019, respectively, are shown in the following table (dollars in thousands):

| | March 31, 2020 | |
|---|---|---|
| | Amortized Cost | Estimated Fair Value |
| **Maturity Date** | | |
| Within five years | $ 1,119 | $ 1,196 |
| After five years | 603,605 | 603,605 |
| Total investment in CRE debt securities, at amortized cost and estimated fair value | $ 604,724 | $ 604,801 |

| | December 31, 2019 | |
|---|---|---|
| | Amortized Cost | Estimated Fair Value |
| **Maturity Date** | | |
| After one, within five years | $ 1,126 | $ 1,143 |
| After five years | 785,375 | 786,409 |
| Total investment in CRE debt securities, at amortized cost and estimated fair value | $ 786,501 | $ 787,552 |

**(5) Variable Interest Entities and Collateralized Loan Obligations**

On October 25, 2019 (the "FL3 Closing Date"), TPG RE Finance Trust CLO Sub-REIT, a subsidiary of the Company ("Sub-REIT"), entered into a collateralized loan obligation ("TRTX 2019-FL3" or "FL3") through its wholly-owned subsidiaries TRTX 2019-FL3 Issuer, Ltd., an exempted company incorporated in the Cayman Islands with limited liability, as issuer (the "FL3 Issuer"), and TRTX 2019-FL3 Co-Issuer, LLC, a Delaware limited liability company, as co-issuer (the "FL3 Co-Issuer" and together with the FL3 Issuer, the "FL3 Issuers"). On the FL3 Closing Date, FL3 Issuer issued $1,230.3 million principal amount of notes (the "FL3 Notes"). The FL3 Co-Issuer co-issued $1,039.6 million principal amount of investment grade-rated notes which were purchased by third party investors. Concurrently with the issuance of the FL3 Notes, the FL3 Issuers 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 "FL3 Preferred Shares" and, together with the FL3 Notes, the "FL3 Securities"), to TRTX Master Retention Holder, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Sub-REIT ("FL3 Retention Holder"). Through FL3 Retention Holder, the Sub-REIT retained ownership of $190.7 million of FL3 Notes issued and FL3 Preferred Shares.

Proceeds from the issuance of the FL3 Securities were used by the FL3 Issuers to purchase two commercial real estate whole loans (the "FL3 Whole Loans") and 20 fully-funded pari passu participations in mortgage loans (the "FL3 Pari Passu Participations," and, together with the FL3 Whole Loans and the FL3 Additional Interests (as defined below), the "FL3 Mortgage Assets") in certain commercial real estate mortgage loans. The FL3 Mortgage Assets were purchased by the FL3 Issuer from TRTX Master CLO Loan Seller, LLC, a Delaware limited liability company, a wholly-owned subsidiary of the Company and an affiliate of the FL3 Issuers. The TRTX 2019-FL3 indenture permits the FL3 Issuer to modify certain economic terms, including without limitation, the interest rate and maturity date of FL3 Mortgage Assets, and subject to certain limitations, to provide additional flexibility with respect to the underlying collateral where appropriate to do so. TRTX 2019-FL3 permits the Company, during the 24 months after closing of FL3, to contribute eligible new loans or participation interests (the "FL3 Additional Interests") in loans to TRTX 2019-FL3 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, 2020, the Company utilized the reinvestment feature four times, contributing $157.3 million of new loans or participating interests in loans, and receiving $47.3 million of cash, after the repayment of $110.0 million of existing borrowings, including accrued interest. FL3 Mortgage Assets represented 24.1% of the aggregate unpaid principal balance of the Company's loan investment portfolio and had an aggregate principal balance of approximately $1.2 billion, as of March 31, 2020.

At March 31, 2020, TRTX 2019-FL3 had approximately $0.0 million of cash available to acquire eligible assets.

In connection with TRTX 2019-FL3, the Company incurred $7.8 million of issuance costs which are amortized on an effective yield basis over the expected life of the investment-grade notes issued based upon the expected repayment behavior of the loans collateralizing the notes after giving effect to the reinvestment period, both as of the FL3 Closing Date. As of March 31, 2020, the Company's unamortized issuance costs related to TRTX 2019-FL3 were $6.8 million.

Interest expense on the outstanding FL3 Notes is payable monthly. For the three months ended March 31, 2020 interest expense on the outstanding FL3 Notes (excluding amortization of deferred financing costs) of $7.3 million is included in the Company's consolidated statements of income and comprehensive income.

On November 29, 2018 (the "FL2 Closing Date"), Sub-REIT entered into a collateralized loan obligation ("TRTX 2018-FL2") The TRTX 2018-FL2 indenture permits the Company to contribute eligible new loans or participation 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 year three months ended March 31, 2020, the Company utilized the reinvestment feature three times, contributing $74.3 million of new loans or participation interests in loans, and receiving net cash proceeds of $45.1 million, after the repayment of $29.2 million of existing borrowings, including accrued interest.

At March 31, 2020, TRTX 2018-FL2 had approximately $0.2 million in cash available to acquire eligible assets.

In connection with TRTX 2018-FL2, the Company incurred $8.7 million of issuance costs which are amortized on an effective yield basis over the expected life of the investment-grade notes (the "FL2 Notes") issued based upon the expected repayment behavior of the loans collateralizing the notes and the reinvestment period, both as of the FL2 Closing Date. As of March 31, 2020, the Company's unamortized issuance costs were $5.6 million.

Interest expense on the outstanding FL2 Notes is payable monthly. For the three months ended March 31, 2020, interest expense on the outstanding FL2 Notes (excluding amortization of deferred financing costs) of $6.0 million is included in the Company's consolidated statements of income and comprehensive income.

In accordance with ASC 810, the Company evaluated the key attributes of the FL3 Issuers and the issuers of the FL2 Notes (the "FL2 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 FL3 Issuers and the FL2 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 FL3 Issuers and the FL2 Issuers, the obligation to absorb losses to the extent of its equity investments, and the right to receive benefits, that could potentially be significant to these entities. As a result, the Company consolidates the FL3 Issuers and the FL2 Issuers.

The Company's total assets and total liabilities as of March 31, 2020 and December 31, 2019 included the following VIE assets and liabilities of TRTX 2019-FL3 and TRTX 2018-FL2 (dollars in thousands):

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 19,683 | $ 17,075 |
| Accounts Receivable from Servicer/Trustee | 407 | 1,464 |
| Accrued Interest and Fees Receivable | 1,648 | 2,178 |
| Loans Held for Investment | 2,230,345 | 2,229,034 |
| **Total Assets** | $ 2,252,083 | $ 2,249,751 |
| **LIABILITIES** | | |
| Accrued Interest Payable | $ 1,802 | $ 2,512 |
| Accrued Expenses and Other Liabilities | 376 | 732 |
| Collateralized Loan Obligations | 1,822,291 | 1,821,128 |
| Payable to Affiliates | 4,620 | 4,620 |
| Deferred Revenue | 155 | — |
| **Total Liabilities** | $ 1,829,244 | $ 1,828,992 |

The following tables outline TRTX 2019-FL3 and TRTX 2018-FL2 loan collateral and borrowings under the TRTX 2019-FL3 and TRTX 2018-FL2 collateralized loan obligations as of March 31, 2020 and December 31, 2019 (dollars in thousands):

| March 31, 2020 | | | |
|---|---|---|---|
| Collateral (loan investments) | | Debt (notes issued) | |
| Outstanding Principal | Carrying Value | Face Value | Carrying Value |
| $ 2,230,345 | $ 2,230,345 | $ 1,834,760 | $ 1,822,291 |

| December 31, 2019 | | | |
|---|---|---|---|
| Collateral (loan investments) | | Debt (notes issued) | |
| Outstanding Principal | Carrying Value | Face Value | Carrying Value |
| $ 2,229,034 | $ 2,229,034 | $ 1,834,761 | $ 1,821,128 |

Assets held by the FL3 Issuers and the FL2 Issuers are restricted and can only be used to settle obligations of the related VIE. The liabilities of the FL3 Issuers and the FL2 Issuers are non-recourse to the Company and can only be satisfied from the assets of the related VIE.

The following table outlines the weighted average spreads and maturities for TRTX 2019-FL3 and TRTX 2018-FL2 loan collateral and borrowings under the TRTX 2019-FL3 and TRTX 2018-FL2 collateralized loan obligations as of March 31, 2020 and December 31, 2019 (dollars in thousands):

| | March 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Weighted Average Spread (%)[1] | Weighted Average Maturity (Years)[2] | Weighted Average Spread (%)[1] | Weighted Average Maturity (Years)[2] |
| **Collateral (loan investments)** | | | | |
| TRTX 2018-FL2 | 3.74% | 4.5 | 3.82% | 4.2 |
| TRTX 2019-FL3 | 3.18% | 4.2 | 3.33% | 4.1 |
| | | | | |
| **Debt (notes issued)** | | | | |
| TRTX 2018-FL2 | 1.72% | 17.6 | 1.72% | 17.9 |
| TRTX 2019-FL3 | 1.63% | 14.5 | 1.63% | 14.8 |

(1) Yield on collateral is based on cash coupon. Financing cost includes amortization of deferred financing costs incurred in connection with the CLO.

(2) Loan term represents weighted-average final maturity, assuming extension options are exercised by the borrower. Repayments of CLO notes are dependent on timing of related collateral loan asset repayments post reinvestment period. The term of the CLO notes represents the rated final distribution date.

**(6) Secured Revolving Repurchase Agreements, Senior Secured and Secured Credit Agreements, and Asset-Specific Financing**

At March 31, 2020 and December 31, 2019, the Company had secured revolving repurchase agreements, senior secured and secured credit agreements and an asset-specific financing, all of which were used to finance certain of the Company's originated loans. These financing arrangements bear interest at rates equal to LIBOR plus a credit spread negotiated between the Company and each lender, typically a separate credit spread for each pledge of collateral, which is primarily based on property type and advance rate against the unpaid principal balance of the pledged loan. Except for the asset-specific financing, these borrowing arrangements contain mark-to-market provisions that permit the lenders to issue margin calls to the Company in the event that the collateral properties underlying the Company's loans pledged to the Company's lenders experience a non-temporary decline in value due to reasons other than changing credit spreads for similar borrowing obligations. In connection with one of these borrowing arrangements, the lender is also permitted to issue margin calls to the Company in the event the lender determines credit spreads have changed for similar borrowing obligations.

At March 31, 2020 and December 2019, the Company had four secured revolving repurchase agreements which were used to finance its CRE CLO debt investments. These financing arrangements bear interest at a rate equal to LIBOR plus a credit spread negotiated between the Company and its lenders, which is determined primarily by the haircut amount (inverse of the advance rate) and the rating of the bonds so financed. These borrowing arrangements contain daily mark-to-market provisions that permit the lenders to issue margin calls to the Company in response to changing interest rates and credit spreads on the CRE debt securities so financed. Additionally, these borrowing arrangements typically have tenors limited to 30, 60 or 90 days subject to renewal at the lenders' option.

The following table presents certain information regarding the Company's secured revolving repurchase agreements, senior secured and secured credit agreements, and asset-specific financings as of March 31, 2020 and December 31, 2019. Except as otherwise noted, all agreements are on a full or partial recourse basis (dollars in thousands):

| | March 31, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financing Arrangement** | **Maturity Date** | **Index Rate** | **Weighted Average Credit Spread** | **Interest Rate** | **Commitment Amount** | **Maximum Current Availability** | **Balance Outstanding** | **Principal Balance of Collateral(1)** | **Carrying Value of Collateral** |
| **Secured Revolving Repurchase Agreements** | | | | | | | | | |
| Goldman Sachs(2) | 08/19/20 | 1 Month LIBOR | 2.1% | 3.1% | $ 750,000 | $ 602,992 | $ 147,008 | $ 221,728 | $ 220,151 |
| Wells Fargo(2) | 04/18/22 | 1 Month LIBOR | 1.7% | 2.7% | 750,000 | 389,462 | 360,538 | 494,959 | 492,972 |
| Barclays(2) | 08/13/22 | 1 Month LIBOR | 1.5% | 2.5% | 750,000 | 160,474 | 589,526 | 742,729 | 740,584 |
| Morgan Stanley(2),(5) | 05/04/20 | 1 Month LIBOR | 1.8% | 2.8% | 500,000 | 58,641 | 441,359 | 578,177 | 575,025 |
| JP Morgan(2) | 08/20/21 | 1 Month LIBOR | 1.6% | 2.6% | 400,000 | 179,378 | 220,622 | 294,041 | 288,654 |
| US Bank(2) | 07/09/22 | 1 Month LIBOR | 1.5% | 2.5% | 189,490 | 114,011 | 75,479 | 98,272 | 97,821 |
| Subtotal - Loan Investments | | | | | 3,339,490 | 1,504,958 | 1,834,532 | 2,429,906 | 2,415,207 |
| Goldman Sachs(3) | 04/10/20 | 1 Month LIBOR | 1.1% | 2.0% | 73,366 | — | 73,366 | 59,687 | 59,756 |
| JP Morgan(3) | 04/08/20 | 1 Month LIBOR | 1.1% | 2.1% | 437,323 | — | 437,323 | 438,297 | 438,420 |
| Wells Fargo(3) | 04/19/20 | 1 Month LIBOR | 1.3% | 2.2% | 97,592 | — | 97,592 | 115,585 | 115,668 |
| Royal Bank of Canada(3) | N/A | N/A | N/A | N/A | — | — | — | — | — |
| Subtotal - CRE Debt Securities | | | | | 608,281 | — | 608,281 | 613,569 | 613,844 |
| Subtotal | | | | | 3,947,771 | 1,504,958 | 2,442,813 | 3,043,475 | 3,029,051 |
| **Senior Secured and Secured Credit Agreements** | | | | | | | | | |
| Bank of America(2) | 09/29/20 | 1 Month LIBOR | 1.8% | 2.7% | 500,000 | 354,363 | 145,637 | 183,411 | 183,411 |
| Citibank(4) | 07/12/20 | 1 Month LIBOR | 2.3% | 3.2% | 160,000 | 97,357 | 62,643 | 90,160 | 89,231 |
| Subtotal | | | | | 660,000 | 451,720 | 208,280 | 273,571 | 272,642 |
| **Asset-specific Financing** | | | | | | | | | |
| Institutional Lender | 10/09/20 | 1 Month LIBOR | 4.2% | 5.1% | 77,000 | — | 77,000 | 112,000 | 109,463 |
| Subtotal | | | | | 77,000 | — | 77,000 | 112,000 | 109,463 |
| Total | | | | | $ 4,684,771 | $ 1,956,678 | $ 2,728,093 | $ 3,429,046 | $ 3,411,156 |

(1) The principal balance of collateral for CRE debt securities includes impairments recorded at March 31, 2020.

(2) Borrowings under secured revolving repurchase agreements and a senior secured credit agreement with a guarantee for 25% recourse from Holdco.
(3) Borrowings under secured revolving repurchase agreements with a guarantee for 100% recourse from Holdco. Maturity Date represents the sooner of the next maturity date of the CRE debt securities secured revolving repurchase agreement, or roll-over date for the applicable underlying trade confirmation subsequent to March 31, 2020. All of the financing arrangements were extended subsequent to period end. The Goldman Sachs and Wells Fargo agreements have 30 day rolls, while the JP Morgan agreement has day-to-day rolls.
(4) Borrowings under the secured credit agreement with a guarantee for 100% recourse.
(5) Subsequent to March 31, 2020, the maturity date of the Morgan Stanley facility was extended to May 4, 2021.

| | December 31, 2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financing Arrangement Secured Revolving Repurchase Agreements** | **Maturity Date** | **Index Rate** | **Weighted Average Credit Spread** | **Interest Rate** | **Commitment Amount** | **Maximum Current Availability** | **Balance Outstanding** | **Principal Balance of Collateral** | **Carrying Value of Collateral** |
| Goldman Sachs(1) | 08/19/20 | 1 Month LIBOR | 1.8% | 3.5% | $ 750,000 | $ 704,563 | $ 45,437 | $ 288,032 | $ 285,962 |
| Wells Fargo(1) | 04/18/22 | 1 Month LIBOR | 1.8% | 3.6% | 750,000 | 355,372 | 394,628 | 593,742 | 591,238 |
| Barclays(1) | 08/13/22 | 1 Month LIBOR | 1.5% | 3.3% | 750,000 | 318,240 | 431,760 | 542,927 | 540,725 |
| Morgan Stanley(1) | 05/04/20 | 1 Month LIBOR | 1.9% | 3.6% | 500,000 | 105,253 | 394,747 | 519,638 | 515,984 |
| JP Morgan(1) | 08/20/21 | 1 Month LIBOR | 1.6% | 3.3% | 400,000 | 181,552 | 218,448 | 300,677 | 295,341 |
| US Bank(1) | 07/09/22 | 1 Month LIBOR | 1.8% | 3.6% | 152,240 | 15,641 | 136,599 | 173,253 | 172,898 |
| Subtotal - Loan Investments | | | | | 3,302,240 | 1,680,621 | 1,621,619 | 2,418,269 | 2,402,148 |
| Goldman Sachs(2) | 01/12/20 | 1 Month LIBOR | 0.9% | 2.7% | 81,143 | — | 81,143 | 94,629 | 94,644 |
| JP Morgan(2) | 01/17/20 | 1 Month LIBOR | 0.9% | 2.6% | 475,881 | — | 475,881 | 544,105 | 545,080 |
| Wells Fargo(2) | 01/16/20 | 1 Month LIBOR | 1.0% | 2.7% | 135,774 | — | 135,774 | 161,153 | 161,384 |
| Royal Bank of Canada(2) | N/A | N/A | N/A | N/A | — | — | — | — | — |
| Subtotal - CRE Debt Securities | | | | | 692,798 | — | 692,798 | 799,887 | 801,108 |
| Subtotal | | | | | 3,995,038 | 1,680,621 | 2,314,417 | 3,218,156 | 3,203,256 |
| **Senior Secured and Secured Credit Agreements** | | | | | | | | | |
| Bank of America(1) | 09/29/20 | 1 Month LIBOR | 1.8 | 3.8 | 500,000 | 354,363 | 145,637 | 182,882 | 182,882 |
| Citibank(3) | 07/12/20 | 1 Month LIBOR | 2.3 | 4.1 | 160,000 | 160,000 | — | — | — |
| Subtotal | | | | | 660,000 | 514,363 | 145,637 | 182,882 | 182,882 |
| **Asset-specific Financing** | | | | | | | | | |
| Institutional Lender | 10/09/20 | 1 Month LIBOR | 4.2% | 5.9% | 77,000 | — | 77,000 | 112,000 | 111,436 |
| Subtotal | | | | | 77,000 | — | 77,000 | 112,000 | 111,436 |
| Total | | | | | $ 4,732,038 | $ 2,194,984 | $ 2,537,054 | $ 3,513,038 | $ 3,497,574 |

(1) Borrowings under secured revolving repurchase agreements and a senior secured credit agreement with a guarantee for 25% recourse from Holdco.
(2) Borrowings under secured revolving repurchase agreements with a guarantee for 100% recourse from Holdco. Maturity Date represents the sooner of the next maturity date of the CRE debt securities secured revolving repurchase agreement, or roll-over date for the applicable underlying trade confirmation, subsequent to December 31, 2019. All of the financing arrangements were extended subsequent to period end.
(3) Borrowings under the secured credit agreement include a guarantee for 100% recourse.

The following table presents the recourse and mark-to-market provisions for the Company's financing arrangements as of March 31, 2020:

| | March 31, 2020 | | |
|---|---|---|---|
| **Financing Arrangement** | **Maturity** | **Recourse** | **Basis of** |
| **Secured Revolving Repurchase Agreements** | **Date** | **Percentage** | **Margin Calls** |
| **Loan Investments** | | | |
| Goldman Sachs | 08/19/20 | 25% | Credit |
| Wells Fargo | 04/18/22 | 25% | Credit |
| Barclays | 08/13/22 | 25% | Credit |
| Morgan Stanley | 05/04/20 | 25% | Credit |
| JP Morgan | 08/20/21 | 25% | Credit and Spread |
| US Bank | 07/09/22 | 25% | Credit |
| **CRE Debt Securities** | | | |
| Goldman Sachs | 04/10/20 | 100% | Spread |
| JP Morgan | 04/08/20 | 100% | Spread |
| Wells Fargo | 04/19/20 | 100% | Spread |
| Royal Bank of Canada | N/A | 100% | Spread |
| | | | |
| **Senior Secured and Secured Credit Agreements** | | | |
| Bank of America | 09/29/20 | 25% | Credit |
| Citibank | 07/12/20 | 100% | N/A |
| | | | |
| **Asset-specific Financing** | | | |
| Institutional Lender | 10/09/20 | N/A | N/A |

The following table presents the recourse and mark-to-market provisions for the Company's financing arrangements as of December 31, 2019:

| | December 31, 2019 | | |
|---|---|---|---|
| **Financing Arrangement** | **Maturity** | **Recourse** | **Basis of** |
| **Secured Revolving Repurchase Agreements** | **Date** | **Percentage** | **Margin Calls** |
| **Loan Investments** | | | |
| Goldman Sachs | 08/19/20 | 25% | Credit |
| Wells Fargo | 04/18/22 | 25% | Credit |
| Barclays | 08/13/22 | 25% | Credit |
| Morgan Stanley | 05/04/20 | 25% | Credit |
| JP Morgan | 08/20/21 | 25% | Credit and Spread |
| US Bank | 07/09/22 | 25% | Credit |
| **CRE Debt Securities** | | | |
| Goldman Sachs | 01/12/20 | 100% | Spread |
| JP Morgan | 02/27/20 | 100% | Spread |
| Wells Fargo | 02/26/20 | 100% | Spread |
| Royal Bank of Canada | N/A | 100% | Spread |
| | | | |
| **Senior Secured and Secured Credit Agreements** | | | |
| Bank of America | 09/29/20 | 25% | Credit |
| Citibank | 07/12/20 | 100% | N/A |
| | | | |
| **Asset-specific Financing** | | | |
| Institutional Lender | 10/09/20 | N/A | N/A |

***Secured Revolving Repurchase Agreements***

At March 31, 2020 and December 31, 2019, the Company had six 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, 2020 and December 31, 2019 consisted of 60 and 60 mortgage loans, or participation interests therein, respectively. Under these secured revolving repurchase agreements, the Company transfers all of its rights, title and interest in the loans 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 (lender) collects all principal and interest on related loans and remits to the Company the net amount after the lender collects its interest and other fees. The secured revolving repurchase agreements used to finance loan investments are 25% recourse to Holdco.

At March 31, 2020 and December 31, 2019, the Company had four secured revolving repurchase agreements to finance its CRE debt securities. The facility commitment amounts are based on the carrying value of the assets pledged. Credit spreads vary depending upon the collateral type and advance rate. At March 31, 2020, CRE debt securities pledged consisted of 37 CRE CLO investments and two CMBS investments, which included three positions with an impaired face value of $31.2 million that were sold on March 31, 2020 but did not settle until April 2, 2020, and are included in Other Assets at the consolidated balance sheet as of March 31, 2020. At December 31, 2019, CRE debt securities pledged consisted of 35 CRE CLO investments and two CMBS investments. The secured revolving repurchase agreements used to finance CRE debt securities are 100% recourse to Holdco and are considered short-term borrowings.

Each of the Company's secured revolving repurchase agreements has "margin maintenance" provisions, which are designed to allow the repurchase lender to maintain a certain margin of credit enhancement against the assets which serve as collateral. The lender's margin amount is typically based on a percentage of the market value of the 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 certain specified parameters, which may involve the limitation or enumeration of factors which the repurchase lender may consider when determining market value. In the case of assets that serve as collateral under the Company's secured revolving repurchase agreements secured by loans, these considerations may include credit-based factors (which are generally based on factors other than those related to the capital markets) and spread-based factors (which are generally based on changes in observable credit spreads in the market for these assets) as described more specifically in the preceding table. The market value of the assets that serve as collateral under the Company's secured revolving repurchase agreements secured by CRE debt securities is redetermined on a daily basis. As a result, extreme short-term volatility and negative pressure in the financial markets has, and may in the future, result in the Company being required to post cash collateral with the Company's lenders under these agreements.

During the period from March 1, 2020 to March 31, 2020, the Company received margin call notices with respect to borrowings against its CRE CLO investment portfolio aggregating $170.9 million, which were satisfied with a combination of $89.8 million of cash, cash proceeds from bond sales, and increases in market values prior to quarter-end. At March 31, 2020, unpaid margin calls totaled $19.0 million, which were satisfied in April though cash proceeds from bond sales and increases in market values.

The following table summarizes certain characteristics of the Company's secured revolving repurchase agreements secured by commercial mortgage loans and CRE debt securities, including counterparty concentration risks, at March 31, 2020 (dollars in thousands):

| | March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| **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 | $ 221,728 | $ 222,930 | $ 147,590 | $ 75,340 | 6.1% | 871 |
| Wells Fargo | 750,000 | 494,959 | 496,228 | 360,718 | 135,510 | 11.0% | 748 |
| Barclays | 750,000 | 742,729 | 742,062 | 589,911 | 152,151 | 12.4% | 865 |
| Morgan Stanley Bank(4) | 500,000 | 578,177 | 576,930 | 441,432 | 135,498 | 11.0% | N/A |
| JP Morgan Chase Bank | 400,000 | 294,041 | 290,813 | 220,725 | 70,088 | 5.7% | 1,237 |
| US Bank | 189,490 | 98,272 | 98,230 | 75,531 | 22,699 | 1.8% | 1,561 |
| Subtotal / Weighted Average | $ 3,339,490 | $ 2,429,906 | $ 2,427,193 | $ 1,835,907 | $ 591,286 | | 932 |

| **CRE Debt Securities Financings** | **Commitment Amount** | **Impaired Face Value** | **Carrying Value of Collateral(1)** | **Amounts Payable(2)** | **Net Counterparty Exposure(3)** | **Percent of Stockholders' Equity** | **Days to Extended Maturity(4)** |
|---|---|---|---|---|---|---|---|
| Goldman Sachs Bank | $ 73,366 | $ 59,687 | $ 73,667 | $ 73,497 | $ 170 | 0.0% | 10 |
| JP Morgan | 437,323 | 438,297 | 438,819 | 437,495 | 1,324 | 0.1% | 8 |
| Wells Fargo | 97,592 | 115,585 | 103,028 | 97,782 | 5,246 | 0.4% | 19 |
| Royal Bank of Canada | — | — | — | — | — | — | — |
| Subtotal / Weighted Average | $ 608,281 | $ 613,569 | $ 615,514 | $ 608,774 | $ 6,740 | | 10 |
| Total / Weighted Average - Loans and CRE Debt Securities | $ 3,947,771 | $ 3,043,475 | $ 3,042,707 | $ 2,444,681 | $ 598,026 | | 652 |

(1) Loan amounts shown in the table include interest receivable of $12.0 million and are net of premium, discount and origination fees of $14.7 million. CRE debt securities shown in the table include interest receivable of $1.7 million and are net of premium, discount, and unrealized gains of $0.3 million.

(2) Loan amounts shown in the table include interest payable of $1.4 million and do not reflect unamortized deferred financing fees of $8.7 million. CRE debt securities shown in the table include interest payable of $0.5 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. CRE debt securities represent the net carrying value of AFS 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 has no limit on the maximum number of permitted extensions, subject to satisfaction of certain conditions and approvals. For borrowings secured by CRE debt securities, the extended maturity represents the sooner of the next maturity date of the CRE debt securities, the secured revolving repurchase agreement, or the roll-over date for the applicable underlying trade confirmation subsequent to March 31, 2020. These contracts typically have terms of 30 days. Subsequent to March 31, 2020, the contracts with JP Morgan were rolled day-to-day.

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

| | December 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 | $ 288,032 | $ 289,674 | $ 45,900 | $ 243,774 | 16.6% | 962 |
| Wells Fargo | 750,000 | 593,742 | 594,832 | 395,039 | 199,793 | 13.6% | 839 |
| Barclays | 750,000 | 542,927 | 542,191 | 432,399 | 109,792 | 7.5% | 956 |
| Morgan Stanley Bank(4) | 500,000 | 519,638 | 518,048 | 395,356 | 122,692 | 8.4% | N/A |
| JP Morgan Chase Bank | 400,000 | 300,677 | 297,248 | 218,744 | 78,504 | 5.4% | 1,328 |
| US Bank | 152,240 | 173,741 | 173,045 | 136,734 | 36,311 | 2.5% | 1,652 |
| Subtotal / Weighted Average | $ 3,302,240 | $ 2,418,757 | $ 2,415,038 | $ 1,624,172 | $ 790,866 | | 1,062 |

| **CRE Debt Securities 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 | $ 81,143 | $ 94,629 | $ 108,414 | $ 81,362 | $ 27,052 | 1.8% | 12 |
| JP Morgan | 475,881 | $ 544,105 | $ 546,260 | $ 476,307 | $ 69,953 | 4.8% | 17 |
| Wells Fargo | 135,774 | $ 161,153 | $ 148,738 | $ 136,021 | $ 12,717 | 0.9% | 16 |
| Royal Bank of Canada | — | — | — | — | — | — | — |
| Subtotal / Weighted Average | $ 692,798 | $ 799,887 | $ 803,412 | $ 693,690 | $ 109,722 | | 16 |
| Total / Weighted Average - Loans and CRE Debt Securities | $ 3,995,038 | $ 3,218,644 | $ 3,218,450 | $ 2,317,862 | $ 900,588 | | 685 |

(1) Loan amounts shown in the table include interest receivable of $13.0 million and are net of premium, discount and origination fees of $16.7 million. CRE debt securities shown in the table include interest receivable of $2.3 million and are net of premium, discount, and unrealized gains of $1.2 million.

(2) Loan amounts shown in the table include interest payable of $2.5 million and do not reflect unamortized deferred financing fees of $10.3 million. CRE debt securities shown in the table include interest payable of $0.9 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. CRE debt securities represent the net carrying value of AFS 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 has no limit on the maximum number of permitted extensions, subject to satisfaction of certain conditions and approvals. For borrowings secured by CRE debt securities, the extended maturity represents the sooner of the next maturity date of the CRE debt securities, the secured revolving repurchase agreement, or the roll-over date for the applicable underlying trade confirmation, subsequent to December 31, 2019. These contracts typically have terms of 30 days.

The agreements include various financial covenants covering net worth, liquidity, recourse limitations, debt-to-equity ratio and interest coverage. The Company was in compliance with all financial covenants to the extent that balances were outstanding as of March 31, 2020 and December 31, 2019, except that, as of March 31, 2020, the Company was not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when the Company utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. The Company received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also include a covenant that obligates the Company to deliver certain audited financial statements for Holdco to the lenders within 90 days, or 120 days, after each December 31. The Company was not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 6, 2020. The Company received waivers from the lender under each of the applicable agreements on May 11, 2020.

Negative impacts on the Company's business caused by COVID-19 have and will likely continue to make it more difficult to meet or satisfy these covenants, and there can be no assurance that the Company will remain in compliance with these covenants in the future.

***Senior Secured and Secured Credit Agreements***

The Company has a senior secured credit agreement with Bank of America N.A. with a maximum commitment amount of $500 million. The senior secured agreement has an initial maturity of September 29, 2020 and borrowings bear interest at LIBOR plus 1.75%. At March 31, 2020, $145.6 million was outstanding under the secured credit agreement. This agreement is 25% recourse to Holdco.

The Company has a secured revolving credit agreement (the "Credit Agreement"), with Citibank, N.A. 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 is 70% and declines over the borrowing term of up to 90 days, after which borrowings against an asset must be repaid. At March 31, 2020, $62.6 million in connection with two pledged loans was outstanding on the Credit Agreement. This agreement is 100% recourse to Holdco.

The agreements include various financial covenants covering net worth, liquidity, recourse limitations, debt-to-equity ratio and interest coverage. The Company was in compliance with all covenants to the extent that balances were outstanding as of March 31, 2020 and December 31, 2019, except that, as of March 31, 2020, the Company was not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when the Company utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. The Company received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also include a covenant that obligates the Company to deliver certain audited financial statements for Holdco to the lenders within 90 days, or 120 days, after each December 31. The Company was not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 6, 2020. The Company received waivers from the lender under each of the applicable agreements on May 11, 2020.

Negative impacts on the Company's business caused by COVID-19 have and will likely continue to make it more difficult to meet or satisfy these covenants, and there can be no assurance that the Company will remain in compliance with these covenants in the future.

***Asset-Specific Financings***

As of March 31, 2020 and December 31, 2019, the Company had one asset-specific financing arrangement to finance one of its loan investments.

On April 2, 2019, the Company entered into an asset-specific financing with an institutional lender that is secured by one loan held for investment. The asset-specific financing does not provide for additional advances. The current initial maturity of this agreement is October 9, 2020. As of March 31, 2020, the asset-specific financing principal balance is $77.0 million and bears interest at LIBOR plus 4.2%.

**(7) Schedule of Maturities**

The future principal payments for the five years subsequent to March 31, 2020 and thereafter are as follows (in thousands):

| | Secured revolving repurchase agreements | | Collateralized loan obligations | Senior secured and secured credit agreements | Asset-specific financing |
|---|---|---|---|---|---|
| 2020 | $ 1,357,747 | (1) | $ 452,481 | $ 208,280 | $ 77,000 |
| 2021 | 422,933 | | 745,896 | — | — |
| 2022 | 662,133 | | 563,845 | — | — |
| 2023 | — | | 62,299 | — | — |
| 2024 | — | | — | — | — |
| Thereafter | — | | — | — | — |
| Total | $ 2,442,813 | | $ 1,824,521 | $ 208,280 | $ 77,000 |

(1) A secured revolving purchase agreement with outstanding borrowings of $441.4 million at March 31, 2020 was extended on May 4, 2020 through May 4, 2021.

The scheduled maturities for the investment grade bonds issued by TRTX 2018-FL2 and TRTX-2019 FL3 are based upon the initial maturity dates of the underlying loans contributed to the issuer and co-issuer on the closing date of each issuance, without giving effect to replacement loans contributed to either trust during the two-year reinvestment period of each CRE CLO.

**(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, 2020, the Company had $97.4 million invested in money market funds with original maturities of less than 90 days. The consolidated balance sheet also includes Loans Held for Investment, the assets and liabilities of TRTX 2018-FL2 and TRTX 2019-FL3 (as of March 31, 2020 and December 31, 2019), 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 and when the loan is dependent solely on the collateral for payment of principal and interest. The Company had no non-recurring fair value items as of December 31, 2019.

The following tables provide information about the fair value of the Company's financial assets and liabilities on the Company's consolidated balance sheets (dollars in thousands):

| | March 31, 2020 | | | |
|---|---|---|---|---|
| | | Fair Value | | |
| | Carrying Value | Level I | Level II | Level III |
| **Financial Assets** | | | | |
| Available for sale CRE Debt Securities | $ 604,801 | $ 604,801 | $ — | $ — |
| Loans Held for Investment | 5,020,695 | — | — | 4,983,304 |
| **Financial Liabilities** | | | | |
| Collateralized Loan Obligations | 1,812,052 | — | — | 1,778,165 |
| Secured Financing Arrangements | 2,718,348 | — | — | 2,652,964 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | | Fair Value | | |
| | Carrying Value | Level I | Level II | Level III |
| **Financial Assets** | | | | |
| Available for sale CRE Debt Securities | $ 787,552 | $ — | $ 787,552 | $ — |
| Loans Held for Investment | 4,980,389 | — | — | 5,004,379 |
| **Financial Liabilities** | | | | |
| Collateralized Loan Obligations | 1,806,428 | — | — | 1,806,428 |
| Secured Financing Arrangements | 2,525,128 | — | — | 2,525,128 |

Loans Held for Investment, Collateralized Loan Obligations, and Secured Financing Arrangements are not carried at fair value on a recurring basis. See additional disclosure related to the fair value of AFS Debt Securities in Note 4. Level III fair values were determined based on standardized valuation models and significant unobservable market inputs, including holding period, discount rates based on LTV, 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. CRE debt securities fair values within the fair value hierarchy of ASC 820-10 were Level I at March 31, 2020 and Level II at December 31, 2019. At March 31, 2020, the CRE debt securities fair values on which the impairment charge was determined were the actual prices at which securities owned as of March 31, 2020 were sold in April 2020. At December 31, 2019, the CRE debt securities fair values were based upon multiple market, broker, counterparty or pricing services quotations, which provide valuation estimates based upon reasonable market order indications. The Company reviews for reasonableness and consistency the fair value quotations, which are subject to significant variability based on market conditions, such as interest rates, credit spreads and market liquidity. There were no transfers of financial assets or liabilities within the fair value hierarchy during the year ended December 31, 2019.

At March 31, 2020, the estimated fair value of Loans Held for Investment was $5.0 billion, or $37.4 million less than carrying value, due to an increase during March 2020 in credit spreads on transitional first mortgage loans due primarily to the COVID-19 pandemic. At December 31, 2019, the estimated fair value of Loans Held for Investment was $5.0 billion, which approximated carrying value, because contractual loan credit spreads reflected then-current market terms. The weighted average gross spread at March 31, 2020 and December 31, 2019 was 3.41% and 3.48%, respectively. The weighted average years to maturity at March 31, 2020 and December 31, 2019 was 3.7 years and 3.8 years, respectively, assuming full extension of all loans.

At March 31, 2020, the estimated fair value of the secured financing agreements was $1.8 billion, or $33.9 million less than carrying value, due to an increase during March 2020 in credit spreads on similar financing arrangements due to the COVID-19 pandemic. At December 31, 2019, the carrying value of the secured financing agreements approximated fair value as the then-current borrowing spreads reflected market terms. At March 31, 2020, the estimated fair value of the Collateralized Loan Obligation liabilities was $2.7 billion, or $65.4 million less than carrying value, due to an increase during March 2020 in credit spreads on these bonds observed in limited secondary trading activity in TRTX-issued CRE CLO bonds due to the COVID-19 pandemic. At December 31, 2019, the carrying value of the assets and liabilities of TRTX 2019-FL3 and TRTX 2018-FL2 approximated fair value as then-current lending and borrowing spreads reflected 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-FL2 and TRTX 2019-FL3 subsidiaries. TRSs 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 tax authorities until the related statute of limitations expires. The years open to examination generally range from 2016 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, 2020 and December 31, 2019, 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, 2020, the Company did not have interest or penalties associated with the underpayment of any income taxes.

For the three months ended March 31, 2020 and 2019, the Company incurred no federal, state or local tax relating to its TRSs. For the three months ended March 31, 2020 and 2019, the Company recognized $0.1 million and $0.2 million, respectively, of federal, state and local tax expense. At March 31, 2020 and 2019, the Company’s effective tax rate was 0.0% and 0.8%, respectively.

As of March 31, 2020 and December 31, 2019, no deferred income tax assets or liabilities were recorded for the operating activities of the Company’s TRSs.

From March 23, 2020 to March 31, 2020, the Company sold ten separate CRE debt securities with an aggregate face value of $179.3 million, generating gross sales proceeds of $143.1 million. After retiring $141.0 million of repurchase financing and generating net cash proceeds of $2.2 million, the Company recorded aggregate losses from these sales of $36.2 million. These losses are expected to be available to offset any capital gains of the Company in 2020 and, to the extent those capital losses exceed the Company's capital gains for 2020, such losses would be available to be carried forward to offset capital gains in future years. The Company does not expect these losses to reduce the amount that the Company will be required to distribute under the requirement that the Company distribute to the Company's stockholders at least 90% of the Company's REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) each year in order to continue to qualify as a REIT. For information regarding the tax consequences of certain sales of CRE securities subsequent to March 31, 2020, see Note 16.

**(10) Related Party Transactions**

***Management Agreement***

The Company is externally managed and advised by the Manager pursuant to the terms of a management agreement between the Company and the Manager (as amended, the "Management Agreement"). 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) or 1.50% per annum (0.375% per quarter) of the Company's "Equity" as defined in the Management Agreement. The base management fee is payable in cash, quarterly in arrears. The Manager is also entitled to incentive compensation which is calculated and payable in cash with respect to each calendar quarter 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, 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, 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. 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 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.

"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, including an allowance for credit losses, or other similar non-cash items that are included in net income for the applicable period, including the allowance for credit losses, 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.

***Management Fees Incurred and Paid for the Three Months ended March 31, 2020 and 2019***

For the three months ended March 31, 2020 and 2019, 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 | |
|---|---|---|
| | **2020** | **2019** |
| Management Agreement fees incurred | $ 5,000 | $ 6,508 |
| Management Agreement fees paid | 7,252 | 6,100 |

Management fees and incentive management fees included in payable to affiliates on the consolidated balance sheets at March 31, 2020 and December 31, 2019 are $5.0 million and $7.3 million, respectively. The Manager has agreed to defer payment of the base management fee and incentive management fee due as of March 31, 2020, which aggregates approximately $5.0 million, to July 6, 2020.

***Termination Fee***

A termination fee would be due 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.

***Other Related Party Transactions***

The Manager or its affiliates is responsible for the expenses related to the personnel of the Manager and its affiliates who provide services to the Company. However, the Company does reimburse the Manager for agreed-upon amounts based upon 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. For the three months ended March 31, 2020, the Manager incurred $0.3 million of expenses that were subject to reimbursement by the Company for services rendered on its behalf by the Manager and its affiliates.

The Company is required to pay the Manager or its affiliates for documented costs and expenses incurred with third parties by the Manager or its affiliates on behalf of the Company, subject to the Company's review and approval of such costs and expenses. The Company's obligation to pay for costs and expenses incurred on its behalf is not subject to a dollar limitation.

As of March 31, 2020, $2.3 million remained outstanding and payable to the Manager or its affiliates for third party expenses that were incurred on behalf of the Company. As of March 31, 2019, there were no amounts outstanding that were reimbursable by the Company to the Manager.

All expenses due and payable to the Manager are reflected in the respective expense category of the consolidated statements of income and comprehensive income or consolidated balance sheets based on the nature of the item.

**(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, 2020 and 2019, $0.3 million and $0.1 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, | |
|---|---|---|
| | **2020** | **2019** |
| Net Income (Loss) Attributable to TPG RE Finance Trust, Inc. | $ (232,793) | $ 28,409 |
| Participating Securities' Share in Earnings (Loss) | (268) | (141) |
| Net Income (Loss) Attributable to Common Stockholders | $ (233,061) | $ 28,268 |
| Weighted Average Common Shares Outstanding, Basic and Diluted | 76,465,322 | 68,294,736 |
| Per Common Share Amount, Basic and Diluted | $ (3.05) | $ 0.42 |

**(12) Stockholders' Equity**

***Conversion of Class A Shares***

Between January 22, 2020 and January 24, 2020, the Company received requests to convert all of the outstanding shares of the Company's Class A common stock into shares of the Company's common stock. Accordingly, all of the outstanding shares of the Company's Class A common stock were retired and returned to the authorized but unissued shares of Class A common stock of the Company, and the holders of shares of the Class A common stock were issued an aggregate of 1,136,665 shares of the Company's common stock. On February 14, 2020, the Company filed Articles Supplementary with the State Department of Assessments and Taxation of Maryland to reclassify and designate all 2,500,000 authorized but unissued shares of the Company's Class A common stock as additional shares of undesignated common stock of the Company. The Articles Supplementary became effective upon filing on February 14, 2020. As a result, as of March 31, 2020, there are no shares of the Company's Class A common stock authorized or outstanding.

***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 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, 2020, the Company sold 0.6 million shares of common stock at a weighted average price per share of $20.53 and gross proceeds of $12.9 million. The Company paid commissions totaling $0.2 million. The Company used the proceeds from the offering to originate commercial real estate loans and acquire CRE debt securities. For the three months ended March 31, 2019, no shares of common stock were sold pursuant to the equity distribution agreement.

***2019 Underwritten Offering***

In March 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. Pursuant to the terms of the underwriting agreement that the Company 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 common stock (the "Option Shares"). As a result, the Company 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. The Manager reimbursed offering costs of $0.3 million. The Company used net proceeds from the offering to originate commercial real estate loans and acquire CRE debt securities.

***10b5-1 Purchase Plan***

The Company entered into an agreement and related amendments (the "10b5-1 Purchase Plan") with Goldman Sachs & Co. LLC, as the Company's agent, to buy in the open market up to $35.0 million in shares of the Company's common stock in the aggregate during the period beginning on or about August 21, 2017. 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 to February 28, 2019. No other changes to the terms of the 10b5-1 Purchase Plan were authorized.

The 10b5-1 Purchase Plan required Goldman Sachs & Co. LLC to purchase for the Company shares of the Company's common stock when the market price per share is below the threshold price specified in the 10b5-1 Purchase Plan which is based on the Company's 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 $0.4 million. The 10b5-1 Purchase Plan expired by its terms on February 28, 2019.

***Issuance of Sub-REIT Preferred Stock***

In January 2019, a subsidiary of the Company issued 625 shares of Series A preferred stock of which 500 shares were retained by the Company and 125 shares were sold to third party investors for proceeds of $0.1 million. The 500 preferred shares of Series A preferred stock retained by the Company are eliminated in the Company's consolidated statements of changes in equity.

***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.

On March 17, 2020, the Company's Board of Directors declared and approved a dividend for the first quarter of 2020 in the amount of $0.43 per share of common stock or $33.2 million in the aggregate, which dividend was payable on April 24, 2020 to holders of record of the Company's common stock as of March 27, 2020. On March 23, 2020, the Company announced the deferral until July 14, 2020 of the payment of its declared first quarter dividend to stockholders of record as of June 15, 2020. The Board of Directors will determine whether to pay dividends, including the dividend declared in the first quarter of 2020, entirely in cash, or in a combination of stock and cash based on facts and circumstances at the time such decisions are made.

On March 19, 2019, the Company declared and approved 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 was paid on April 25, 2019 to holders of record of our common stock and Class A common stock as of March 29, 2019.

As of March 31, 2020 and December 31, 2019, $33.2 million and $32.8 million, respectively, remain unpaid and are reflected in dividends payable on the Company's consolidated balance sheets.

**(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, 2020, 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. The following table presents the number of shares associated with outstanding awards that will vest over the next four years. Shares presented for the current year, 2020, include shares which have vested during the period from January 1, 2020 to March 31, 2020.

| Vesting Year | Shares of Common Stock |
|---|---|
| 2020 | 229,521 |
| 2021 | 229,522 |
| 2022 | 102,389 |
| 2023 | 62,574 |
| | 624,006 |

As of March 31, 2020, total unrecognized compensation cost relating to unvested share-based compensation arrangements was $10.3 million. This cost is expected to be recognized over a weighted average period of 1.4 years from March 31, 2020. For the three months ended March 31, 2020 and 2019, the Company recognized $1.4 million and $0.6 million, respectively, of share-based compensation expense.

**(14) Commitments and Contingencies**

***Impact of COVID-19***

Due to the current COVID-19 pandemic in the United States and globally, the Company's borrowers and their tenants, the properties securing the Company's investments, and the economy as a whole have been, and will continue to be, adversely impacted. The magnitude and duration of COVID-19 and its impact on the Company's borrowers and their tenants, cash flows and future results of operations could be significant and will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19, the success of actions taken to contain or treat the pandemic, and reactions by consumers, companies, governmental entities and capital markets. The prolonged duration and impact of COVID-19 has and could further materially disrupt the Company's business operations and impact its financial performance.

***Unfunded Commitments***

As part of its lending activities, the Company commits to certain funding obligations which are not advanced at closing and that have not been recognized in the Company's financial statements. These commitments to extend credit are made as part of the Company's lending activities on loans the Company intends to hold in its portfolio of loans held for investment. The aggregate amount of these unrecognized unfunded loan commitments existing at March 31, 2020 and December 31, 2019 was $650.9 million and $630.6 million, respectively.

The Company recorded an allowance for credit losses on loan commitments that are not unconditionally cancellable by the Company of $7.3 million which is included in accrued expenses and other liabilities on the Company's consolidated balance sheets at March 31, 2020.

***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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019 based on total loan commitment and current unpaid principal balance ("UPB") is as follows (dollars in thousands):

| | March 31, 2020 | | | | |
|---|---|---|---|---|---|
| **Property Type** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| Office | $ 2,808,164 | $ 452,385 | 48.7% | $ 2,355,779 | 46.1% |
| Multifamily | 1,361,596 | 89,834 | 23.6 | 1,271,762 | 24.8 |
| Hotel | 752,293 | 33,390 | 13.1 | 718,903 | 14.1 |
| Mixed Use | 604,993 | 71,475 | 10.5 | 533,518 | 10.4 |
| Condominium | 91,651 | 1,524 | 1.6 | 90,127 | 1.8 |
| Retail | 33,000 | 2,281 | 0.6 | 30,719 | 0.6 |
| Other | 112,000 | — | 1.9 | 112,000 | 2.2 |
| **Total** | $ 5,763,697 | $ 650,889 | 100.0% | $ 5,112,808 | 100.0% |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| **Property Type** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| Office | $ 2,925,749 | $ 438,800 | 52.0% | $ 2,486,949 | 49.9% |
| Multifamily | 1,104,946 | 69,061 | 19.6 | 1,035,885 | 20.7 |
| Hotel | 752,293 | 40,088 | 13.4 | 712,205 | 14.2 |
| Mixed-Use | 604,993 | 78,835 | 10.7 | 526,158 | 10.5 |
| Condominium | 95,784 | 1,524 | 1.7 | 94,260 | 1.9 |
| Retail | 33,000 | 2,281 | 0.6 | 30,719 | 0.6 |
| Other | 112,000 | — | 2.0 | 112,000 | 2.2 |
| **Total** | $ 5,628,765 | $ 630,589 | 100.0% | $ 4,998,176 | 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 as of March 31, 2020 and December 31, 2019 is as follows (dollars in thousands):

| | March 31, 2020 | | | | |
|---|---|---|---|---|---|
| **Geographic Region** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| East | $ 2,474,224 | $ 260,332 | 42.9% | $ 2,213,892 | 43.2% |
| South | 1,452,199 | 134,718 | 25.3 | 1,317,481 | 25.8 |
| West | 1,320,823 | 184,484 | 22.9 | 1,136,339 | 22.2 |
| Midwest | 428,351 | 67,810 | 7.4 | 360,541 | 7.1 |
| Various | 88,100 | 3,545 | 1.5 | 84,555 | 1.7 |
| **Total** | $ 5,763,697 | $ 650,889 | 100.0% | $ 5,112,808 | 100.0% |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| **Geographic Region** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| East | $ 2,182,659 | $ 214,938 | 38.7% | $ 1,967,721 | 39.4% |
| South | 1,342,794 | 124,939 | 23.9 | 1,217,855 | 24.4 |
| West | 1,397,431 | 201,690 | 24.8 | 1,195,741 | 23.9 |
| Midwest | 482,804 | 83,178 | 8.6 | 399,626 | 8.0 |
| Various | 223,077 | 5,844 | 4.0 | 217,233 | 4.3 |
| **Total** | $ 5,628,765 | $ 630,589 | 100.0% | $ 4,998,176 | 100.0% |

***Category***

A summary of the loan portfolio by category as of March 31, 2020 and December 31, 2019 based on total loan commitment and current UPB is as follows (dollars in thousands):

| | March 31, 2020 | | | | |
|---|---|---|---|---|---|
| **Loan Category** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| Bridge | $ 1,974,017 | $ 56,756 | 34.2% | $ 1,917,261 | 37.5% |
| Light Transitional | 1,962,801 | 219,359 | 34.1 | 1,743,442 | 34.1 |
| Moderate Transitional | 1,791,879 | 359,774 | 31.1 | 1,432,105 | 2.8 |
| Construction | 35,000 | 15,000 | 0.6 | 20,000 | 0.4 |
| **Total** | $ 5,763,697 | $ 650,889 | 100.0% | $ 5,112,808 | 100.0% |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| **Loan Category** | **Loan Commitment** | **Unfunded Commitment** | **% of Loan Commitment** | **Loan UPB** | **% of Loan UPB** |
| Bridge | $ 2,001,962 | $ 49,057 | 35.6% | $ 1,952,905 | 39.1% |
| Light Transitional | 1,890,762 | 219,138 | 33.6 | 1,671,624 | 33.4 |
| Moderate Transitional | 1,701,041 | 347,394 | 30.2 | 1,353,647 | 27.1 |
| Construction | 35,000 | 15,000 | 0.6 | 20,000 | 0.4 |
| **Total** | $ 5,628,765 | $ 630,589 | 100.0% | $ 4,998,176 | 100.0% |

Loan commitments represent principal commitments made by the Company at March 31, 2020 and December 31, 2019, respectively.

***Impact of COVID-19 on Concentration of Credit Risk***

The potential negative impacts on the Company's business caused by COVID-19 may be heightened by the fact that the Company is not required to observe specific diversification criteria, which means that the Company's investments may be concentrated in certain property types, geographical areas or loan categories that are more adversely affected by COVID-19 than other property types, geographical areas or loan categories. For example, certain of the loans in the Company's loan portfolio are secured by hotels and retail properties. Federal and state mandates implemented to control the spread of COVID-19, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders, have and are likely to continue to negatively impact the hotel and retail industries, which could adversely affect the Company's investments in assets secured by properties that operate in these industries.

**(16) Subsequent Events**

The following events occurred subsequent to March 31, 2020

*Senior Mortgage Loan Activity*

Subsequent to March 31, 2020, the Company originated no new loans and received no full loan repayments.

*Sale of CRE Debt Securities*

From April 1, 2020 to April 29, 2020, the Company sold 39 separate CRE debt securities with an aggregate face value of $782.0 million generating gross sales proceeds of $614.8 million. After retiring $581.7 million of repurchase financing and generating net cash proceeds of $33.1 million, the Company recorded aggregate losses from these sales of $167.3 million, equal to the impairment charge described herein. Because the Company determined prior to March 31, 2020 that it intended to sell these investments, the Company recorded an impairment charge at March 31, 2020 of $167.3 million, offset by a small gain on one bond sold, based on the actual prices at which the investments were sold during April 2020. These losses are expected to be available to offset any capital gains of the Company in 2020 and, to the extent those capital losses exceed the Company's capital gains for 2020, such losses would be available to be carried forward to offset capital gains in future years. The Company does not expect these losses to reduce the amount that the Company will be required to distribute under the requirement that the Company distribute to the Company's stockholders at least 90% of the Company's REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) each year in order to continue to qualify as a REIT.

*Covenant Compliance*

As discussed in Note 6, certain of the Company's outstanding borrowings are subject to certain financial covenants, including covenants governing the Company's debt-to-equity ratio. As of March 31, 2020, the Company was not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when the Company utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. The Company received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also include a covenant that obligates the Company to deliver certain audited financial statements for Holdco to the lenders within 90 days, or 120 days, after each December 31. The Company was not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 6, 2020. The Company received waivers from the lender under each of the applicable agreements on May 11, 2020.

*Management Fee Payment Deferral*

On April 7, 2020, the Manager agreed to extend to July 6, 2020 the Company's obligation to pay the $5.0 million base management fee accrued and payable to the Manager for the quarter ended March 31, 2020. The Company was not subject to, and did not accrue, an incentive fee for the quarter ended March 31, 2020.

*Deed in Lieu of Foreclosure*

On April 29, 2020, the borrower under a first mortgage loan with a commitment amount of $90.0 million and an unpaid principal balance of $81.4 million, both as of March 31, 2020, informed the Company that it intended to negotiate with the Company an agreement under which it would convey the property securing the Company's loan to the Company in order to satisfy the loan and avoid foreclosure proceedings. The Company is currently evaluating its rights, remedies and avenues of enforcement. The loan has been paid current through April 1, 2020 with a funded interest reserve sufficient to pay interest through June 2020. At this time, no reliable estimate can be made of the impact of this event on the results of operations, liquidity, or consolidated financial statements of the Company. Although an allowance for credit losses from this loan is included in the consolidated financial statements included in this Form 10-Q, the Company may be adversely affected by this and other similar events in the future.

*Extension of Secured Revolving Repurchase Agreement*

On May 4, 2020, the Company and Morgan Stanley extended for a term of one year, through May 4, 2021, the existing secured revolving repurchase agreement. This facility has no limit on the maximum number of permitted extensions, subject to the satisfaction of certain conditions and approvals.

**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 19, 2020. 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 "Risk Factors" in this Form 10-Q and in our Form 10-K filed with the SEC on February 19, 2020.*

**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, 2020, our loan investment portfolio consisted of 65 first mortgage loans (or interests therein) and one mezzanine loan with total loan commitments of $5.8 billion, an aggregate unpaid principal balance of $5.1 billion, a weighted average credit spread of 3.4%, a weighted average all-in yield of 5.4%, a weighted average term to extended maturity (assuming all extension options have been exercised by borrowers) of 3.7 years, and a weighted average LTV of 65.7%. As of March 31, 2020, 100.0% of the loan commitments in our portfolio consisted of floating rate loans, of which 99.6% were first mortgage loans and 0.4% was a mezzanine loan. As of March 31, 2020, we had $650.9 million of unfunded loan commitments, our funding of which is subject to borrower satisfaction of certain milestones.

In addition, as of March 31, 2020, we held for investment purposes commercial real estate debt securities ("CRE debt securities") investments, with an aggregate bond face amount of $767.3 million, an impaired face value of $604.5 million, and a weighted average coupon, including LIBOR, of 1.9%.

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.

During the quarter ended March 31, 2020, the novel coronavirus ("COVID-19") pandemic caused significant disruptions to the U.S. and global economies. These disruptions have contributed to significant and ongoing volatility, widening credit spreads and sharp declines in liquidity in the real estate securities markets, which have negatively impacted our CRE debt securities portfolio. As a result of the impact of COVID-19, many commercial real estate finance and financial services industry participants, including us, have reduced new investment activity until the capital markets become more stable, the macroeconomic outlook becomes clearer and market liquidity increases. In this environment, we are focused on actively managing portfolio credit, generating and recycling liquidity from existing assets and reducing corporate overhead as a percentage of our total assets and total revenues. For more information regarding the impact that COVID-19 has had and may have on our business, see "Risk Factors."

**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.

**Going Concern**

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Our primary sources of liquidity include cash, availability under secured borrowing arrangements, net proceeds from loan repayments in excess of our borrowings secured by loans so repaid, net proceeds from the sale of CRE CLO investments, and net proceeds from loan sales. During the quarter ended March 31, 2020, the COVID-19 pandemic caused significant disruption to the US and global economies, contributing to significant and ongoing volatility, widening credit spreads and sharp declines in liquidity in the commercial real estate capital markets, and disruption of the banking sector. These factors in combination have caused us to experience a reduction in available liquidity due to margin calls paid related to daily mark-to-market borrowing against our investment portfolio of CRE CLO debt securities, incur losses due to the sale of our entire investment portfolio of CRE CLO securities, experience a slowdown in the pace and volume of loan repayments by our borrowers, and forecast the need to reduce the advance rate of our borrowings under our secured revolving repurchase agreements, and senior secured and secured credit facilities.

We have undertaken a plan to support our operations and meet our liquidity needs:

- On March 23, 2020, we announced the deferral until July 14, 2020 of the payment of our declared first quarter dividend to stockholders of record as of June 15, 2020. Our Board of Directors will determine whether to pay the dividend entirely in cash, or in a combination of cash and stock.
- Between March 23, 2020 and April 29, 2020, we sold 49 separate CRE debt securities investments with an aggregate face value of $961.3 million, and repaid related secured indebtedness of $722.7 million, generating net cash proceeds of $35.2 million.
- On May 4, 2020, we extended the maturity date by one year to May 4, 2021 of our secured revolving repurchase agreement with Morgan Stanley Bank.

However, with consideration of the above actions taken, we project that we will not have sufficient liquidity to repay maturing debt balances of $432.2 million and meet our obligations as they become due to sustain operations through at least one year following the date the consolidated financial statements are issued. These conditions raise substantial doubt about our ability to continue as a going concern.

In response to these conditions, our plans include the intention to execute extensions with our lenders during 2020, and we believe that such extensions are probable of occurring, which is expected to extend the maturity dates until May 2022 or after. We have a history of successfully executing extensions with these lenders. As a result, we have concluded that our plans are probable of being achieved to alleviate substantial doubt about our ability to continue as a going concern.

**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, 2020, we recorded loss per diluted common share of $3.05, a decrease of $3.49 of earnings per share as of December 31, 2019, primarily due to realized loss on our CRE debt securities. Core Earnings per diluted common share was $(2.20) for the three months ended March 31, 2020, a decrease of $2.65 from the quarter ended December 31, 2019.

For the three months ended March 31, 2020, we declared a cash dividend of $0.43 per share. On March 23, 2020, we announced that our previously authorized cash dividend for the first quarter of 2020 of $0.43 per share of common stock would now be deferred and payable on July 14, 2020 to stockholders of record as of June 15, 2020.

Our book value per common share as of March 31, 2020 was $16.06, a $3.72 decrease from our book value per common share as compared to December 31, 2019, primarily due to a decrease in GAAP net income during the current period due to losses of $36.2 million incurred on the sale during the quarter of CRE debt securities with a bond face amount of $187.8 million, and an impairment charge of $167.3 million recorded against CRE debt securities with a bond face amount of $782.0 million held at March 31, 2020, inclusive of two holdings of TRTX 2018-FL2 notes with a bond face amount of $14.7 million which are eliminated in consolidation, and sold during April 2020, offset in part by net income from our whole loan lending business. 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, 2020** | **December 31, 2019** |
| Net Income (Loss) Attributable to TPG RE Finance Trust, Inc.(1) | $ (232,793) | $ 32,902 |
| Weighted Average Number of Common Shares Outstanding, Basic and Diluted(2) | 76,465,322 | 74,504,278 |
| Basic and Diluted Earnings (Loss) per Common Share(2) | $ (3.05) | $ 0.44 |
| 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 after deducting preferred stock dividends.

(2) Weighted average number of shares outstanding, earnings per common share and dividends declared per common share 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), including an allowance for credit 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 our 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 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, 2020 | December 31, 2019 |
| Net Income (Loss) Attributable to Common Stockholders[1] | $ (233,061) | $ 32,618 |
| Non-Cash Stock Compensation Expense | 1,401 | 590 |
| Credit Loss Expense | 63,348 | — |
| Core Earnings | $ (168,312) | $ 33,208 |
| Weighted-Average Common Shares Outstanding, Basic and Diluted[2] | 76,465,322 | 74,504,278 |
| Core Earnings (Loss) per Common Share, Basic and Diluted[2] | $ (2.20) | $ 0.45 |

(1) Represents GAAP net income attributable to our common and Class A common stockholders after deducting dividends paid on participating securities. For more information regarding the calculation of earnings per share using the two class method, see Note 11 to our Consolidated Financial Statements in this Form 10-Q.

(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, 2020 | December 31, 2019 |
|---|---|---|
| Total Stockholders' Equity | $ 1,231,413 | $ 1,503,954 |
| Preferred Stock | 125 | 125 |
| Stockholders' Equity, Net of Preferred Stock | $ 1,231,288 | $ 1,503,829 |
| Number of Common Shares Outstanding at Period End[1] | 76,650,996 | 76,022,778 |
| Book Value per Common Share | $ 16.06 | $ 19.78 |

(1) Includes shares of common stock at March 31, 2020, and shares of common stock and Class A common stock at December 31, 2019.

**First Quarter 2020 Activity**

Operating Results:

- Generated a GAAP Net Loss of $232.8 million, or $(3.05) per share, a decrease of $261.2 million, or 919.7%, compared to the three months ended March 31, 2019.
- Increased net interest margin to $43.3 million from $37.2 million for the three months ending March 31, 2020, an increase of $6.1 million, or 16.4%, compared to the three months ended March 31, 2019.
- Recorded securities impairments of $203.5 million, comprised of $32.6 million from sales of CRE debt securities in March 2020 and an impairment charge of $167.3 million at March 31, 2020 related to CRE debt securities owned at quarter end.
- Recorded an initial allowance for credit loss of $19.6 million upon implementation of ASU 2016-13, and an additional credit loss expense of $63.3 million as of March 31, 2020. The Current Expected Credit Losses ("CECL") reserve totaled $83.0 million at March 31, 2020.

Investment Portfolio Activity:

- Originated five first mortgage loans with an aggregate commitment amount of $437.4 million, an initial unpaid principal balance of $353.5 million, unfunded commitments upon closing of $83.9 million, and a weighted average interest rate of LIBOR plus 2.84%.
- Funded $61.7 million in future funding obligations associated with existing loans.
- Received loan repayments of $300.6 million, including four full loan repayments.
- Acquired in January and February 2020 nine CRE CLO investments and one commercial mortgage-backed security ("CMBS") investment totaling $169.0 million of face amount.
- Sold ten CRE CLO investments and one CMBS investment with a total face value of $187.8 million for an aggregate gross sales price of $151.6 million, realizing a $36.2 million loss on sale.

Financing Activity:

- Repaid $216.6 million in daily mark-to-market secured revolving repurchase borrowings using cash margin posted by us, and proceeds from the sale of $187.8 million face amount of CRE debt securities.
- Reinvested $231.6 million in TRTX 2018-FL2 and TRTX 2019-FL3, involving ten loans or participation interests therein.

Liquidity:

Available liquidity at March 31, 2020 of $167.8 million was comprised of:

- Cash on hand of $103.6 million, of which $45.2 million was available for investment or general corporate purposes.
- $0.2 million of cash in TRTX 2018-FL2 available for investment depending upon our ability to contribute eligible collateral.
- Undrawn capacity under secured borrowing arrangements of $64.0 million. 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. The funding of such amounts is generally subject to the sole and absolute discretion of each lender, and there can be no certainty that each lender will provide such funding if so requested by the Company.

**Portfolio Overview**

The Company's interest-earning assets include its portfolio of floating rate mortgage loans and CRE debt securities. At March 31, 2020, our loan portfolio was comprised of 66 loans totaling $5.8 billion of commitments with an unpaid principal balance of $5.1 billion, as compared to 65 loans with $5.6 billion of commitments and an unpaid principal balance $5.0 billion at December 31, 2019. At March 31, 2020, our portfolio of CRE debt securities was comprised of 37 investments with an aggregate bond face amount of $767.3 million, an impaired face value of $604.5 million, and an aggregate carrying value of $604.8 million, as compared to 38 investments with an aggregate bond face amount of $786.3 million at December 31, 2019.

***Loan Portfolio***

During the three months ended March 31, 2020, we originated five loans with a total loan commitment amount of $437.4 million, of which $353.5 million was funded at closing. Other loan fundings included $61.7 million of deferred fundings related to previously originated loan commitments. Proceeds from loan repayments totaled $300.6 million. We generated interest income of $81.7 million and incurred interest expense of $38.4 million, which resulted in net interest income of $43.3 million.

The following table details our loan activity by unpaid principal balance for the three months ended March 31, 2020 (dollars in thousands):

| | Three Months Ended March 31, 2020 | Three Months Ended December 31, 2019 |
|---|---|---|
| Loan originations and acquisitions — initial funding | $ 353,532 | $ 561,081 |
| Other loan fundings(1) | 61,720 | 105,975 |
| Loan repayments | (300,619) | (645,950) |
| Loan sale | — | (59,569) |
| Total loan fundings, net | $ 114,633 | $ (38,463) |

(1) Additional fundings made under existing loan commitments.

The following table details overall statistics for our loan portfolio as of March 31, 2020 (dollars in thousands):

| | Balance Sheet Portfolio | Total Loan Portfolio |
|---|---|---|
| Number of loans | 66 | 67 |
| Floating rate loans (by unpaid principal balance) | 100.0% | 100.0% |
| Total loan commitments[1] | $ 5,763,697 | $ 5,895,697 |
| Unpaid principal balance | $ 5,112,808 | $ 5,112,808 |
| Unfunded loan commitments[2] | $ 650,889 | $ 650,889 |
| Carrying value | $ 5,020,695 | $ 5,020,695 |
| Weighted average credit spread[3] | 3.4% | 3.4% |
| Weighted average all-in yield[3] | 5.4% | 5.4% |
| Weighted average term to extended maturity (in years)[4] | 3.7 | 3.7 |
| Weighted average LTV[5] | 65.7% | 65.7% |

(1) 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. Total loan commitment encompasses the entire loan portfolio we originated, acquired and financed. At March 31, 2020, we had one non-consolidated senior interest outstanding of $132.0 million.

(2) 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 limited instances to finance construction.

(3) As of March 31, 2020, 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, 2020 for weighted average calculations.

(4) 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, 2020, based on the unpaid principal balance of our total loan exposure, 66.0% of our loans were subject to yield maintenance or other prepayment restrictions and 34.0% were open to repayment by the borrower without penalty.

(5) Except for construction loans, LTV is calculated for loan originations and existing loans 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, 2020, divided by the as-is appraised value of our collateral at the time of origination or acquisition of such loan or participation interest. For construction loans only, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value of the real estate securing the loan. The as-is or as-stabilized (as applicable) value reflects our Manager's estimates, at the time of origination or acquisition of the 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, 2020.

For information regarding the financing of our loan portfolio, see the section entitled "Investment Portfolio Financing."

***CRE Debt Securities***

We invest from time to time in CRE debt securities as part of our investment strategy. As of March 31, 2020, our CRE debt securities portfolio consisted of one fixed rate and 36 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 and California, with no state representing more than 13.5% of an investment's current face amount. Our CRE debt securities carry ratings of BBB- to AAA; our sole unrated CRE debt security has a GSE guarantee with respect to payment of interest and principal. Our CRE debt securities have an expected weighted average life of 3.0 years.

The following table provides selected statistics for our CRE debt securities portfolio as of March 31, 2020 (dollars in thousands):

| | Total | CRE CLO[1] | CMBS[1] |
|---|---|---|---|
| Number of CRE Debt Securities | 37 | 34 | 3 |
| Fixed-rate investments (by current face amount) | 0.2% | 0.0% | 4.0% |
| Floating rate investments (by current face amount) | 99.8% | 100.0% | 96.0% |
| Initial Par value | $ 767,500 | $ 731,200 | $ 36,300 |
| Impaired face value[1] | $ 604,488 | $ 575,480 | $ 29,008 |
| Weighted average coupon[2] | 1.9% | 1.9% | 1.6% |
| Weighted average yield to expected maturity[3] | 2.7% | 2.7% | 2.3% |
| Weighted average life (in years) | 3.0 | 3.1 | 1.8 |
| Weighted average principal repayment window (in years)[4] | 3.2 | 3.2 | 1.7 |
| Contractual maturity (in years) | 15.7 | 16.0 | 9.4 |
| Ratings range[5] | Unrated to AAA | BBB- to AAA | Unrated to AA- |

(1) CRE debt securities exclude the Company's holdings of TRTX 2018-FL2 Notes with a bond face amount of $14.7 million, and an impaired face value of $10.2 million, which is eliminated in consolidation. For more information regarding TRTX 2018-FL2, see Note 5 to our Consolidated Financial Statements in this Form 10-Q. Current face amount is weighted by estimated fair value as of March 31, 2020.

(2) Weighted average coupon includes LIBOR of 0.99% as of March 31, 2020. 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) Based on current repayment scenarios.

(5) One of our CMBS investments is unrated; however, principal and interest on this CMBS investment is guaranteed by a U.S. government sponsored enterprise ("GSE"). The CMBS was issued by Fannie Mae and is backed by a mortgage loan on a multifamily property that satisfies GSE program requirements. The other two CMBS investment in our CRE debt securities portfolio are rated A- and AA-. See Note 16 to the Consolidated Financial Statements included in this Form 10-Q for details about our CRE debt security investment activity subsequent to March 31, 2020.

For information regarding the financing of our CRE debt securities portfolio, see the section entitled "Investment Portfolio Financing."

**Asset Management**

We actively 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, 2020 and December 31, 2019 based on our internal risk ratings (dollars in thousands):

| | March 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| Risk Rating | Carrying Value | Number of Loans | Carrying Value | Number of Loans |
| 1 | $ — | — | — | — |
| 2 | 426,306 | 5 | 903,393 | 11 |
| 3 | 3,502,269 | 42 | 3,868,696 | 47 |
| 4 | 1,017,414 | 18 | 208,300 | 7 |
| 5 | 74,706 | 1 | — | — |
| Totals | $ 5,020,695 | 66 | $ 4,980,389 | 65 |

For the period ended March 31, 2020 and December 31, 2019 the weighted average risk rating of our total loan exposure based on carrying value was 3.1 and 2.9, respectively. Due to operating challenges in the lodging industry caused by the COVID-19 pandemic and the travel and social distancing policies that ensued, we downgraded nine of our hotel loans to a risk rating of "4" at March 31, 2020.

We expect that, over the near and long term, the economic and market disruptions caused by COVID-19 will adversely impact the financial condition of our borrowers. As a result, we anticipate that the number of borrowers who become delinquent or default on their loans may increase significantly, and we have been contacted by certain of our borrowers who are seeking to defer the payment of principal and interest on certain of our loans. We have received requests from several borrowers for modifications to existing loan agreements that, if agreed to, would permit borrowers to defer payment of some or all of the interest on their loans for a period of up to six months, and/or the reallocation of certain cash reserve balances within the loan structure for use in paying interest or operating expenses. In exchange, borrowers and sponsors will be required to provide us additional cash for payment of interest, operating expenses, and replenishment of capital reserves in amounts and combinations acceptable to us.

We are working with our borrowers to address the circumstances caused by COVID-19. However, we cannot assure you that these efforts will be successful, and we may experience payment delinquencies, defaults, foreclosures or losses. For example, on April 29, 2020, we received notice from one of our borrowers of the borrower's intent to convey the property securing our loan to us in order to satisfy the loan and avoid foreclosure proceedings. Although an allowance for credit losses from this loan is included in the Consolidated Financial Statements included in this Form 10-Q, we may be adversely affected by this and other similar events in the future.

**Investment Portfolio Financing**

Our portfolio financing arrangements during the period ended March 31, 2020 and December 31, 2019 included collateralized loan obligations, secured revolving repurchase agreements, senior secured and secured credit agreements and asset-specific financing arrangements. We had one outstanding non-consolidated senior interest outstanding at both March 31, 2020 and December 31, 2019, with a total loan commitment of $132.0 million.

The following table details our portfolio financing arrangements at March 31, 2020 and December 31, 2019 (dollars in thousands):

| | Portfolio Financing Outstanding Principal Balance | |
|---|---|---|
| | March 31, 2020 | December 31, 2019 |
| Secured revolving repurchase agreements - loans | $ 1,834,531 | $ 2,314,417 |
| CLO financing | 1,824,521 | 1,820,060 |
| Secured revolving repurchase agreements - CRE debt securities | 608,282 | — |
| Senior secured and secured credit agreements | 208,280 | 145,637 |
| Asset-specific financing | 77,000 | 77,000 |
| Total indebtedness(1) | $ 4,552,614 | $ 4,357,114 |

(1) Excludes deferred financing costs of $22.2 million and $25.6 million as of March 31, 2020 and December 31, 2019, respectively.

***Secured Revolving Repurchase Agreements***

As of March 31, 2020, aggregate borrowings outstanding under our secured revolving repurchase agreements totaled $2.4 billion, of which $1.8 billion related to our mortgage loan investments. As of March 31, 2020, for our secured revolving repurchase agreements related to our mortgage loan investments, the weighted average interest rate was LIBOR plus 1.7% per annum, and the weighted average advance rate was 78.7%. As of March 31, 2020, outstanding borrowings under these agreements for our mortgage 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 had an initial maturity date of May 4, 2020 and was extended to May 4, 2021 subsequent to March 31, 2020. 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, 2020, we had four secured revolving repurchase agreements to finance our CRE debt securities investing activities, including two such facilities with Wells Fargo. Credit spreads vary depending upon the type of CRE debt securities, credit ratings and advance rate. These borrowing arrangements contain daily mark-to-market provisions that permit the lenders to issue margin calls to the Company in response to changing interest rates and credit spreads on the CRE debt securities so financed. These secured revolving repurchase agreements generally have tenors of 30, 60 or 90 days, involve daily mark-to-market, and are 100% recourse to Holdco.

The following table details our secured revolving repurchase agreements as of March 31, 2020 (dollars in thousands):

| 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 | $ 221,728 | 76.7% | $ 155,144 | $ 147,008 | $ 8,136 | $ 594,856 | L+ 2.07% | 08/19/22 |
| Wells Fargo | 750,000 | 494,959 | 77.6% | 383,895 | 360,538 | 23,357 | 366,105 | L+ 1.74% | 04/18/22 |
| Barclays | 750,000 | 742,729 | 80.0% | 594,183 | 589,526 | 4,657 | 155,817 | L+ 1.55% | 08/13/22 |
| Morgan Stanley | 500,000 | 578,177 | 78.4% | 452,613 | 441,359 | 11,254 | 47,387 | L+ 1.83% | N/A |
| JP Morgan | 400,000 | 294,041 | 79.2% | 233,005 | 220,622 | 12,383 | 166,995 | L+ 1.57% | 08/20/23 |
| US Bank | 189,490 | 98,272 | 78.6% | 78,618 | 75,479 | 3,139 | 110,872 | L+ 1.53% | 07/09/24 |
| Subtotal/Weighted Average—Loans | 3,339,490 | 2,429,906 | 78.7% | 1,897,458 | 1,834,532 | 62,926 | 1,442,032 | L+ 1.70% | |
| Royal Bank of Canada | — | — | 90.0% | — | — | — | — | L+ 0.00% | (5) N/A |
| Goldman Sachs | 73,366 | 59,687 | 85.6% | 73,366 | 73,366 | — | — | L+ 1.05% | 04/10/20(5) |
| JP Morgan | 437,323 | 438,297 | 87.4% | 437,323 | 437,323 | — | — | L+ 1.15% | 04/08/20(5) |
| Wells Fargo | 97,592 | 115,585 | 81.4% | 97,592 | 97,592 | — | — | L+ 1.20% | 04/19/20 |
| Subtotal/Weighted Average—CRE Debt Securities | 608,281 | 613,569 | 86.2% | 608,281 | 608,281 | — | — | L+ 1.15% | |
| Total/Weighted Average | $ 3,947,771 | $ 3,043,475 | 80.5% | $ 2,505,739 | $ 2,442,813 | $ 62,926 | $ 1,442,032 | L+ 1.56% | |

(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. The funding of such amounts is generally subject to the sole and absolute discretion of each lender.

(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. The secured revolving repurchase agreement provided by Morgan Stanley Bank is excluded from the "Extended Maturity" column because it has no limit on the maximum number of permitted extensions, subject to satisfaction of certain conditions and approvals.

(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, 2020.

The following table details our secured revolving repurchase agreements as of December 31, 2019 (dollars in thousands):

| 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 | $ 288,032 | 76.4% | $ 219,798 | $ 45,437 | $ 174,361 | $ 530,202 | L+ 1.75% | 08/19/22 |
| Wells Fargo | 750,000 | 593,742 | 78.1% | 463,085 | 394,628 | 68,457 | 286,915 | L+ 1.79% | 04/18/22 |
| Barclays | 750,000 | 542,927 | 80.0% | 434,342 | 431,760 | 2,582 | 315,658 | L+ 1.54% | 08/13/22 |
| Morgan Stanley | 500,000 | 519,638 | 78.3% | 406,448 | 394,747 | 11,701 | 93,552 | L+ 1.86% | N/A |
| JP Morgan | 400,000 | 300,677 | 79.2% | 237,810 | 218,448 | 19,362 | 162,190 | L+ 1.58% | 08/20/23 |
| US Bank | 152,240 | 173,253 | 80.0% | 138,603 | 136,599 | 2,004 | 13,637 | L+ 1.83% | 07/09/24 |
| Subtotal/Weighted Average—Loans | 3,302,240 | 2,418,269 | 78.6% | 1,900,086 | 1,621,619 | 278,467 | 1,402,154 | L+ 1.72% | |
| JP Morgan | 475,881 | 544,105 | 87.4% | 475,881 | 475,881 | — | — | L+ 0.88% | 01/17/20(5) |
| Wells Fargo | 135,774 | 161,153 | 81.5% | 135,774 | 135,774 | — | — | L+ 0.95% | 01/16/20(5) |
| Goldman Sachs | 81,143 | 94,629 | 85.4% | 81,143 | 81,143 | — | — | L+ 0.94% | 01/12/20(5) |
| Royal Bank of Canada | — | — | 90.0% | — | — | — | — | N/A | N/A |
| Subtotal/Weighted Average—CRE Debt Securities | 692,798 | 799,887 | 86.0% | 692,798 | 692,798 | — | — | L+ 0.90% | |
| Total/Weighted Average | $ 3,995,038 | $ 3,218,156 | 80.6% | $ 2,592,884 | $ 2,314,417 | $ 278,467 | $ 1,402,154 | L+ 1.47% | |

(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. The funding of such amounts is generally subject to the sole and absolute discretion of each lender.

(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. The secured revolving repurchase agreement provided by Morgan Stanley Bank is excluded from the "Extended Maturity" column because it has no limit on the maximum number of permitted extensions, subject to satisfaction of certain conditions and approvals.

(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, 2019.

Borrowings under our secured revolving repurchase agreements are subject to the initial approval of eligible collateral loans (or CRE debt securities, 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 following table presents the recourse and mark-to-market provisions for our financing arrangements as of March 31, 2020:

| | March 31, 2020 | | |
|---|---|---|---|
| **Financing Arrangement**<br>**Secured Revolving Repurchase Agreements** | **Maturity Date** | **Recourse Percentage** | **Basis of Margin Calls** |
| **Loan Investments** | | | |
| Goldman Sachs | 08/19/20 | 25% | Credit |
| Wells Fargo | 04/18/22 | 25% | Credit |
| Barclays | 08/13/22 | 25% | Credit |
| Morgan Stanley | 05/04/20 | 25% | Credit |
| JP Morgan | 08/20/21 | 25% | Credit and Spread |
| US Bank | 07/09/22 | 25% | Credit |
| **CRE Debt Securities** | | | |
| Goldman Sachs | 04/10/20 | 100% | Spread |
| JP Morgan | 04/08/20 | 100% | Spread |
| Wells Fargo | 04/19/20 | 100% | Spread |
| Royal Bank of Canada | N/A | 100% | Spread |
| | | | |
| **Senior Secured and Secured Credit Agreements** | | | |
| Bank of America | 09/29/20 | 25% | Credit |
| Citibank | 07/12/20 | 100% | N/A |
| | | | |
| **Asset-specific Financing** | | | |
| Institutional Lender | 10/09/20 | N/A | N/A |

The maximum and average month end balances for our secured revolving repurchase agreements during the three months ended March 31, 2020 are as follows (dollars in thousands):

| | Three Months Ended March 31, 2020 | | |
|---|---|---|---|
| | **Carrying Value** | **Maximum Month End Balance** | **Average Month End Balance** |
| JP Morgan | $ 220,622 | $ 245,481 | $ 227,966 |
| Goldman Sachs | 147,008 | 147,007 | 111,426 |
| Wells Fargo | 360,538 | 442,258 | 408,741 |
| Morgan Stanley | 441,359 | 441,359 | 420,400 |
| US Bank | 75,479 | 136,599 | 95,852 |
| Barclays | 589,526 | 589,526 | 485,431 |
| Subtotal / Averages - Loans(1) | $ 1,834,532 | $ 1,834,532 | $ 1,749,816 |
| JP Morgan | 437,323 | 475,881 | 474,187 |
| Goldman Sachs | 73,366 | 81,143 | 78,553 |
| Wells Fargo | 97,592 | 150,323 | 123,108 |
| Royal Bank of Canada | — | — | — |
| Subtotal / Averages - CRE Debt Securities(1) | $ 608,281 | $ 692,798 | $ 675,848 |
| Total / Averages - Loans and CRE Debt Securities(1) | $ 2,442,813 | $ 3,236,024 | $ 2,425,664 |

(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, 2020.

We separate our secured revolving repurchase agreements into two categories: secured revolving repurchase agreements secured by our loan assets; and secured revolving repurchase agreements secured by our CRE debt securities. We use secured revolving repurchase agreements to finance certain of our originations or acquisitions of loan and CRE debt securities. These assets 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. Advance rates are subject to negotiation between us and our secured revolving repurchase agreement lenders. In connection with our secured revolving repurchase agreements secured by CRE debt securities, advance rates can be reduced or increased upon the maturity of the applicable contract.

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 and the market value of the asset. For transactions under our secured revolving repurchase agreements secured by our loan assets, the trade confirmation may also set forth 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 and the loans or loan interests that are originated or acquired by such subsidiary. As additional credit support, our holding company subsidiary, Holdco, provides certain guarantees of the obligations of its subsidiaries. The amount of Holdco's potential liability under these guarantees depends upon whether the guarantee relates to a secured revolving repurchase agreement secured by loans or by CRE debt securities:

- For our secured revolving repurchase agreements secured by loans, Holdco's liability is generally capped at 25% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the related agreement. However, this liability cap 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.
- For our secured revolving repurchase agreements secured by CRE debt securities, Holdco's liability is in an amount equal to 100% of the outstanding obligations of the special purpose subsidiary which is the primary obligor under the related agreement.

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 assets which serve as collateral. The lender's margin amount is typically based on a percentage of the market value of the 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.

The margin maintenance provisions also differ in some respects, depending upon whether the provisions are contained in secured revolving repurchase agreements secured by loans or by CRE debt securities:

- Our secured revolving repurchase agreements secured by loans contain mark-to-market provisions that permit the lenders to issue margin calls to us in the event that the collateral properties underlying our loans pledged to our lenders experience a non-temporary decline in value due to reasons other than changing credit spreads for similar borrowing obligations. In connection with one of these borrowing arrangements, the lender is also permitted to issue margin calls to us in the event the lender determines credit spreads have changed for similar borrowing obligations.
- Our secured revolving repurchase agreements secured by CRE debt securities contain daily mark-to-market provisions that permit the lenders to issue margin calls to us in response to changing interest rates and credit spreads on the CRE debt securities so financed. As a result, extreme short-term volatility and negative pressure in the financial markets has, and may in the future, result in us being required to post cash collateral with our lenders under these facilities. See the section entitled "Risk Factors" in this Form 10-Q for more information.

During the period from March 1, 2020 to March 31, 2020, we received margin call notices with respect to borrowings against our CRE CLO investment portfolio aggregating $170.9 million, which were substantially satisfied with a combination of $89.8 million of cash, cash proceeds from bond sales, and increases in market values prior to quarter-end. At March 31, 2020, unpaid margin calls totaled $19.0 million, which were satisfied in April though cash proceeds from bond sales and increases in market values.

The maturity dates for each of our secured revolving repurchase agreements are set forth in tables that appear earlier in this section. Our secured revolving repurchase agreements secured by loans generally have terms of between one and three years, but may be extended if we satisfy certain performance-based conditions. Our secured revolving repurchase agreements secured by CRE debt securities generally have terms between one month and three months, and the lenders under these agreements generally have the right not to renew, or to do so only on a shorter term.

At March 31, 2020, 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 19.5%, as compared to 19.4% at December 31, 2019. The haircut for our secured revolving purchase agreements is dependent on the collateral used (loans or CRE debt securities) for the secured revolving repurchase agreements. At March 31, 2020 and December 31, 2019, the following table presents the weighted average haircut on our secured revolving purchase agreements by collateral type:

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Loans | 21.3% | 21.4% |
| CRE Debt Securities | 13.8% | 13.9% |
| Weighted Average | 19.5% | 19.4% |

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. For our secured revolving repurchase agreements involving loans, the repurchase lender's ability to make a margin call is 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 distributed 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.

***Collateralized Loan Obligations***

As of March 31, 2020, we had two collateralized loan obligations, TRTX 2019-FL3 and TRTX 2018-FL2, totaling $1.8 billion, financing 42 existing first mortgage loan investments totaling $2.2 billion, providing an efficient cost of funds, non-mark-to-market, non-recourse financing for 46.3% of our loan portfolio borrowings. The collateralized loan obligations bear a weighted average interest rate of LIBOR plus 1.44% have a weighted average advance rate of 82.4%, and include a reinvestment feature that allows us to contribute existing or newly originated loan investments in exchange for proceeds from loan repayments held in the collateralized loan obligations. As of March 31, 2020, the loan investments contributed to the collateralized loan obligations represented $2.2 billion, or 43.6%, of the aggregate unpaid principal balance of our loan investment portfolio. During the quarter, we reinvested $231.6 million of cash in TRTX 2018-FL2 and TRTX 2019-FL3 generated by loan payments.

***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 $500.0 million and $145.6 million outstanding as of March 31, 2020. The senior secured credit agreement bears interest at LIBOR plus 1.8%. The current extended maturity of this agreement is September 29, 2022. This facility is 25% recourse to Holdco.

We have a secured revolving credit agreement with Citibank, N.A. with maximum borrowing capacity of $160.0 million, subject to borrowing base availability and certain other conditions. We use this facility occasionally to finance originations or acquisitions of eligible loans on an interim basis until permanent financing is arranged. The facility 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 secured revolving credit agreement with respect to individual pledged assets can range up to 70% and declines thereafter during the maximum borrowing term of 90 days, after which borrowings against each asset-specific borrowing must be repaid. At March 31, 2020, we had $62.6 million outstanding under the facility. This facility is 100% recourse to Holdco.

The following table details our senior secured and secured credit agreements as of March 31, 2020 (dollars in thousands):

| Lender | Commitment Amount | UPB of Collateral | Approved Borrowings | Outstanding Balance | Undrawn Capacity | Available Capacity | Interest Rate | Extended Maturity |
|---|---|---|---|---|---|---|---|---|
| Bank of America | $ 500,000 | $ 183,411 | $ 146,728 | $ 145,637 | $ 1,091 | $ 353,272 | L+ 1.8% | 9/29/2022 |
| Citibank | 160,000 | 90,160 | 62,643 | 62,643 | — | 97,357 | L+ 2.3% | 7/12/2020 |
| Subtotal/Weighted Average | $ 660,000 | $ 273,571 | $ 209,371 | $ 208,280 | $ 1,091 | $ 450,629 | L+ 1.9% | |

***Asset-Specific Financings***

As of March 31, 2020 and December 31, 2019, the Company had one asset-specific financing arrangement to finance certain of its lending activities During April 2019, the Company entered into an asset-specific financing with an institutional lender that is secured by one loan held for investment. The asset-specific financing does not provide for additional advances and the current initial maturity of this agreement is October 9, 2020 which is coterminous with the underlying asset.

The following table details statistics for our asset-specific financing at March 31, 2020 (dollars in thousands):

| | March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| Lender | Count | Commitment | Principal Balance | Undrawn Capacity(1) | Carrying Value | Weighted Average Interest Rate(2) | Extended Maturity(3) |
| Institutional Lender | | | | | | | |
| Collateral asset | 1 | $ 112,000 | $ 112,000 | N/A | $ 109,563 | L+ 6.8% | 10/09/21 |
| Financing provided | 1 | 77,000 | 77,000 | — | 76,800 | L+ 4.2% | 10/09/21 |
| Totals | | | | | | | |
| Collateral Asset | 1 | $ 112,000 | $ 112,000 | N/A | $ 109,563 | L+ 6.8% | |
| Financing Provided | 1 | $ 77,000 | $ 77,000 | $ — | $ 76,800 | L+ 4.2% | |

(1) 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. In the case of asset-specific financings, our ability to draw the undrawn capacity is conditioned upon satisfaction by our borrower of conditions precedent to a funding on the underlying loan pledged as collateral, and by our pro rata funding with equity of the remaining future funding obligation. Amounts designated as undrawn capacity under our asset specific financings may only be used to satisfy our future funding obligations on the respective underlying pledged loan.

(2) All of these floating rate loans and related liabilities are indexed to LIBOR.

(3) For each of the Collateral Assets, extended maturity is determined based on the maximum maturity of each of the corresponding loans, assuming all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date.

***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, 2020, the Company retained a mezzanine loan investment with a total commitment of $35.0 million, an unpaid principal balance of $20.0 million and an interest rate of LIBOR plus 10.3%.

The following table presents our non-consolidated senior interests outstanding as of March 31, 2020 (dollars in thousands):

| Non-Consolidated Senior Interests | Count | Loan Commitment | Principal Balance | Carrying Value | Weighted Average Credit Spread(1) | Guarantee | Weighted Average Term to Extended Maturity |
|---|---|---|---|---|---|---|---|
| Senior loan sold or co-originated | 1 | $ 132,000 | $ — | N/A | L+ 4.3% | N/A | 6/28/2025 |
| Retained mezzanine loan | 1 | 35,000 | 20,000 | 17,706 | L+ 10.3% | N/A | 6/28/2025 |
| Total loan | 1 | $ 167,000 | $ 20,000 | | L+ 5.0% | | 6/28/2025 |

(1) Loan commitment used as a basis for computation of weighted average credit spread.

**Financial Covenants for Outstanding Borrowings**

Our financial covenants and guarantees for outstanding borrowings related to our secured revolving repurchase agreements, and senior secured and secured credit agreements 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, as defined, to interest expense) of no less than 1.5 to 1.0.

The Company was in compliance with all financial covenants for its secured revolving repurchase agreements, senior secured and secured credit agreements, and asset-specific financings to the extent of outstanding balances as of March 31, 2020 and December 31, 2019, respectively, except that, as of March 31, 2020, the Company was not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when the Company utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. The Company received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also include a covenant that obligates the Company to deliver certain audited financial statements for Holdco to the lenders within 90 days after each December 31. The Company was not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 7, 2020. The Company received waivers from the lender under each of the applicable agreements on May 11, 2020.

If we fail to meet or satisfy any of the covenants in our financing arrangements and are unable to obtain a waiver or other suitable relief from the lenders, we would be in default under these agreements, which could result in a cross-default or cross-acceleration under other financing arrangements, and our lenders could elect to declare outstanding amounts due and payable (or such amounts may automatically become due and payable), terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could limit significantly our financing alternatives, which could cause us to curtail our investment activities or dispose of assets when we otherwise would not choose to do so. Further, this could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes. There can be no assurance that we will remain in compliance with these covenants in the future. For more information regarding the impact that COVID-19 may have on our ability to comply with these covenants, see "Risk Factors."

**Debt-to-Equity Ratio and Total Leverage Ratio**

The following table presents the Company's Debt-to-Equity ratio and Total Leverage ratio as of March 31, 2020 and December 31, 2019:

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Debt-to-equity ratio(1) | 3.61x | 2.84x |
| Total leverage ratio(2) | 3.72x | 2.93x |

(1) Represents (i) total outstanding borrowings under financing arrangements, net, including collateralized loan obligations, secured revolving repurchase agreements, senior secured and secured credit agreements, and asset-specific financing agreements, 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 and asset-specific financing agreements, 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. Accordingly, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income, subject to the beneficial impact of LIBOR floors in our mortgage loan investment portfolio. As of March 31, 2020, 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 $1.2 billion of net floating rate exposure that is positively correlated to rising interest rates, subject to the impact of interest rate floors on our floating rate loans. We had no fixed rate loans outstanding as of March 31, 2020.

Our liabilities are generally index-matched to each loan investment 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 loan portfolio's net floating rate exposure as of March 31, 2020 (dollars in thousands):

| | Net Exposure |
|---|---|
| Floating rate assets(1) | $ 5,112,808 |
| Floating rate debt(1)(2) | (3,944,333) |
| Net floating rate exposure | $ 1,168,475 |

(1) Floating rate mortgage loan assets and liabilities are indexed to LIBOR. The net exposure to the underlying benchmark interest rate is correlated to our assets indexed to the same rate. Excludes the impact of CRE debt securities and related liabilities.

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

With the cessation of LIBOR expected to occur effective January 1, 2022, we continue to evaluate the documentation associated with our assets and liabilities to manage the transition away from LIBOR to an alternative rate endorsed by the Alternative Reference Rates Committee of the Federal Reserve System. We will continue to employ prudent risk management as it relates to the potential financial, operational and legal risks associated with the expected cessation of LIBOR, and to ensure that our assets and liabilities generally remain match-indexed following this event.

**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 interest expense, and financing costs and the corresponding weighted average yields for the three months ended March 31, 2020 and December 31, 2019 (dollars in thousands):

| | Three months ended, | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | | | December 31, 2019 | | |
| | 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] |
| *Core Interest-earning assets:* | | | | | | |
| First mortgage loans | $ 5,077,118 | $ 73,417 | 5.8% | $ 4,803,141 | $ 75,475 | 6.3% |
| Retained mezzanine loans | 19,734 | 682 | 13.8% | 9,723.0 | 219.0 | 9.0% |
| CRE Debt Securities | 788,988 | 7,650 | 3.9% | 649,266 | 6,903 | 4.3% |
| Core interest-earning assets | $ 5,885,840 | $ 81,749 | 5.6% | $ 5,462,130 | $ 82,597 | 6.0% |
| *Interest-bearing liabilities:* | | | | | | |
| Asset-specific financings | $ 77,000 | $ 1,436 | 7.5% | $ 77,000 | $ 1,463 | 7.6% |
| Secured revolving repurchase agreements | 2,531,367 | 20,561 | 3.2% | 2,191,524 | 24,052 | 4.4% |
| Collateralized loan obligations | 1,820,061 | 14,922 | 3.3% | 1,820,061 | 13,976 | 3.1% |
| Senior secured and secured credit agreements | 145,637 | 1,538 | 4.2% | 145,637 | 1,683 | 4.6% |
| Total interest-bearing liabilities | $ 4,574,065 | $ 38,457 | 3.4% | $ 4,234,222 | $ 41,174 | 3.9% |
| Net interest income[3] | | $ 43,292 | | | $ 41,423 | |
| Other Interest-earning assets: | | | | | | |
| Cash equivalents | $ 105,263 | $ 304 | 1.2% | $ 107,713 | $ 497 | 1.8% |
| Accounts receivable from servicer/trustee | 13,066 | 24 | 0.7% | 50,487 | 72 | 0.6% |
| Total interest-earning assets | $ 6,004,169 | $ 82,077 | 5.5% | $ 5,620,330 | $ 83,166 | 5.9% |

(1) Based on carrying value for loans, amortized cost for CRE debt securities 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) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities. Interest income on Other Interest-earning assets is included in Other Income, net on the Consolidated Statements of Income and Comprehensive Income.

The following table presents the average balance of interest-earning assets and related interest-bearing liabilities, associated interest income and interest expense, and financing costs and the corresponding weighted average yields for the three months ended March 31, 2020 and 2019 (dollars in thousands):

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | | | March 31, 2019 | | |
| | 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] |
| *Core Interest-earning assets:* | | | | | | |
| First mortgage loans | $ 5,077,118 | $ 73,417 | 5.8% | $ 4,442,240 | $ 74,845 | 6.7% |
| Retained mezzanine loans[3] | 19,734 | 682 | 13.8% | — | — | — |
| CRE Debt Securities | 788,988 | 7,650 | 3.9% | 230,277 | 1,756 | 3.1% |
| Core interest-earning assets | $ 5,885,840 | $ 81,749 | 5.6% | $ 4,672,517 | $ 76,601 | 6.6% |
| | | | | | | |
| *Interest-bearing liabilities:* | | | | | | |
| Asset-specific financings | $ 77,000 | $ 1,436 | 7.5% | $ 32,500 | $ 445 | 5.5% |
| Secured revolving repurchase agreements | 2,531,367 | 20,561 | 3.2% | 1,444,122 | 15,391 | 4.3% |
| Collateralized loan obligations | 1,820,061 | 14,922 | 3.3% | 1,329,813 | 15,345 | 4.6% |
| Senior secured and secured credit agreements | 145,637 | 1,538 | 4.2% | 411,559 | 7,318 | 7.1% |
| Term loan facility | — | — | — | 203,119 | 868 | 1.7% |
| Total interest-bearing liabilities | $ 4,574,065 | $ 38,457 | 3.4% | $ 3,421,113 | $ 39,367 | 4.6% |
| Net interest income[4] | | $ 43,292 | | | $ 37,234 | |
| | | | | | | |
| Other Interest-earning assets: | | | | | | |
| Cash equivalents | $ 105,263 | $ 304 | 1.2% | $ 89,885 | $ 418 | 1.9% |
| Accounts receivable from servicer/trustee | 13,066 | 24 | 0.7% | 32,765 | 3 | 0.0% |
| Total interest-earning assets | $ 6,004,169 | $ 82,077 | 5.5% | $ 4,795,167 | $ 77,022 | 6.4% |

(1) Based on carrying value for loans, amortized cost for CRE debt securities 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) Represents interest income on core interest-earning assets less interest expense on total interest-bearing liabilities. Interest income on Other Interest-earning assets is included in Other Income, net on the Consolidated Statements of Income and Comprehensive Income.

## 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, | | Variance |
|---|---|---|---|
| | **2020** | **2019** | **2020 vs 2019** |
| **INTEREST INCOME** | | | |
| Interest Income | $ 81,749 | $ 76,601 | $ 5,148 |
| Interest Expense | (38,457) | (39,367) | 910 |
| **Net Interest Income** | 43,292 | 37,234 | 6,058 |
| **OTHER REVENUE** | | | |
| Other Income, net | 328 | 422 | (94) |
| **Total Other Revenue** | 328 | 422 | (94) |
| **OTHER EXPENSES** | | | |
| Professional Fees | 1,819 | 679 | 1,140 |
| General and Administrative | 980 | 692 | 288 |
| Stock Compensation Expense | 1,401 | 633 | 768 |
| Servicing and Asset Management Fees | 276 | 513 | (237) |
| Management Fee | 5,000 | 5,143 | (143) |
| Incentive Management Fee | — | 1,365 | (1,365) |
| **Total Other Expenses** | 9,476 | 9,025 | 451 |
| Securities Impairments | (203,493) | — | (203,493) |
| Credit Loss Expense | (63,348) | — | (63,348) |
| **Income (Loss) Before Income Taxes** | (232,697) | 28,631 | (261,328) |
| Income Tax Expense, net | (93) | (219) | 126 |
| **Net Income (Loss)** | (232,790) | 28,412 | (261,202) |
| Preferred Stock Dividends | $ (3) | $ (3) | $ — |
| **Net Income (Loss) Attributable to TPG RE Finance Trust, Inc.** | $ (232,793) | $ 28,409 | (261,202) |
| Basic and Diluted Earnings (Loss) per Common Share | $ (3.05) | $ 0.42 | (3.47) |
| Dividends Declared per Common Share | $ 0.43 | $ 0.43 | — |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| Unrealized Gain (Loss) on CRE Debt Securities | $ (974) | $ 106 | $ (1,080) |
| **Comprehensive Net Income (Loss)** | $ (233,764) | $ 28,518 | $ (262,282) |

### *Comparison of the Three Months Ended March 31, 2020 and March 31, 2019*

*Net Interest Income*

Net interest income increased $6.1 million, to $43.3 million, during the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The increase was primarily due to growth in mortgage loan and CRE debt securities of $640.0 million, and the benefit of LIBOR floors with a weighted average strike price of 1.66%, partially offset by a decline in the weighted average credit spread of our loan portfolio. The increase in net interest income was also partially due to a reduction in interest expense for the three months ending March 31, 2020 of $0.9 million as a result of a reduction in LIBOR and lower negotiated credit spreads on borrowings, as compared to the three months ending March 31, 2019.

*Other Revenue*

Other Revenue is comprised of interest income earned on certain cash collection accounts, and miscellaneous fee income. Other revenue decreased by $0.1 million during the three months ended March 31, 2020 compared to the three months ended March 31, 2019, primarily due to the Company holding lower average cash balances for the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

*Other Expenses*

Other expenses are comprised of professional fees, general and administrative expenses, stock compensation expense, servicing and asset management fees, and management fees payable to our Manager. Other expenses increased by $1.8 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The increase in other expenses for the three months ended March 31, 2020 was primarily due to an increase in stock compensation expense of $0.8 million and an increase in professional fees of $1.1 million due to an increase in legal expenses, offset by a decrease in servicing and asset management expense of $0.2 million and reduction in management fees payable to our Manager of $0.1 million due to a reduction in the Company's Core Earnings.

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

*Incentive Compensation*

Incentive compensation earned by our Manager decreased by $1.4 million for the three months ended March 31, 2020 when compared to the three months ended March 31, 2019, due to a reduction in our Core Earnings, resulting in no incentive compensation being earned by our Manager for the three months ended March 31, 2020.

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

*Securities Impairments and Credit Loss Expense*

Securities Impairments and Credit Loss Expense was $266.8 million for the three months ended March 31, 2020 compared to $0.0 million for the three months ended March 31, 2019. The increase is due to losses on sales of CRE debt securities of $36.2 million, an impairment charge of $167.3 million in connection with CRE debt securities owned at March 31, 2020 (which combined aggregate $203.5 million), and a net increase in credit loss expense of $63.3 million in accordance with ASU 2016-13 for the three months ended March 31, 2020.

*Dividends Declared Per Share*

During the three months ended March 31, 2020, we declared cash dividends of $0.43 per share, or $33.2 million. During the three months ended March 31, 2019, we declared cash dividends of $0.43 per share, or $31.6 million.

*Unrealized Gain (Loss) on CRE Debt Securities*

Other comprehensive income (loss) decreased $1.0 million during the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The decrease is primarily related to the reversal of unrealized gains upon the sale of certain CRE debt securities, and the $167.3 million impairment charge recorded against our CRE debt securities portfolio as of March 31, 2020.

***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, asset-specific financings, and non-consolidated senior interests. As of March 31, 2020, we had outstanding 76.7 million shares of our common stock representing $1.2 billion of stockholders' equity, and $4.6 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, 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, and CLO liquidity available for reinvestment, which are set forth in the following table (dollars in thousands):

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash and cash equivalents | $ 103,622 | $ 79,182 |
| Secured revolving repurchase agreements(1) | 62,926 | 278,467 |
| Senior secured and secured credit agreements | 1,091 | 668 |
| CLO liquidity available for reinvestment(2) | 226 | 1,462 |
| Total | $ 167,865 | $ 359,779 |

(1) Subject to each individual lender's sole and absolute discretion.

(2) Subject to collateral eligibility requirements.

Our existing loan portfolio 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. Due to severe dislocation in the capital markets caused by the COVID-19 pandemic, the Company expects the volume of loan repayments to be sharply reduced in comparison to prior years. Loan repayments. measured by principal amount repaid, were $1.9 billion and $1.2 billion in 2019 and 2018, respectively. For the quarter ended March 31, 2020, loan repayments totaled $300.6 million.

We continue to monitor the COVID-19 pandemic and its impact on our borrowers, their tenants, lenders and the economy as a whole. The magnitude and duration of the COVID-19 pandemic, and its impact on our operations and liquidity, are uncertain and continue to evolve in the United States and globally. If the pandemic sustains its current trajectory, such impacts are expected to become material. To the extent that our borrowers, their tenants, and our lenders continue to be impacted by the COVID-19 pandemic, or by the other risks disclosed in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K, it would have a material adverse effect on our liquidity and capital resources.

*Uses of Liquidity*

In the past, our primary use of liquidity was the origination of first mortgage loans, the purchase of CRE CLO debt securities, interest and principal payments under our $4.6 billion of outstanding borrowings under secured revolving repurchase agreements, collateralized loan obligations, senior secured and secured credit agreements, and asset-specific financings, $650.9 million of unfunded loan commitments, dividend distributions to our stockholders, and operating expenses.

As described above, each of our secured revolving repurchase agreements has "margin maintenance" provisions, which are designed to allow the repurchase lender to maintain a certain margin of credit enhancement against the assets which serve as collateral. As a result of extreme short-term volatility and negative pressure in the financial markets, during the quarter ended March 31, 2020, we funded margin calls aggregating $89.8 million in connection with our secured revolving repurchase agreements financing our CRE CLO investments. If this turbulent market environment persists, we will likely also be required to post cash collateral in connection with our secured revolving repurchase agreements secured by our mortgage loan investments with lenders in the future. We maintain frequent dialogue with the lenders under our secured revolving repurchase agreements, and senior secured and secured credit agreements regarding our management of their collateral assets in light of the impacts of the COVID-19 pandemic. For more information regarding the impact that COVID-19 has had on our liquidity and may have on our future liquidity, see "Risk Factors."

*Contractual Obligations and Commitments*

Our contractual obligations and commitments as of March 31, 2020 were as follows (dollars in thousands):

| | | Payment Timing | | | |
|---|---|---|---|---|---|
| | Total Obligation | Less than 1 Year | 1 to 3 Years | 3 to 5 Years | More than 5 Years |
| Unfunded loan commitments[1] | $ 650,889 | $ 123,057 | $ 478,524 | $ 49,308 | $ — |
| Secured debt agreements—principal[2] | 4,552,614 | 2,501,257 | 2,051,357 | — | — |
| Secured debt agreements—interest[2] | 121,748 | 75,246 | 46,502 | — | — |
| Total[3] | $ 5,325,251 | $ 2,699,560 | $ 2,576,383 | $ 49,308 | $ — |

(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, 2020 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) exercising maturity date extension options that exist in our current financing arrangements; (ii) negotiating extensions of terms with our providers of credit; (iii) periodically accessing the public and private equity and debt capital markets to raise cash to fund new investments or the repayment of indebtedness; (iv) the issuance of additional structured finance vehicles, such as a collateralized loan obligations similar to TRTX 2019-FL3 or TRTX 2018-FL2, as a method of financing; (v) term loans with private lenders; (vi) selling loans to generate cash to repay our debt obligations; and/or (vii) applying repayments from underlying loans to satisfy the debt obligations which they secure. Although many of these avenues have been available to us in the past, the market disruption caused by the COVID-19 pandemic precludes us from offering any assurance that we will be able to access any, or all, of these alternatives in the near term.

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. Our Manager agreed to defer until July 2020 our payment of the accrued base and incentive management fee payable as of March 31, 2020. 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. In 2017, the Internal Revenue Service issued a revenue procedure permitting “publicly offered” REITs to make elective stock dividends (i.e. dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. On May 4, 2020, the Internal Revenue Service issued a revenue procedure that temporarily reduces (through the end of 2020) the minimum amount of the total distribution that must be paid in cash to 10%. Pursuant to these revenue procedures, we may elect to make future distributions of our taxable income in a mixture of stock and cash.

Our REIT taxable income does not necessarily equal our net income as calculated in accordance with GAAP or our Core Earnings as described above.

***Off-Balance Sheet Arrangements***

We have no off-balance sheet arrangements.

***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, 2020 and 2019 (dollars in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| Cash flows provided by operating activities | $ 37,526 | $ 26,033 |
| Cash flows used in investing activities | (183,132) | (590,071) |
| Cash flows provided by financing activities | 170,472 | 579,149 |
| Net increase in cash, cash equivalents, and restricted cash | $ 24,866 | $ 15,111 |

We experienced a net increase in cash, cash equivalents, and restricted cash of $24.9 million for the three months ended March 31, 2020, compared to a net increase of $15.1 million for the three months ended March 31, 2019. During the three months ended March 31, 2020: cash flows provided by operating activities totaled $37.5 million primarily related to net interest income, offset by operating expenses; cash flows used in investing activities totaled $183.1 million due primarily to loan originations and CRE debt securities purchases; and cash flows provided by financing activities totaled $170.5 million due primarily to net secured financing proceeds relating to our lending activities of $191.0 million and proceeds of $12.9 million from equity issuance via our at-the-market program. We used the proceeds from our investing and financing activities, including cash provided by principal repayments, to originate new mortgage loans of $351.7 million and purchase CRE debt securities totaling $169.0 million during the three months ended March 31, 2020.

During the period from March 1, 2020 to March 31, 2020, we received margin call notices with respect to borrowings against our CRE CLO investment portfolio aggregating $170.9 million, which were satisfied with a combination of $89.8 million of cash, cash proceeds from bond sales, and increases in market values prior to quarter-end. At March 31, 2020, unpaid margin calls totaled $19.0 million, which were satisfied in April through cash proceeds from bond sales and increases in market value.

***Corporate Activities***

*Offering of Common Stock*

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 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, 2020, the Company sold 0.6 million shares of common stock pursuant to the equity distribution agreement at a weighted average price per share of $20.53, generating gross proceeds of $12.9 million. The Company paid commissions totaling $0.2 million.

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. Pursuant to the terms of the underwriting agreement that the Company 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 common stock (the “Option Shares”). As a result, the Company 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. The Manager reimbursed offering costs of $0.3 million. Proceeds from the offering were used to originate commercial mortgage loans and purchase CRE debt securities.

*Dividends*

On March 17, 2020, our Board of Directors declared a dividend for the first quarter of 2020 in the amount of $0.43 per share of common stock, or $33.2 million in the aggregate, which dividend was payable on April 24, 2020 to holders of record of our common stock as of March 27, 2020. On March 23, 2020, we announced the deferral until July 14, 2020 of the payment of our declared first quarter dividend to stockholders of record as of June 15, 2020. Our Board of Directors will determine whether to pay dividends, including the dividend declared in the first quarter of 2020, entirely in cash, or in a combination of stock and cash based on facts and circumstances at the time such decisions are made.

***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 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 March 31, 2020:

*Senior Mortgage Loan Activity*

Subsequent to March 31, 2020, we originated no new loans and received no full loan repayments.

*Sale of CRE Debt Securities*

From April 1, 2020 to April 29, 2020, we sold 39 separate CRE debt securities with an aggregate face value of $782.0 million generating gross sales proceeds of $614.8 million. After retiring $581.7 million of repurchase financing and generating net cash proceeds of $33.1 million, we recorded aggregate losses from these sales of $167.3 million, equal to the impairment charge described herein. Because we determined prior to March 31, 2020 that we intended to sell these investments, we recorded an impairment charge at March 31, 2020 of $167.3 million, offset by a small gain on one bond sold, based on the actual prices at which the investments were sold during April 2020. These losses are expected to be available to offset any of our capital gains in 2020 and, to the extent those capital losses exceed our capital gains for 2020, such losses would be available to be carried forward to offset capital gains in future years. We do not expect these losses to reduce the amount that we will be required to distribute under the requirement that we distribute to our stockholders at least 90% of our REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) each year in order to continue to qualify as a REIT.

*Covenant Compliance*

As discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Covenants for Outstanding Borrowings," certain of our outstanding borrowings are subject to certain financial covenants, including covenants governing our debt-to-equity ratio. As of March 31, 2020, we were not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when we utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. We received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also include a covenant that obligates us to deliver certain audited financial statements for Holdco to the lenders within 90 days, or 120 days, after each December 31. We were not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 6, 2020. We received waivers from the lender under each of the applicable agreements on May 11, 2020.

*Management Fee Payment Deferral*

On April 7, 2020, our Manager extended to July 6, 2020 our payment of the $5.0 million base management fee accrued and payable to the Manager for the quarter ended March 31, 2020. We were not subject to, and did not accrue, an incentive fee for the quarter ended March 31, 2020.

*Deed in Lieu of Foreclosure*

On April 29, 2020, the borrower under a first mortgage loan with a commitment amount of $90.0 million and an unpaid principal balance of $81.4 million, both as of March 31, 2020, informed us that it intended to negotiate with us an agreement under which it would convey the property securing our loan to us in order to satisfy the loan and avoid foreclosure proceedings. We are currently evaluating our rights, remedies and avenues of enforcement. The loan is paid current through April 1, 2020 with a funded interest reserve sufficient to pay interest through June 2020. At this time, no reliable estimate can be made of the impact of this event on our results of operations, liquidity, or consolidated financial statements. Although an allowance for credit losses from this loan is included in the consolidated financial statements included in this Form 10-Q, we may be adversely affected by this and other similar events in the future.

*Extension of Secured Revolving Repurchase Agreement*

On May 4, 2020, we and Morgan Stanley extended for a term of one year, through May 4, 2021, the existing secured revolving repurchase agreement. This facility has no limit on the maximum number of permitted extensions, subject to the satisfaction of certain conditions and approvals.

***Loan Portfolio Details***

The following table provides details with respect to our mortgage loan investment portfolio on a loan-by-loan basis as of March 31, 2020 (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 | 08/21/19 | $ 350.8 | $ 318.8 | $ 309.1 | L+ 2.9% | L +3.2% | Floating | 9/9/24 | New York, NY | Office | Light Transitional | $692 Sq ft | 72.8% | 3 |
| 2 | Senior Loan | 08/07/18 | 223.0 | 169.0 | 167.3 | L+ 3.4% | L +3.6% | Floating | 8/9/24 | Atlanta, GA | Office | Light Transitional | $214 Sq ft | 61.4% | 3 |
| 3 | Senior Loan | 12/19/18 | 210.0 | 166.2 | 165.1 | L+ 3.6% | L +4.0% | Floating | 1/9/24 | Detroit, MI | Office | Moderate Transitional | $217 Sq ft | 59.8% | 3 |
| 4 | Senior Loan | 12/21/18 | 206.5 | 200.1 | 197.5 | L+ 2.9% | L +3.2% | Floating | 1/9/24 | Various, FL | Multifamily | Light Transitional | $181,299 Unit | 76.6% | 2 |
| 5 | Senior Loan | 02/27/20 | 200.7 | 193.2 | 190.8 | L+ 2.8% | L +3.1% | Floating | 3/9/26 | East Patchogue, NY | Multifamily | Bridge | $217,003 Unit | 78.0% | 3 |
| 6 | Senior Loan | 09/18/19 | 200.0 | 174.4 | 171.7 | L+ 2.9% | L +3.2% | Floating | 9/9/24 | New York, NY | Office | Moderate Transitional | $904 Sq ft | 65.2% | 3 |
| 7 | Senior Loan | 11/26/19 | 190.1 | 172.3 | 171.2 | L+ 3.0% | L +3.2% | Floating | 12/9/24 | San Diego, CA | Office | Light Transitional | $248 Sq ft | 51.9% | 3 |
| 8 | Senior Loan | 06/28/18 | 190.0 | 183.4 | 182.9 | L+ 2.7% | L +3.0% | Floating | 7/9/23 | Philadelphia, PA | Office | Bridge | $177 Sq ft | 73.6% | 3 |
| 9 | Senior Loan | 10/12/17 | 180.0 | 180.0 | 179.3 | L+ 3.8% | L +4.0% | Floating | 11/9/22 | Charlotte, NC | Hotel | Bridge | $257,143 Unit | 65.5% | 4 |
| 10 | Senior Loan | 09/29/17 | 173.3 | 166.1 | 164.5 | L+ 4.3% | L +4.6% | Floating | 10/9/22 | Philadelphia, PA | Office | Moderate Transitional | $213 Sq ft | 72.2% | 3 |
| 11 | Senior Loan | 02/14/18 | 165.0 | 160.3 | 159.3 | L+ 3.8% | L +4.0% | Floating | 3/9/23 | Various, NJ | Multifamily | Bridge | $132,850 Unit | 78.4% | 3 |
| 12 | Senior Loan | 09/28/18 | 160.0 | 144.6 | 142.9 | L+ 2.8% | L +3.0% | Floating | 10/9/23 | Houston, TX | Mixed-Use | Light Transitional | $299 Sq ft | 61.9% | 3 |
| 13 | Senior Loan | 05/15/19 | 143.0 | 109.0 | 107.9 | L+ 2.6% | L +2.9% | Floating | 5/9/24 | New York, NY | Mixed-Use | Moderate Transitional | $1,741 Sq ft | 61.0% | 3 |
| 14 | Senior Loan | 11/26/19 | 113.0 | 113.0 | 112.5 | L+ 3.0% | L +3.3% | Floating | 12/9/24 | Burbank, CA | Hotel | Bridge | $231,557 Unit | 70.4% | 4 |
| 15 | Senior Loan | 03/28/19 | 112.0 | 112.0 | 109.5 | L+ 6.8% | L +7.8% | Floating | 10/9/21 | Las Vegas, NV | Land | Bridge | $93 Sq ft | 42.6% | 4 |
| 16 | Senior Loan | 07/21/17 | 106.6 | 90.0 | 89.4 | L+ 4.5% | L +4.7% | Floating | 8/9/24 | Pittsburgh, PA | Multifamily | Bridge | $296,042 Unit | 59.4% | 3 |
| 17 | Senior Loan | 12/20/18 | 105.9 | 97.5 | 97.1 | 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 | 12/18/19 | 101.0 | 81.0 | 80.7 | L+ 2.6% | L +2.8% | Floating | 1/9/25 | Arlington, VA | Office | Light Transitional | $319 Sq ft | 71.1% | 3 |
| 19 | Senior Loan | 08/23/17 | 99.5 | 99.5 | 74.7 | L+ 4.4% | L +4.7% | Floating | 7/26/22 | Houston, TX | Multifamily | Bridge | $347,775 Unit | 62.5% | 5 |
| 20 | Senior Loan | 01/27/20 | 94.0 | 36.7 | 35.6 | L+ 3.3% | L +3.6% | Floating | 2/9/25 | Washington, DC | Office | Moderate Transitional | $339 Sq ft | 61.6% | 3 |
| 21 | Senior Loan | 02/27/18 | 90.0 | 81.4 | 79.3 | L+ 5.1% | L +5.3% | Floating | 3/9/23 | Brooklyn, NY | Office | Moderate Transitional | $195 Sq ft | 52.2% | 4 |
| 22 | Senior Loan | 08/28/19 | 90.0 | 40.7 | 39.5 | L+ 3.1% | L +3.3% | Floating | 9/9/24 | San Diego, CA | Office | Moderate Transitional | $382 Sq ft | 67.7% | 3 |
| 23 | Senior Loan | 09/29/17 | 89.5 | 85.3 | 84.8 | L+ 3.9% | L +4.2% | Floating | 10/9/22 | Dallas, TX | Office | Moderate Transitional | $106 Sq ft | 50.7% | 2 |
| 24 | Senior Loan | 03/27/19 | 88.2 | 88.2 | 85.3 | L+ 3.5% | L +3.8% | Floating | 4/9/24 | Aurora, IL | Multifamily | Bridge | $211,394 Unit | 74.8% | 3 |
| 25 | Senior Loan | 03/28/19 | 88.1 | 84.6 | 80.5 | L+ 3.7% | L +3.9% | Floating | 4/9/24 | Various, Various | Hotel | Moderate Transitional | $100,228 Unit | 69.6% | 4 |
| 26 | 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% | 4 |
| 27 | Senior Loan | 03/07/19 | 81.3 | 81.3 | 80.6 | L+ 3.1% | L +3.4% | Floating | 3/9/24 | Rockville, MD | Mixed-Use | Bridge | $256 Sq ft | 67.2% | 3 |
| 28 | Senior Loan | 06/17/19 | 79.4 | 78.5 | 77.5 | L+ 2.8% | L +3.2% | Floating | 7/9/25 | Boston, MA | Office | Bridge | $187 Sq ft | 70.7% | 3 |
| 29 | Senior Loan | 08/08/19 | 76.5 | 58.5 | 58.1 | L+ 3.0% | L +3.2% | Floating | 8/9/24 | Orange, CA | Office | Moderate Transitional | $225 Sq ft | 64.2% | 3 |
| 30 | Senior Loan | 12/10/19 | 75.8 | 51.0 | 51.0 | L+ 2.6% | L +2.8% | Floating | 12/9/24 | San Mateo, CA | Office | Moderate Transitional | $368 Sq ft | 65.8% | 3 |
| 31 | Senior Loan | 04/29/19 | 70.0 | 69.6 | 68.4 | L+ 3.3% | L +3.5% | Floating | 5/9/24 | Clayton, MO | Multifamily | Bridge | $280,000 Unit | 74.9% | 3 |
| 32 | Senior Loan | 11/29/18 | 64.2 | 47.0 | 45.0 | L+ 3.3% | L +3.5% | Floating | 12/9/23 | Brooklyn, NY | Multifamily | Moderate Transitional | $227,751 Unit | 58.0% | 4 |
| 33 | Senior Loan | 06/28/19 | 63.9 | 55.1 | 54.5 | L+ 2.5% | L +2.7% | Floating | 7/9/24 | Burlington, CA | Office | Light Transitional | $327 Sq ft | 70.9% | 3 |
| 34 | Senior Loan | 09/27/18 | 63.6 | 62.1 | 61.9 | L+ 4.7% | L +4.9% | Floating | 10/1/20 | Dallas, TX | Condominium | Light Transitional | $331 Sq ft | 55.6% | 2 |
| 35 | Senior Loan | 11/08/19 | 62.1 | 54.2 | 53.9 | L+ 3.9% | L +4.3% | Floating | 11/9/21 | Boston, MA | Mixed-Use | Light Transitional | $597 Sq ft | 38.4% | 3 |
| 36 | Senior Loan | 06/25/19 | 62.0 | 49.5 | 49.2 | L+ 3.1% | L +3.3% | Floating | 7/9/24 | Calistoga, CA | Hotel | Moderate Transitional | $696,629 Unit | 48.6% | 4 |
| 37 | Senior Loan | 09/12/19 | 61.2 | 61.2 | 60.5 | L+ 2.7% | L +2.9% | Floating | 10/9/24 | Glendale, AZ | Multifamily | Bridge | $177,907 Unit | 78.0% | 3 |
| 38 | Senior Loan | 06/20/18 | 61.0 | 55.1 | 55.0 | L+ 3.0% | L +3.3% | Floating | 7/9/23 | Houston, TX | Office | Light Transitional | $162 Sq ft | 74.9% | 3 |
| 39 | Senior Loan | 01/08/19 | 60.2 | 36.6 | 35.7 | L+ 3.8% | L +4.1% | Floating | 2/9/24 | Kansas City, MO | Office | Moderate Transitional | $92 Sq ft | 74.3% | 4 |
| 40 | 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% | 4 |
| 41 | Senior Loan | 12/18/19 | 58.8 | 49.3 | 48.3 | L+ 2.7% | L +3.0% | Floating | 1/9/25 | Houston, TX | Multifamily | Light Transitional | $80,109 Unit | 73.6% | 3 |
| 42 | Senior Loan | 03/12/20 | 55.0 | 47.3 | 46.5 | L+ 2.7% | L +2.9% | Floating | 3/9/25 | Round Rock, TX | Multifamily | Light Transitional | $133,820 Unit | 75.4% | 3 |
| 43 | Senior Loan | 01/23/18 | 54.2 | 52.5 | 52.4 | 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 | 51.2 | 50.9 | 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 | 53.5 | 42.8 | 42.6 | L+ 3.1% | L +3.3% | Floating | 6/9/23 | Brisbane, CA | Office | Moderate Transitional | $514 Sq ft | 72.4% | 3 |
| 46 | Senior Loan | 10/10/19 | 52.9 | 45.2 | 44.4 | L+ 2.8% | L +3.1% | Floating | 11/9/24 | Miami, FL | Office | Light Transitional | $214 Sq ft | 69.5% | 3 |
| 47 | Senior Loan | 12/20/17 | 51.0 | 51.0 | 50.8 | L+ 4.0% | L +4.3% | Floating | 1/9/23 | New Orleans, LA | Hotel | Bridge | $217,949 Unit | 59.9% | 4 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 48 | Senior Loan | 03/12/20 | 50.2 | 42.9 | 42.2 | L+ 2.7% | L +2.9% | Floating | 3/9/25 | Round Rock, TX | Multifamily | Light Transitional | $137,049 Unit | 75.6% | 3 |
| 49 | Senior Loan | 06/15/18 | 50.0 | 43.2 | 42.7 | L+ 3.7% | L +3.9% | Floating | 7/9/23 | Atlanta, GA | Office | Bridge | $119 Sq ft | 57.2% | 3 |
| 50 | Senior Loan | 03/29/19 | 48.5 | 39.5 | 39.2 | L+ 3.2% | L +3.5% | Floating | 4/9/24 | Various, VA | Multifamily | Moderate Transitional | $66,989 Unit | 58.2% | 3 |
| 51 | Senior Loan | 03/30/18 | 45.9 | 42.1 | 41.9 | L+ 3.7% | L +3.9% | Floating | 4/9/23 | Honolulu, HI | Office | Light Transitional | $159 Sq ft | 57.9% | 3 |
| 52 | Senior Loan | 01/28/19 | 43.1 | 38.4 | 37.4 | 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 | 36.9 | 35.8 | L+ 3.8% | L +4.0% | Floating | 3/9/24 | Lexington, KY | Hotel | Moderate Transitional | $107,221 Unit | 61.6% | 4 |
| 54 | Senior Loan | 03/11/19 | 39.0 | 39.0 | 38.6 | L+ 3.4% | L +3.6% | Floating | 4/9/24 | Miami, FL | Hotel | Bridge | $295,455 Unit | 59.3% | 4 |
| 55 | Senior Loan | 03/10/20 | 37.5 | 34.9 | 34.5 | L+ 2.7% | L +3.0% | Floating | 3/9/25 | Austin, TX | Multifamily | Bridge | $94,458 Unit | 73.5% | 3 |
| 56 | Senior Loan | 01/04/18 | 36.0 | 29.9 | 29.8 | L+ 3.4% | L +3.7% | Floating | 1/9/23 | Santa Ana, CA | Office | Light Transitional | $182 Sq ft | 71.8% | 2 |
| 57 | Senior Loan | 06/04/19 | 34.7 | 32.0 | 31.2 | L+ 3.5% | L +3.8% | Floating | 6/9/24 | Riverside, CA | Mixed-Use | Bridge | $99 Sq ft | 68.0% | 3 |
| 58 | Senior Loan | 05/27/18 | 33.0 | 30.7 | 28.8 | L+ 3.7% | L +3.9% | Floating | 6/9/23 | Woodland Hills, CA | Retail | Bridge | $498 Sq ft | 63.6% | 4 |
| 59 | Senior Loan | 09/13/19 | 26.7 | 25.9 | 25.1 | L+ 2.8% | L +3.0% | Floating | 10/9/24 | Austin, TX | Multifamily | Bridge | $135,051 Unit | 77.5% | 3 |
| 60 | 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 |
| 61 | Senior Loan | 12/21/18 | 18.0 | 15.0 | 14.8 | L+ 3.2% | L +3.5% | Floating | 1/9/24 | Loma Linda, CA | Mixed-Use | Bridge | $88 Sq ft | 41.9% | 3 |
| 62 | Senior Loan | 11/16/16 | 11.5 | 11.5 | 11.5 | L+ 4.1% | L +4.3% | Floating | 5/9/21 | Manhattan, NY | Condominium | Moderate Transitional | $659 Sq ft | 49.8% | 4 |
| 63 | Senior Loan | 11/16/16 | 8.7 | 8.7 | 8.7 | L+ 4.1% | L +4.3% | Floating | 5/9/21 | Manhattan, NY | Condominium | Moderate Transitional | $804 Sq ft | 43.3% | 4 |
| 64 | Senior Loan | 11/16/16 | 5.3 | 5.3 | 5.3 | L+ 4.1% | L +4.3% | Floating | 5/9/21 | Manhattan, NY | Condominium | Moderate Transitional | $861 Sq ft | 40.7% | 4 |
| 65 | Senior Loan | 11/16/16 | 2.5 | 2.5 | 2.5 | L+ 4.1% | L +4.3% | Floating | 5/9/21 | Manhattan, NY | Condominium | Moderate Transitional | $628 Sq ft | 46.6% | 4 |
| Subtotal / Weighted Average | | | 5,728.7 | 5,092.8 | 5,003.0 | L +3.4% (9) | L +3.7% | | 4 yrs | | | | | 65.8% | 3 |
| Mezzanine Loans: | | | | | | | | | | | | | | | |
| 66 | Mezzanine Loan | 06/28/19 | 35.0 | 20.0 | 17.7 | L+ 10.3% | L +10.8% | Floating | 6/28/25 | Napa, CA | Hotel | Construction | $818,195 Unit | 41.0% | 3 |
| Subtotal / Weighted Average | | | 35.0 | 20.0 | 17.7 | L +10.3% | L +10.8% | | 5.5 yrs | | | | | 41.0% | 3 |
| Total / Weighted Average | | | 5,763.7 | 5,112.8 | 5,020.7 | L +3.4% | L +3.7% | | 4 yrs | | | | | 65.7% | 3.1 |

(1) First mortgage loans are whole mortgage loans unless otherwise noted. Loans numbered 62, 63, 64 and 65 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, 2020 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, 2020, based on unpaid principal balance, 66.0% of our loans were subject to yield maintenance or other prepayment restrictions and 34.0% were open to repayment by the borrower without penalty.

(7) Except for construction loans, LTV is calculated for loan originations and existing loans 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) divided by the as-is real estate value at the time of origination or acquisition of such loan or participation interest. For construction loans only, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value of the real estate securing the loan. The as-is or as-stabilized (as applicable) value reflects our Manager's estimates, at the time of origination or acquisition of the 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, 2020 for the loans, all of which are floating rate.

(10) Reflects the total loan amount, including non-consolidated senior interest, allocable to the property's 135 hotel rooms.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

***Interest Rate Risk***

Our business model seeks to minimize our exposure to changing interest rates by matching duration of our assets and liabilities and match-indexing our assets using the same, or similar, benchmark indices, typically LIBOR. Accordingly, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income, subject to the benefit of interest rate floors embedded in certain of our loans. At March 31, 2020, the weighted average LIBOR floor for our loan portfolio was 1.66%. As of March 31, 2020, 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.

The following table illustrates the impact on our interest income and interest expense, for the twelve-month period following March 31, 2020, of an immediate increase or decrease in the underlying benchmark interest rate of 25, 50 and 75 basis points on our existing floating rate mortgage loan portfolio and related liabilities (dollars in thousands):

| Assets (Liabilities) Subject to Interest Rate Sensitivity[1] | | 25 Basis Point Increase | 25 Basis Point Decrease[3] | 50 Basis Point Increase | 50 Basis Point Decrease[3] | 75 Basis Point Increase | 75 Basis Point Decrease[3] |
|---|---|---|---|---|---|---|---|
| $ 5,112,808 | Interest income | $ 12,782 | $ 34,526 | $ 25,564 | $ 34,140 | $ 46,222 | $ 34,114 |
| (3,944,333) [2] | Interest expense | (4,671) | 8,508 | (14,265) | 18,176 | (23,859) | 33,700 |
| $ 1,168,475 | Total change in net interest income | $ 8,111 | $ 43,034 | $ 11,299 | $ 52,316 | $ 22,363 | $ 67,814 |

(1) Floating rate mortgage loan assets and liabilities are indexed to LIBOR. Excludes the impact of our CRE debt securities 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.

(3) Positive changes in net interest income in decreasing interest rate scenarios is primarily due to interest rate floors on certain floating rate loans and the absence of interest rate floors on approximately 95.4% of our floating rate liabilities; does not contemplate credit, prepayment, capital market or other risks in our floating rate assets and liabilities.

***Credit Risk***

Our loans and CRE debt securities 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.

***Liquidity Risk***

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings including margin calls, fund and maintain investments, pay dividends to our stockholders and other general business needs. Our liquidity risk is principally associated with our financing of longer-maturity investments with shorter-term borrowings in the form of secured revolving repurchase agreements. We are subject to "margin call" risk under our secured revolving repurchase agreements. In the event that the value of our assets pledged as collateral suddenly decreases as a result of changes in credit spreads or interest rates, margin calls relating to our secured revolving repurchase agreements could increase, causing an adverse change in our liquidity position. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Results of Operations—Liquidity and Capital Resources—Liquidity Needs" in this Quarterly Report on Form 10-Q for information regarding margin calls that we funded during the quarter ended March 31, 2020. Additionally, if one or more of our secured revolving repurchase agreement counterparties chooses not to provide ongoing funding, we may be unable to replace the financing through other lenders on favorable terms or at all. As such, we provide no assurance that we will be able to roll over or replace our secured revolving repurchase agreements as they mature from time to time in the future.

In some situations, we may be forced to sell assets to maintain adequate liquidity. Market disruptions may lead to a significant decline in transaction activity in all or a significant portion of the asset classes in which we invest and may at the same time lead to a significant contraction in short-term and long-term debt and equity funding sources. A decline in market liquidity of real estate-related investments, as well as a lack of availability of observable transaction data and inputs, may make it more difficult to sell assets or determine their fair values. As a result, we may be unable to sell investments, or only be able to sell investments at a price that may be materially different from the fair values presented. Also, in such conditions, there is no guarantee that our borrowing arrangements or other arrangements for obtaining leverage will continue to be available or, if available, will be available on terms and conditions acceptable to us.

***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. We expect that the economic and market disruptions caused by COVID-19 will lead to a decrease in prepayment rates and an increase in the number of our borrowers who exercise extension options. 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. For more information regarding the impact of COVID-19 on the financial condition of our borrowers, see “Risk Factors.”

***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.

During the quarter ended March 31, 2020, the COVID-19 pandemic caused significant disruptions to the U.S. and global economies. These disruptions have contributed to significant and ongoing volatility, widening credit spreads and sharp declines in liquidity in the real estate securities markets. This capital markets environment has led to increased cost of funds and reduced availability of efficient debt capital, factors which have caused us to reduce our investment activity. We also anticipate that these conditions will adversely impact the ability of commercial property owners to service their debt and refinance their loans as they mature. For more information, see “Risk Factors.”

***Counterparty Risk***

The nature of our business requires us to hold our cash and cash equivalents with, 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, 2020. 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, 2020.

*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, 2020, 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

The following risk factors should be read in conjunction with the risk factors set forth in our Form 10-K filed with the SEC on February 19, 2020.

***The market and economic disruptions caused by COVID-19 have negatively impacted our business.***

The novel coronavirus (COVID-19) pandemic is causing significant disruptions to the U.S. and global economies and has contributed to volatility, illiquidity and negative pressure in the financial markets. The COVID-19 outbreak has led governments and other authorities around the world to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The market and economic disruptions caused by COVID-19 have negatively impacted and could further negatively impact our business.

Recently, real estate securities markets have experienced significant volatility, widening credit spreads and sharp declines in liquidity, which have negatively impacted our CRE debt securities portfolio. This portfolio was pledged as collateral under daily mark-to-market secured revolving repurchase facilities. Fluctuations in the value of our CRE debt securities portfolio, including as a result of changes in credit spreads, resulted in us being required to post cash collateral with our lenders under these facilities. These fluctuations and requirements to post cash collateral were material. In an effort to mitigate the impact to our business from these developments, we sold during March, and subsequent to quarter end, all of our CRE debt securities. We recorded aggregate losses from these sales of $203.4 million. Although these losses will be available to offset certain capital gains that we may have now or in the future, these losses will not reduce the amount that we will be required to distribute under the requirement that we distribute to our stockholders at least 90% of our REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) each year in order to continue to qualify as a REIT.

***Measures that we have taken and may take in the future to maintain adequate liquidity have negatively impacted our business and may negatively impact our business in the future.***

As discussed elsewhere in this Form 10-Q, as a result of extreme short-term volatility and negative pressure in the financial markets, during the quarter ended March 31, 2020, we funded margin calls aggregating $89.8 million. In order to mitigate the impacts to our business from these developments and to maintain adequate liquidity, we were forced to sell certain of our assets at an inopportune time. We realized a loss of $36.2 million in connection with such sales that occurred prior to April 1, 2020, and recorded an impairment charge at March 31, 2020 of $167.3 million. Realized losses incurred in April in connection with the divestiture of the entirety of our CRE debt securities portfolio were equal to the impairment charge.

If this turbulent market environment persists, we may be required to post additional cash collateral with our whole loan lenders in the future. In such a situation, we may be forced to sell additional assets to maintain adequate liquidity. Market disruptions may lead to a significant decline in transaction activity in all or a significant portion of the asset classes in which we invest and may at the same time lead to a significant contraction in short-term and long-term debt and equity funding sources. A decline in liquidity of real estate and real estate-related investments, as well as a lack of availability of observable transaction data and inputs, may make it more difficult to sell assets or determine their fair values. As a result, we may be unable to sell investments, or only be able to sell investments at a price that may be materially different from the fair values presented.

In order to maintain adequate liquidity, we may also decide to retain cash rather than deploying it into investments in income-producing assets. A reduction in the amount of our income-producing assets, including through asset sales, coupled with an increase in uninvested cash would result in diminished earning capacity for the Company and could materially and adversely affect us, our financial condition and our results of operations.

***We expect that the economic and market disruptions caused by COVID-19 will adversely impact the financial condition of our borrowers and limit our ability to grow our business.***

We expect that, over the near and long term, the economic and market disruptions caused by COVID-19 will adversely impact the financial condition of our borrowers. As a result, we anticipate that the number of borrowers who become delinquent or default on their loans may increase significantly, and we have been contacted by certain of our borrowers who are seeking to defer the payment of principal and interest on certain of our loans. We have received requests from several borrowers for modifications to existing loan agreements that, if agreed to, would permit borrowers to defer payment of some or all of the interest on their loans for a period of up to six months, and/or the reallocation of certain cash reserve balances within the loan structure for use in paying interest or operating expenses. In exchange, borrowers and sponsors will be required to provide us additional cash for payment of interest, operating expenses, replenishment of capital reserves. Except for customary nonrecourse carve-outs for certain actions and environmental liability, most commercial mortgage loans are nonrecourse obligations of the sponsor and borrower, meaning that there is no recourse against the assets of the borrower or sponsor other than the underlying collateral. A number of states are considering or have already implemented temporary moratoriums on the ability of lenders to initiate foreclosures, which could further limit our ability to foreclose and recover against our collateral, or pursue recourse claims (should they exist) against a borrower or sponsor in the event of a default.

We originate and acquire transitional loans, which provide interim financing to borrowers seeking short-term capital for the acquisition or transition (for example, lease up and/or rehabilitation) of commercial real estate. Market and economic disruptions caused by COVID-19, as well as measures intended to prevent the spread of COVID-19, will likely make it more difficult for our borrowers to successfully achieve the business plans for these properties, and we will bear the risk that we may not recover some or all of our investment. This risk may be heightened by the fact that we are not required to observe specific diversification criteria, which means that our investments may be concentrated in certain property types that are more adversely affected by COVID-19 than other property types. For example, as of March 31, 2020, certain of the loans in our loan portfolio are secured by hotels and retail properties. Federal and state mandates implemented to control the spread of COVID-19, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders, have and are likely to continue to negatively impact the hotel and retail industries, which could adversely affect our investments in assets secured by properties that operate in those industries. For more information on the concentration of credit risk in our loan portfolio by geographic region, property type and loan category, see Note 15 to the Consolidated Financial Statements included in this Form 10-Q.

Any future period of payment delinquencies, defaults, foreclosures or losses will likely adversely affect our net interest income from loans and CRE debt securities in our portfolio, may impair our ability to originate and acquire loans and CRE debt securities, and impede our ability to access the capital markets, which in each case would materially and adversely affect us. In addition, to the extent current conditions persist or worsen, we expect that real estate values may decline, which will likely reduce the level of new mortgage and other real estate-related loan originations and may expose us to loan impairments. Such a reduction in origination activity would adversely affect our ability to grow our business and fully execute our investment strategy and could decrease our earnings and liquidity.

On April 29, 2020, we received notice from one of our borrowers of the borrower’s intent to convey the property securing our loan to us in order to satisfy the loan and avoid foreclosure proceedings. In the event that we assume the ownership of this or any other property securing any of our loans and we decide to sell such property, the liquidation proceeds upon sale may not be sufficient to recover our cost basis in our loan, resulting in a loss to us. Furthermore, any costs or delays involved in the liquidation of the underlying property will further reduce the net proceeds and, thus, increase the loss. The incurrence of any such losses could materially and adversely affect us. We may also be subject to environmental liabilities arising from such properties. Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. If we assume ownership of any properties underlying our loans, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs. As a result, the discovery of material environmental liabilities attached to such properties could materially and adversely affect us.

***Our ability to make distributions to our stockholders has and may continue to be adversely affected by COVID-19.***

We are generally required to distribute to our stockholders at least 90% of our REIT taxable income (excluding net capital gain and without regard to the deduction for dividends paid) each year for us to qualify as a REIT under the Internal Revenue Code, which requirement we have historically satisfied through quarterly distributions of all or substantially all of our REIT taxable income in such year, subject to certain adjustments. However, in light of the negative impact on our liquidity caused by the recent economic and market turmoil resulting from COVID-19, we recently announced that the payment of our previously authorized cash dividend for the first quarter of 2020 would be delayed until July 2020. No assurance can be given that we will be able to make this or any other distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time.

Additionally, in 2017, the Internal Revenue Service issued a revenue procedure permitting "publicly offered" REITs (i.e., REITs required to file annual and periodic reports with the SEC under the Exchange Act) to make elective cash/stock dividends (i.e., dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. On May 4, 2020, the Internal Revenue Service issued a revenue procedure that temporarily reduces (through the end of 2020) the minimum amount of the total distribution that must be paid in cash to 10%. Pursuant to these revenue procedures, we may elect to make future distributions of our taxable income in a mixture of our common stock and cash. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of cash received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sale proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we or the applicable withholding agent may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

***Market disruptions caused by COVID-19 have made it more difficult for us to determine the fair value of our investments.***

As discussed in Note 2 to the Consolidated Financial Statements included in this Form 10-Q, market-based inputs are generally the preferred source of values for purposes of measuring the fair value of our assets under GAAP. The commercial property investment sales market, and the commercial mortgage loan and CRE debt securities markets, have and continue to experience extreme volatility, reduced transaction volume and liquidity, and disruption as a result of COVID-19, which has made it more difficult to rely on market-based inputs in connection with the valuation of our assets under GAAP. In the absence of market inputs, GAAP permits the use of management assumptions to measure fair value. However, the considerable market volatility and disruption caused by COVID-19 and the considerable uncertainty regarding the ultimate impact and duration of the pandemic have made it more difficult for our management to formulate assumptions to measure the fair value of our assets.

As a result of these developments, measuring the fair value of our assets has become much more difficult. The fair value of certain of our investments may fluctuate over short periods of time, and our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal. Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of investments treated as available-for-sale or trading assets were materially higher than the values that we ultimately realize upon their disposal.

***We have experienced and may experience in the future a decline in the fair value of our investments as a result of COVID-19, which could materially and adversely affect us.***

As of March 31, 2020, we did not have the intent to hold certain of our CRE debt securities to maturity. As a result, we recorded an impairment charge of $167.3 million in addition to the $36.2 million of loss on sales realized in the three months ended March 31, 2020. Although this impairment charge was fully realized in April 2020 in connection with the sale of the remainder of our CRE debt securities portfolio, a future decline in the fair value of our investments as a result of COVID-19 may require us to recognize additional impairments against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the original acquisition cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition. The subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we experience a decline in the fair value of our investments, it could materially and adversely affect us, our financial condition and our results of operations.

***Negative impacts on our business caused by COVID-19 may cause us to default on certain financial covenants contained in our financing arrangements.***

Our current financing arrangements contain covenants that include certain financial requirements, including maintenance of minimum liquidity, minimum tangible net worth, maximum debt to equity ratio, limitations on capital expenditures, indebtedness, distributions, transactions with affiliates and maintenance of positive net income as defined in the agreements. For a description of certain of the covenants, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Covenants for Outstanding Borrowings." Historically, we have remained in compliance with the covenants in our financing arrangements. However, as of March 31, 2020, we were not in compliance with respect to the debt-to-equity ratio covenant included in certain of these agreements. This non-compliance was cured on April 2, 2020 when we utilized proceeds from sales of certain CRE debt securities to repay outstanding borrowings under the related secured revolving repurchase agreements. We received waivers from the lender under each of the applicable agreements on May 8, 2020.

The agreements also included a covenant that obligates us to deliver certain audited financial statements for Holdco to the lenders within 90 days, or 120 days, after each December 31. We were not in compliance with respect to this covenant as of March 31, 2020. This non-compliance was cured on May 7, 2020. We received waivers from the lender under each of the applicable agreements on May 8, 2020.

Negative impacts on our business caused by COVID-19 have and will likely continue to make it more difficult to meet or satisfy these covenants, and we cannot assure you that we will remain in compliance with these covenants in the future. If we fail to meet or satisfy any of these covenants in our financing arrangements and are unable to obtain a waiver or other suitable relief from the lenders, we would be in default under these agreements, which could result in a cross-default or cross-acceleration under other financing arrangements, and our lenders could elect to declare outstanding amounts due and payable (or such amounts may automatically become due and payable), terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could significantly limit our financing alternatives, which could cause us to curtail our investment activities or dispose of assets when we otherwise would not choose to do so. Further, this could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes. As a result, a default on any of our debt agreements, and in particular our secured revolving repurchase agreements (since a significant portion of our assets are or will be, as the case may be, financed thereunder), could materially and adversely affect us.

***Measures intended to prevent the spread of COVID-19 have disrupted our ability to operate our business.***

In response to the outbreak of COVID-19 and the federal and state mandates implemented to control its spread, all of the personnel of TPG provided to our Manager are working remotely. If the TPG personnel provided to our Manager are unable to work effectively as a result of COVID-19, including because of illness, quarantines, office closures, ineffective remote work arrangements or technology failures or limitations, our operations would be adversely impacted. Further, remote work arrangements may increase the risk of cybersecurity incidents and cyber-attacks, which could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in the operation of our business and damage to our reputation.

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

None.

**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 | 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) |
| 3.2 | 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) |
| 4.1 | 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) |
| 10.1 | Amendment No. 6 to Master Repurchase and Securities Contract Agreement, dated as of January 10, 2020, by and between TPG RE Finance 12, Ltd. and Morgan Stanley Bank, N.A. |
| 31.1 | Certificate of Greta Guggenheim, Chief Executive Officer and President, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certificate of Robert Foley, Chief Financial and Risk Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | 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) |
| 32.2 | 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) |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

**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: May 11, 2020

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)*

**Exhibit 10.1**

**Execution Version**

**SIXTH AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT**

This SIXTH AMENDMENT TO MASTER REPURCHASE AND SECURITIES CONTRACT AGREEMENT, dated as of January 10, 2020 (this "Amendment"), is made by and between TPG RE FINANCE 12, LTD., a Cayman Islands exempted company ("Seller"), and MORGAN STANLEY BANK, N.A., a national banking association ("Buyer"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Repurchase Agreement (as defined below).

RECITALS

WHEREAS, Seller and Buyer are parties to that certain Master Repurchase and Securities Contract Agreement, dated as of May 4, 2016 (as amended by that certain First Amendment to Master Repurchase and Securities Contract Agreement, dated as of February 10, 2017, as further amended by that certain Second Amendment to Master Repurchase and Securities Contract Agreement, dated as of July 21, 2017, as further amended by that certain Third Amendment to Master Repurchase and Securities Contract Agreement, dated as of December 27, 2017, as further amended by that certain Fourth Amendment to Master Repurchase and Securities Contract Agreement, dated as of February 14, 2018, as further amended by that certain Fifth Amendment to Master Repurchase and Securities Contract Agreement, dated as of May 4, 2018, as amended hereby and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Repurchase Agreement"); and

WHEREAS, Seller and Buyer have agreed, subject to the terms and conditions hereof, that the Repurchase Agreement shall be amended as set forth in this Amendment; and TPG RE Finance Trust Holdco, LLC ("Guarantor") has agreed, subject to the terms and conditions hereof, to make the acknowledgements set forth herein.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

**SECTION 1.** Repurchase Agreement Amendments. The Repurchase Agreement is hereby amended as follows:

(a) Section 2 of the Repurchase Agreement is hereby amended by adding the following definitions in correct alphabetical order:

"Applicable Index" shall mean:

(a) initially, the LIBOR Rate; and

(b) on and after an Index Transition Date, the Replacement Index in effect on such Index Transition Date.

"Compounded SOFR'" shall mean the compounded average of SOFR, as calculated and published by, or at the direction of, a Relevant Governmental Body.

"Conforming Changes" means any technical, administrative or operational changes, which Buyer determines is both:

(a) appropriate to implement the Index Transition; and

(b) substantially consistent with Market Practice.

"Index" shall mean LIBOR Rate, Term SOFR, Compounded SOFR, the ISDA Fallback Rate and any other interest rate benchmark published for use in, among others, master repurchase facilities for similar commercial real estate assets.

"Index Rate" shall mean, with respect to an applicable Pricing Period and Pricing Rate Reset Date, the per annum rate of interest of the Applicable Index; provided, however, that the Index Rate shall never be less than 0.0%.

"Index Transition" shall mean a transition or replacement of an Index with a Replacement Index as the Applicable Index.

"Index Transition Date" shall mean the next subsequent Pricing Rate Reset Date following an Index Transition Notice.

"Index Transition Event" shall mean the occurrence of a determination by Buyer that one of the following events has occurred with respect to the then-current Applicable Index:

(a) a public statement or publication of information by or on behalf of the administrator of such Applicable Index announcing that such administrator has ceased or will cease to provide such Applicable Index permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Applicable Index;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Applicable Index, a Relevant Governmental Body, an insolvency official with jurisdiction over the administrator for such Applicable Index, a resolution authority with jurisdiction over the administrator for such Applicable Index or a court or an entity with similar insolvency or resolution authority over the administrator for such Applicable Index, which states that the administrator of such Applicable Index has ceased or will cease to provide such Applicable Index permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Applicable Index;

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Applicable Index announcing that such Applicable Index is no longer representative; or

(e) a change in Requirement of Law or in the interpretation or application thereof, prohibiting, restricting or limiting the use of such Applicable Index.

"Index Transition Notice" shall mean a notice given by Buyer to Seller which:

(a) sets forth in reasonable detail the circumstances of the Index Transition, including explanation of Buyer's determination that an Index Transition Event has occurred;

(b) designates an Index Transition Date; and

(c) if feasible, identifies other Interest Determinations and Conforming Changes to implement such Index Transition.

"Interest Determination" shall mean any determination related to an Index or an Index Transition.

"ISDA" shall mean the International Swaps and Derivatives Association, Inc.

"ISDA Definitions" shall mean the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" shall mean the adjustment (which may be zero or a positive or negative value) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an Index Transition.

"ISDA Fallback Rate" shall mean, with respect to and at the time of any Index Transition, the Index identified by ISDA as a fallback for derivatives transactions referencing the ISDA Definitions to be effective at such time.

"Market Practice" shall mean the practice and course of dealing, including the manner of implementing Index Transitions, within the market for master repurchase facilities involving similar commercial real estate assets.

"Rate Adjustment" shall mean, an adjustment which may be zero or a positive or negative value, and:

(a) if the Applicable Index is the LIBOR Rate, than equal to zero; or

(b) if the Index Transition is a transition to:

(i) Term SOFR, then the adjustment that has been selected, endorsed or recommended by the Relevant Governmental Body for such Index Transition;

(ii) Compounded SOFR, then the adjustment that has been selected, endorsed or recommended by the Relevant Governmental Body for such Index Transition;

(iii) the ISDA Fallback Rate, then the ISDA Fallback Adjustment; or

(iv) a Replacement Index other than Term SOFR, Compounded SOFR, or the ISDA Fallback Rate, an adjustment, consistent with Market Practice for handling such Index Transition, selected by Buyer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such adjustment, for the replacement of the then-current Applicable Index with the applicable Replacement Index for U.S. dollar denominated floating rate commercial real estate loans at the time as of the relevant Index Transition Date.

"Relevant Governmental Body" shall mean:

(a) the Federal Reserve Board or the Federal Reserve Bank of New York; or

(b) a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Replacement Index" shall mean, as of the relevant Index Transition Date and thereafter until a subsequent Index Transition Date or, for any Purchased Asset, the applicable Repurchase Date, the first alternative Index set forth in the order below that Buyer determines is available, appropriate for the transaction and consistent with Market Practice:

(a) Term SOFR;

(b) Compounded SOFR;

(c) an Index selected or recommended by the Relevant Government Body as the replacement for the then-current Applicable Index for the applicable Pricing Period giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Applicable Index for U.S. dollar denominated floating rate commercial real estate loans at such time; or

(d) the ISDA Fallback Rate.

"Replacement Index Transaction" shall mean any Transaction with respect to which the Pricing Rate is determined with reference to a Replacement Index.

"SOFR" shall mean, with respect to any day, the secured overnight financing rate published for such day by the Relevant Governmental Body.

"Term SOFR" shall mean an Index which Buyer determines meets each of the following criteria:

(a) is a forward-looking term rate;

(b) is based on SOFR;

(c) has a tenor of one (1) month (disregarding business day adjustment); and

(d) has been selected, recommended or endorsed by the Relevant Governmental Body.

(b) Section 2 of the Repurchase Agreement is hereby further amended by amending and restating the following definitions as follows:

"Extension Period" shall have the meaning specified in Section 9(a) of this Agreement.

"Pricing Rate" shall mean, for any Pricing Period with respect to a Purchased Asset, an annual rate equal to the sum of the Index Rate, the Rate Adjustment, and the Applicable Spread for the related Purchased Asset (subject to adjustment and/or conversion as provided in Sections 3(l), 3(m), and 3(p) of this Agreement).

"Pricing Rate Reset Date" shall mean, with respect to a Purchased Asset:

(a) if the Applicable Index with respect to such Pricing Period is the LIBOR Rate, then (x) in the case of the first (1st) Pricing Period for such Purchased Asset, the original Purchase Date for such Purchased Asset, and (y) in the case of each subsequent Pricing Period, two (2) Business Days preceding the Remittance Date on which such Pricing Period begins; and

(b) if the Applicable Index with respect to such Pricing Period is a Replacement Index, a date Buyer determines, on or prior to the applicable Index Transition Date, is consistent with Market Practice in implementing the applicable Index Transition.

(c) Section 2 of the Repurchase Agreement is hereby further amended by deleting the following definitions contained therein: “Unused Fee”, “Alternative Rate”, “Alternative Rate Transaction”.

(d) Section 3(l) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(l) Index Transition Event. Upon Buyer’s determination that an Index Transition Event has occurred:

(i) *Notice*. Buyer shall, within three (3) Business Days, provide an Index Transition Notice to Seller;

(ii) *Replacement Index*. The Applicable Index for all outstanding Transactions shall transition, as of the Index Transition Date, to a Replacement Index identified in accordance with the definition thereof and the provisions hereof; and

(iii) *Rate Adjustment*. The Rate Adjustment shall transition in accordance with the definition thereof as of the Index Transition Date.

Such Index Transition Notice, as certified to Seller, shall set forth such information as required in the definition thereof in reasonable detail and Buyer’s calculation shall be conclusive absent manifest error.

(e) Section 3(m) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(m) Conforming Changes. Notwithstanding anything to the contrary herein or in any other Transaction Document, but subject to and in accordance with Section 3(l) hereof, Buyer shall make Conforming Changes to the Transaction Documents from time to time in connection with the implementation of a Replacement Index and such Conforming Changes shall become effective without any further action or consent.

(f) Section 5(b)(ii) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(ii) *second*, to Buyer, any and all Transaction Costs and all other amounts due and payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price)

(g) Section 5(c)(ii) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(ii) *second*, to Buyer, any Transaction Costs and all other amounts due and payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price) to the extent the same have not been paid pursuant to Section 5(b);

(h) Section 5(d)(i)(B) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(ii) *second*, to Buyer, any Transaction Costs and all other amounts due and payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price) to the extent the same have not been paid pursuant to Section 5(b);

(i) Section 5(d)(ii)(B) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

*second*, to Buyer, any Transaction Costs and all other amounts due and payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price) to the extent the same have not been paid pursuant to Section 5(b);

(j) Section 5(d)(iii)(B) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(ii) *second*, to Buyer, any Transaction Costs and all other amounts due and payable by Seller and outstanding hereunder and under the other Transaction Documents (other than the Repurchase Price) to the extent the same have not been paid pursuant to Section 5(b);

(k) Section 27(a) of the Repurchase Agreement is hereby amended by deleting the phrase "Unused Fee," contained in the fourth (4th) sentence thereof.

(l) Section 9(a) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(a) Extension of Facility Termination Date. Seller shall have the option to extend the then current Facility Termination Date for two (2) successive periods of one (1) year each (each, an "Extension Period" and the commencement date of each such Extension Period shall be referred to as the "Extension Effective Date") upon satisfaction of the following terms and conditions: (i) Seller shall deliver to Buyer no earlier than ninety (90) days and no later than thirty (30) days before the then current Facility Termination Date its election to extend the Facility Termination Date, (ii) no Default, Event of Default or Margin Deficit shall exist and be continuing on the date of Seller's request to extend or on the relevant

Extension Effective Date and (iii) all representations and warranties in this Agreement shall be true, correct, complete and accurate in all respects as of the relevant Extension Effective Date (except such representations which by their terms speak as of a specified date and subject to any exceptions disclosed to Buyer in an Exception Report prior to such date and approved by Buyer).

(m) Annex I to the Repurchase Agreement is hereby amended by deleting the notice information for "SELLER" and replacing the same with the following:

SELLER

TPG RE Finance 12, Ltd.
c/o TPG RE Finance Trust Management, L.P.
888 Seventh Avenue, 27th Floor
New York, NY 10106
Attention: Deborah Ginsburg
Telephone: (212) 405-8426
Email: dginsberg@tpg.com

and

TPG RE Finance 12, Ltd.
c/o TPG RE Finance Trust Management, L.P.
888 Seventh Avenue, 27th Floor
New York, NY 10106
Attention: Jason Ruckman
Telephone: (212) 430-4125
Email: jruckman@tpg.com

With a copy to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036-8704
Attention: Daniel L. Stanco, Esq.
Telephone: (212) 841-5758
Email: Daniel.Stanco@ropesgray.com

**SECTION 2.** Conditions Precedent. This Amendment shall become effective on the date hereof provided that the following conditions precedent are satisfied:

(a) this Amendment is duly executed and delivered by each of Seller and Buyer; and

(b) Buyer and Seller shall execute the Third Amendment to Fee Letter, dated as of the date hereof.

**SECTION 3.** Representations and Warranties. On and as of the date first above written, Seller hereby represents and warrants to Buyer that (a) it is in compliance with all the terms and provisions set forth in the Repurchase Agreement on its part to be observed or performed, (b) after giving effect to this Amendment, no Default or Event of Default under the Repurchase Agreement has occurred and is continuing, and (c) after giving effect to this Amendment, the representations and warranties contained in Article 9 of the Repurchase Agreement are true and correct in all respects as though made on such date (except for any such representation or warranty that by its terms refers to a specific date other than the date first above written, in which case it shall be true and correct in all respects as of such other date).

**SECTION 4.** Acknowledgments of Guarantor. Guarantor hereby acknowledges the execution and delivery of this Amendment by Seller and Buyer and agrees that it continues to be bound by that certain Amended and Restated Guaranty, dated as of May 4, 2018 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), made by Guarantor in favor of Buyer, notwithstanding the execution and delivery of this Amendment and the impact of the changes set forth herein and therein.

**SECTION 5.** Limited Effect. Except as expressly amended and modified by this Amendment, the Repurchase Agreement and each of the other Transaction Documents shall continue to be, and shall remain, in full force and effect in accordance with their respective terms; provided, however, that upon the date hereof, (a) all references in the Repurchase Agreement to the "Transaction Documents" shall be deemed to include, in any event, this Amendment, and (b) each reference to the "Repurchase Agreement" in any of the Transaction Documents shall be deemed to be a reference to the Repurchase Agreement as amended hereby.

**SECTION 6.** Counterparts. This Amendment may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment in Portable Document Format (.PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart thereof.

**SECTION 7.** Costs and Expenses. Seller shall pay Buyer's reasonable actual out of pocket costs and expenses incurred in connection with the preparation, negotiation, execution and consummation of this Amendment in accordance with the Repurchase Agreement.

**SECTION 8.** Submission to Jurisdiction. Each party irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under this Amendment or relating in any way to this Amendment and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under this Amendment or relating in any way to this Amendment.

The parties hereby irrevocably waive, to the fullest extent each may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and irrevocably consent to the service of any summons and complaint and any other process by the mailing of copies of such process to them at their respective address specified in the Repurchase Agreement. The parties hereby agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Section 8 shall affect the right of Buyer to serve legal process in any other manner permitted by law or affect the right of Buyer to bring any action or proceeding against Seller or its property in the courts of other jurisdictions.

**SECTION 9.** WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION,PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AMENDMENT.

**SECTION 10.** GOVERNING LAW. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, THE RELATIONSHIP OF THE PARTIES TO THIS AMENDMENT, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES TO THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES THEREOF. THE PARTIES HERETO INTEND THAT THE PROVISIONS OF SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY TO THIS AMENDMENT.

[Signature Pages to Follow]

**IN WITNESS WHEREOF,** the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

**BUYER:**

**MORGAN STANLEY BANK, N.A.,** a national banking association

By: /s/Anthony Preisano
Name: **Anthony Preisano**
Title: **Authorized Signatory**

**[SIGNATURES CONTINUE ON FOLLOWING PAGE]**

**SELLER:**

**TPG RE FINANCE 12, LTD.**,
an exempted company incorporated with limited liability under the laws of the Cayman Islands

By: /s/Matthew Coleman
Name: Matthew Coleman
Title: Vice President

**[SIGNATURES CONTINUE ON FOLLOWING PAGE]**

Acknowledged:

**TPG RE FINANCE TRUST HOLDCO, LLC**, a Delaware limited liability company, in its capacity as Guarantor, and solely for purposes of making the acknowledgement set forth in Section 4 of this Amendment:

By: /s/Matthew Coleman

Name: Matthew Coleman
Title: Vice President

**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, 2020 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: May 11, 2020

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

**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, 2020 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: May 11, 2020

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

**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, 2020 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: May 11, 2020

/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.*

**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, 2020 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: May 11, 2020

/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.*